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*"Should The Federal Government
Support Public Housing Projects?"*

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Ohio

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Announcer: The housing problem! Public or private? Should the Federal Government Support Public Housing Projects? 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 seventeen 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 who affect the decisions.

And now here in your Chairman, Theodore Granik.

Chairman Granik: Good evening.

This evening we bring you a debate on the subject of housing. "Should the Federal Government Support Public Housing Projects?"

A discussion of this type is a healthy sign. We have authorities with definite differences of opinion. The end result must be all to the good. It is a clear indication that we are awake to the need for better housing conditions for those who cannot afford what is now on the market. Within several weeks, Congress will take up this problem. Several housing bills are now in committee and will be brought out for action.

The debate this evening will present to you the vital issues that your Representatives and Senators will be called upon to decide. The issues are clear. On the one hand, we have those who favor Federal Government support of public housing projects. They believe that only through governmental assistance—a Federal subsidy for low income groups—can we house the masses of people who do not now enjoy decent housing. They claim that private industry cannot do the job, and if the Government does not help, there will be no proper housing program. They say further that they will limit government assistance to those families whom private industry cannot adequately serve.

Those who disagree with them, the spokesman for private industry, claim that they can do the job. They maintain that Government paints an unfair picture when it says industry cannot serve adequately. They point out that all of the resources of the Government which are thrown into public housing projects eventually drive private industry out of business, without accomplishing the goal of proper housing for low-income groups. They say that public housing, federally supported, has proven to be wasteful, extravagant and requires a constant flow of the taxpayer's money to support.

So that you may hear all sides of this issue, we have invited four experts in the housing field to be our guests on this evening's discussion.

Our speakers: First, the Commissioner of the Federal Public Housing Authority, Mr. Philip M. Klutznick. Mr. Klutznick.

MR. KLUTZNICK: Public housing means the program of Federal aid to local communities provided under the U. S. Housing Act. It embodies three typically American principles:

- 1. The opportunity for every family to obtain a decent home within its means.*
- 2. Local responsibility for the determination of community housing problems with Federal assistance only where it is necessary to achieve decent housing standards.*

3. The limitation of public housing to those families whom private industry cannot adequately serve.

I favor the improvement and expansion of this program as essential to a sound national housing policy in a nation of free men.

Chairman Granik: Thank you, Mr. Klutznick. Next, Mr. George L. Bliss, President, Railroad Federal Savings Association of New York. Mr. Bliss.

MR. BLISS: As a slum clearance measure, public housing has proved a failure. It has not cleared the slums, and it has not rehoused slum dwellers. Neither has it lived up to the promises of its backers with respect to rehousing low-income families. If the threat of unfair government competition is removed, private industry can do a more rapid, more effective, and less costly job of clearing the slums and providing low-cost housing than governmental bureaus. But unless such government competition is ended, we may be moving rapidly toward state socialism in the housing field, and that, too, may be the secret aim of undisclosed groups whose hand has not yet been fully revealed.

Chairman Granik: Thank you, Mr. Bliss. Next, the senior Senator from Ohio, whom we are always glad to welcome back to the American Forum. Senator Robert A. Taft.

SENATOR TAFT: Mr. Granik, I notice that the announcer said that the question was whether this was public or private housing. Of course, that is not the question. The great bulk of housing in the United States should be and is provided by private building; but just as Government provides medical care for at least 10 per cent of the lower-income groups, just as it provides relief, I believe, after listening to a long series of hearings in which I think we had every group represented, that the only practical way to provide decent housing today to that 10 per cent of the city families who have the lowest income is through a public building program.

Chairman Granik: Thank you, Senator Taft. Next, the President of the National Association of Home Builders, Mr. Joseph E. Merrion, of Chicago. Mr. Merrion.

MR. MERRION: Mr. Granik, public housing, as we know it, is the greatest obstacle to the elimination of slums and bad housing in America. The one way in which public housing can be effective would be to build all of the houses needed to replace the slums and so-called sub-standard houses and to house all people by subsidy who cannot afford the economic cost of shelter. To do this would cost billions of dollars, would eliminate the private home-building industry and would mean the first step in the system of state socialism such as this country has never contemplated.

Chairman Granik: Thank you, Mr. Merrion. There we have the issues, and the sides are clearly drawn. Now, gentlemen, to start our discussion, what is the justification for Government intervention in the program of housing, Senator Taft?

SENATOR TAFT: Mr. Granik, I think the justification for public housing rests on the proposition that the Federal Government has an interest in seeing that minimum standards of housing, food, and health service are

available for all the members of the community. In a private enterprise system, even if you have full employment, there are going to be a large number of people who do not earn enough to provide themselves a decent living because the product of their work is not of sufficient value for people to pay enough for it to give them that earning. I think that in this country the people have decided that we are rich enough, that we have enough productive facilities, to see that everyone has a minimum standard. We provided it in relief, we provided it in medical care, we provided it in education. I think we should provide it in housing, which is one of the most fundamental elements of human life.

MR. MERRION: Senator Taft, if it is a proper function of Government to produce, own, and operate housing for the underprivileged, why shouldn't the Government purchase farms, produce food, and establish retail and distribution outlets supplying food at approximately one half its production cost for these people. Why shouldn't the same things be done in providing another basic necessity of life—clothing?

SENATOR TAFT: Because it is wholly unnecessary to do it. In the case of housing, private housing will not provide housing which is decent housing for the lowest income group. They never have, and I see no reason why they should be expected to do so.

MR. KLUTZNICK: Mr. Merrion, I should like to call your attention to the fact that it is a matter of past history. There have been such things as subsidy for the production of food, but, as the Senator has pointed out, it isn't necessary in the clothing field, where we are able to get a usable and adequate supply of clothing for the family that needs it in every bracket of life. The difficulty in the housing field is that our economy somehow has not been able to produce at the cost which is needed by a certain number of families.

MR. BLISS: I should like to point out that when our Government establishes bureaus to build and rent housing to its citizens, it is going into the housing business. The entry of Government into any line of business inevitably drives private capital from the field. Quite apart from any taxpayers' subsidies, Government in business has numerous advantages not available to private capital. It gets free rent in Government buildings, free use—

MR. KLUTZNICK (interposing): Mr. Bliss, let's look at this thing. Since when did the Government drive the private building industry out of the field? It has been more fruitful and more active and more vocal since public housing came into the field than ever before. It has produced more low-income housing than ever before.

SENATOR TAFT: I suggest that the solution for your problem is to limit the amount of public housing, and that is what I am perfectly willing to do, to confine it to people who really do have low incomes. In many respects the public housing program has not done that, perhaps because of the war; but I think if you gentlemen, instead of opposing the whole business, would see that it is properly confined and suitable for the people who need it for the purpose for which it is intended you would accomplish that purpose, and I would be glad to cooperate with you.

MR. MERRION: Senator Taft, aren't you overlooking and doesn't this discussion overlook the fact that there is a considerable inventory of housing already in this country? The whole discussion seems to be aimed at new housing. Why is it necessary to build new housing for the low-income groups?

SENATOR TAFT: The answer is, because the private enterprise will not

build new housing for the low-income groups, and I think they ought to have some new housing. Many of them can be handled in second-hand houses, but I see no reason why some should not be handled in new houses.

MR. MERRION: You are aware, aren't you—

MR. KLUTZNICK (interposing): Just a moment, Merrion. As a matter of fact, I don't think either the Senator or I at any time have suggested that we ought to ignore the supply of adequate existing housing. As a matter of fact, I am quite sure the Senator would be proposing a much larger program than his committee recommended if he had taken any such position. I think we ought to rule that question out. None of us takes that position.

MR. MERRION: I don't see any reason to rule the question out. It certainly is obvious to most people that the great supply of housing in this country is adequate to house the people and has been, except for this brief period of the war when new building and the replenishment of the supply were stopped.

SENATOR TAFT: Mr. Merrion, that I would absolutely deny. I say that for the last 20 years there has been a disgraceful amount of housing which is not fit to house anybody, and it has been used by people. I dispute your fundamental premise. I don't think it is so. Incidentally, take the numbers. I think there are some 27,000,000 urban houses. There are 190,000 public houses today.

MR. BLISS: The question, Senator, is not as to the supply of housing or the condition of the housing. The question is as to who is going to build housing for people of moderate income. You have stated in your earlier presentation that some impartial authority should make that determination, but I should like to point out that at the present time it is the housing bureaus of the Government that first say what is needed, let the contracts, supervise the jobs, and serve as prosecutor, judge, and jury in the determination of the whole question.

MR. KLUTZNICK: May I defend ourselves for just a moment? It is the first time we have had to go on the defense. First, it isn't the housing bureau; it is the Congress that determines the policy. The Congress has the liberty and does take the liberty quite frequently of investigating what the bureaus do. Secondly, in the public housing program it is the local housing authority that makes the determination, Mr. Bliss, and in your community and in every other community those people are not appointed by the Federal bureau at all, but by the local people, and you have the complete right of appeal to the local council. Finally, the housing bureau doesn't build the houses. Somebody is absent here tonight when you talk about private enterprise. Other contractors, just as much private enterprise as Joe Merrion, build these houses, and private enterprise makes its profit in that transaction. I think you ought to investigate the local facts before you make that statement.

MR. MERRION: Isn't it true, Mr. Klutznick, that the only reason the product that your agency produces is palatable to the public is that the Government itself subsidizes the rent in those projects? It offers a cash subsidy that cuts down the rent that people have to pay in your projects from a normal rent to just about half that rent. Isn't it true, also, that the people who occupy your public housing projects are not the poorest people in the country? They are people who occupy a middle class in the lower third. The actual relief people, the people who are really poor, do not and are not allowed, in most instances, to occupy public housing.

MR. KLUTZNICK: Of course, the answer categorically to every charge you have made is No, subject to certain very quick explanation.

MR. MERRION: I presume you have read the National Industrial Conference Board Report—

MR. KLUTZNICK: Yes.

MR. MERRION: —reported to Senator Burton in the committee hearings here in Washington, haven't you?

MR. KLUTZNICK: The National Industrial Conference Board Report to which you refer tied with Senator Burton gives the impression that it was prepared by a congressional committee. The fact is it was prepared by an adjunct of a very well-known association which is engaged in opposition to certain Government activity. May I say to you that that report was completed discredited, and may I say to you, further, that the only people we have in public housing today who are not in the low-income group are there on sufferance due to the war and other conditions. You people and others engaged in the private fields have not been able to supply the housing.

MR. MERRION: May I say, Mr. Klutznick, that Mr. Ihlder, the representative of your agency here in Washington, has made the statement before the Burton Committee that the occupation of public housing in the City of Washington was limited to 25 per cent of people who are on relief rolls. May I say also that in this report, which Senator Burton requested, by the way, of the National Industrial Conference Board, it says that construction costs of private builders, on the basis of evidence submitted, are substantially lower for low-rental dwellings than comparable units built under public direction. It also says that management costs for public housing projects average 13 per cent of rents as compared with the customary private project costs of 5 per cent.

SENATOR TAFT: Mr. Merrion, my difficulty is this: There are 7,000,000 families, according to the figure (I don't entirely trust those figures, and yet they are more or less supported by the figures we get also from the Treasury on income tax reports) who had an income of less than \$1,000 a year. Private housing, in my opinion, cannot possibly provide a large —well, it can provide some, and there is a good deal of second-hand dwelling they can provide; but certainly when second-hand dwelling gets down to slums, third- and fourth-hand dwelling, the time has come to eliminate it.

MR. BLISS: May I say a word about this question of slums? There is no need for slums in any community if the people of that community do not wish to have slums. Slums are a local question; slums are old, worn-out housing, and slums can be eliminated in any community by the enactment and enforcement of proper building codes and sanitation.

SENATOR TAFT: Yes, but when they are eliminated there is no place for the people to live, and nobody will build new housing for people who have incomes of \$1,000 and less. It simply is not an economic thing to do, and it is not done today. Why housing is different from other things is that the cost of houses is out of proportion to the income of the people. There are various reasons why that is. I hope very much that technological improvement may result in bringing down the cost of private housing to a point where a man can afford to buy a house just as he can afford to buy an automobile, but really today the people of this country are better able to buy automobiles than houses. Until that is done, I think the Federal Government has to assist in providing subsidized housing for low-income groups.

MR. BLISS: One reason that exists is that the automobile industry doesn't have the threat of the Government's setting up automobile plants.

SENATOR TAFT: No, that is not an excuse. I mean, this idea that private builders are driven from the field by Government competition is simply not true. It never has been true. During the past three or four years, of course, everybody has been excluded; there hasn't been any building to speak of. But as far as the postwar demand is concerned, there is so much more demand for houses than public and private together can supply that the idea that there is any serious danger of competition I think is perfectly and completely ridiculous.

MR. MERRION: Senator Taft, isn't it true that of the entire inventory of housing, the figures that I get from the Census show that the average rental of all rental housing in the country is something like \$27 per month? That means that half of that housing rents for under \$27 and certainly offers an answer to your problem of finding low-rental housing for the poor people. Isn't it true that the most deplorable housing conditions in our cities are the result of lack of enforcement of local laws regarding safety, health, and sanitation?

MR. KLUTZNICK: Merrion, may I take that, instead of the Senator? He has had his share of answering that question. I should like to answer it just the way he has, but with a double "ridiculous." I don't see how you can possibly talk about enforcing the sanitation codes of your city of Chicago, where you are presently congested up to the hilt, when there is no place for those people to go. You know and I know that many of us who believe in good standards of adequate housing had to fight the destruction of the Mecca Temple, which is presently a disgrace to your own city of Chicago, because there was no place for those people to go.

One other thing before I get through. I don't want to pass up the one on the N. I. C. B. and the impression that public housing costs so much more than private housing. That report used a figure of \$5,940 as the average cost, when as a matter of fact the audited cost was \$4,600, and it compared with the builder's estimates of \$4,500, which were estimates and not production costs.

MR. MERRION: Certainly, in Chicago every project that has been built by the public housing authority has cost more than comparable projects built by private, and we find in a survey of 100 cities around this country that that is generally true.

SENATOR TAFT: I think that may be true, but that doesn't change the fundamental question of whether you should do it. That only leads to the conclusion that you ought to do it better. I agree there is plenty of room for improvement in the public housing program, and I am willing to work with anybody who wants to improve it.

MR. KLUTZNICK: You have worked with us, Senator, and I hope they will work with us, too.

Chairman Granik: Go ahead, Mr. Bliss.

MR. BLISS: It must be recognized that when a part of our population is supported in taxpayer-subsidized housing, the neighbors of those people are paying a portion of the taxes of the families thus subsidized.

SENATOR TAFT: I fully agree. In fact, the whole theory on which I work is that four-fifths of the people are going to help the lowest one-fifth of the people, in food, in medical care, and in every other field. You have got to make the expense not so great that it is too burdensome. The private enterprise system, I may say, will pay a man only what his work is worth, and a very large number of people are doing work that simply does not bring

them enough to live on, and the four-fifths are going to help them out. I think our people have decided that in this nation the wealth and our ability to produce are so great that they are not going to permit people to be insufficiently fed or clothed or housed.

MR. MERRION: We all agree with you on that, Senator, but why isn't it feasible to pay a portion of the rent in existing quarters instead of building new houses for these people?

SENATOR TAFT: I think that is a fair question, and that is a thing that our committee went into as far as we could. It would be done by saying that anybody who has under a certain income could get a rent certificate, I suppose. If you choose any figures I know of, you will issue rent certificates to about 20 times the number of people who actually are going to live in public housing projects. Then, when they get their rent certificates, what do they do with them? They go to existing housing and get their rent reduced, or at least they use the rent certificate to help pay the rent.

MR. MERRION: What is wrong with that?

SENATOR TAFT: That is all right, except that it builds no houses. Nobody is going to build houses on the hope that they are going to get people to give them rent certificates some day. So, they just use the rent certificates for the old houses, for the old slums, that they used before.

MR. BLISS: That is supposition, Senator, but the fact is that numerous surveys of public housing projects that have been made in many cities throughout the country reveal, first, that the people of the lowest incomes are not accepted as tenants in the public housing projects and, therefore, the very people that you have insisted should be helped are not being helped in the public housing projects; and, secondly, that families of \$2,000, \$2,500, and \$3,000 income are living in public housing projects today.

SENATOR TAFT: That is purely a war result. I agree there has been an abuse of it. They have let people in on the theory that they had to take care of war workers who had nowhere else to live and who had to pay the higher rent, as they should, for they had higher incomes. They have done it by not putting out people who have gotten higher incomes and should have been put out. The thing has not been done properly, but it can be done properly.

MR. BLISS: I have here a New York newspaper clipping that says that half of the 400,000 families living in public developments in New York City are earning more than the legal limits.

MR. KLUTZNICK: Mr. Bliss, we haven't 400,000 families living in public housing projects in New York City, to start with. I don't want to take issue with my own colleague but, as a matter of fact, I think the local authorities, considering the pressure that has been on them during these last several years, have done mighty well, considering that no housing has been provided, and goodness knows, Merrion and you know that better than anyone else. You have been the fellows who have been crying to provide more housing. We can't take people and throw them out in the streets. Local housing authorities can't do that, either. I am more interested in a large private building program than almost any one of you fellows, for the simple reason that it will make this program more workable.

Beyond that, let me call your attention to the fact that a few moments ago you talked about taxes being paid by somebody who is living outside of public housing for people who are living in public housing. Why don't you stop and talk about the taxes that those fellows are paying for the slums

that are there? The only proposal we are making is that the same or lesser amount of money shall be paid to provide decent housing.

MR. BLISS: Oh, no. Senator Taft just suggested that 80 per cent of the population should support, by subsidies, the remaining 20 per cent.

SENATOR TAFT: Not entirely. I say that in that 20 per cent group a lot of things are going to have to be filled out. Of course, we long ago adopted the policy of educating them for nothing. We have always given them medical care for nothing. Every city that has a general hospital is giving medical care to that 20 per cent. This is no change in the general policy of Government, in my opinion, basically. The housing problem requires the adoption of a particular technique because it is a peculiar and special problem, but the general principle is not different from what the Government has always assumed.

MR. MERRION: Senator, I know that you believe that we should have some public housing because you don't believe that rent relief works. You think it costs too much money.

SENATOR TAFT: Not only that. It doesn't build any new houses.

MR. MERRION: Let me give you an idea of what it costs.

SENATOR TAFT: You use it to help pay your rent in existing houses, making it more profitable for people with poor housing to keep it and rent it.

MR. MERRION: Not if your local authorities enforce their standards. In the District of Columbia, for instance, the 3,350 families on rent relief cost \$600,000 annually to house. In the public housing projects here there are presently, I believe, 62 families out of the total number in the housing projects who are on rent relief. The total cost to the Government there is over \$31,000,000, and the tax loss to the District alone is something like \$500,000.

MR. KLUTZNICK: Mr. Merrion, your use of figures is disturbing.

MR. MERRION: Certainly it is.

MR. KLUTZNICK: First of all, you don't have any base for the first figure. You don't say how much relief is involved, and you compare annual subsidies against gross capital cost of housing development, which is about as accurate bookkeeping as some of the other charges that are made. This whole approach that you have got to have all or nothing is like the song in Oklahoma, and it doesn't apply here, either. You take part of the load.

MR. MERRION: We don't want all or nothing. All we want to find out is what you people are trying to get at. Certainly, if you want to house the people of America or even the people who live in substandard houses and can't pay economic rents, you know that you haven't even begun to touch the surface. You know that that kind of program will involve so many billions of dollars that you dare not even suggest it to the public. Actually, the housing that is presently existing in the country can be sufficient if it is properly supplemented by building, and of course we haven't been able to do building during the war. Give building a chance to start. You can certainly pick up from there. If your local communities do pay attention to their local health and sanitation ordinances, you will cure this problem, which can't be cured overnight by you or by us or by anybody else.

SENATOR TAFT: Just a moment. I venture to suggest, if you take all the building controls off today, no private housing—

MR. KLUTZNICK (interposing): They are off, Senator.

SENATOR TAFT: And materials are available. —no private housing will build houses costing much less than \$6,000 apiece.

MR. MERRION : That, Senator, is not quite in keeping with the facts.

SENATOR TAFT : I should like to bet that that would be true for the next 12 months. Put it that way.

MR. KLUTZNICK : Let's give them ten to one odds and make it a good show.

MR. MERRION : Let me give you some statistics. The Federal Housing Administration reports that in the last year in which we were allowed to build houses, seven out of ten home mortgages insured by them were for property valued between \$3,000 and \$6,000.

MR. KLUTZNICK : Mr. Merrion, look. Let's get back to a couple of ones, and take that one later. The last year that you were talking about happened to be a pre-war year, and everyone else has claimed in recent months that after the controls were lifted there would be a 35 per cent hike. The thing we ought to get here is that our hands are on the table. There are no hidden hands involved in this thing. The thing that I want is just what you said in the last few minutes of your previous talk—a complete collaborative effort. I don't want to assume a defeatist attitude with respect to private enterprise and say that you are not going to do as good a job or a better job tomorrow than you did in the past. I think we are going to have higher income levels, we have social security, a large number of people are going to be taken care of through normal channels, and the amount of public housing that will be needed will be proportionately reduced, particularly when we quit fighting about a housing policy and when the men who have the technological know-how start applying it to producing at lower cost.

MR. BLISS : Mr. Klutznick, there is no field in which the Government can enter into competition with private business without chasing private business from the field, whether it is the manufacture of cloaks and suits, or of food, or of automobiles, or of houses. If you mean what you say about a desire to help public housing, then I submit to you that the first thing that is required is a program of education to the people of our cities to establish building codes and standards and to require the destruction or demolition of unsound, unsanitary, indecent housing. The second thing is then for the Government to stand aside and let private business use American ingenuity and inventive genius to fill the needs of the people in supplying housing, without fear that the Government is going to come in and provide housing at less than cost for a part of the population.

SENATOR TAFT : Yes, but the amount involved is so small, comparatively, that it can't possibly affect the need for housing. The last census showed that there are some 6,500,000 houses in cities which either are without toilet facilities altogether or have no running water in the house. Certainly those houses ought to be replaced. You have probably 6,000,000 new families from the time we stopped building until next year. You have a demand, I would say, clearly for something like 10,000,000 houses, and I was very strenuous to confine the building of public housing to 500,000 units, certainly I would say 10 per cent of the demand at the outside. The Government may take care of 10 per cent of the demand. I can't see that it will discourage in any way any private houser who wants to build houses.

MR. BLISS : What do you think would be the effect if the Government would start to build 10 per cent of the suits?

MR. KLUTZNICK : Mr. Bliss, just one moment.

SENATOR TAFT : I don't think it would have any serious effect. I would not be in favor of it because there is no need for it, but if the Government built 10 per cent of the suits and let the suit industry know that they were

going to build only so many and that that was the limit for each year for the next four years, I would say the suit industry would be very able and willing to give them.

MR. KLUTZNICK: You have been shedding some crocodile tears here about the private building industry, and I think we ought to lay them on the table. When there wasn't any Government competition, so-called (and I deny emphatically that it has been), where was the private building industry in the years when there was a need for housing for a lot of families, even with a vacancy ratio?

MR. MERRION: Mr. Klutznick, I can answer that in a few words.

MR. KLUTZNICK: Can you? Let's hear it.

MR. MERRION: At the end of the 20's and in the early 30's there was an oversupply of housing in this country. The fact that you and the public generally have become conscious of slum clearance and of the existence of poor housing around the country doesn't mean that the private housing industry hasn't been building housing, and it doesn't mean that there has been a shortage at any time. It means that our standards are certainly on the way to being improved. It means that the public is conscious of something that we hoped that they would be conscious of.

SENATOR TAFT: I deny there was ever an oversupply of housing.

MR. MERRION: Your construction figures will show you that there is usually an oversupply.

SENATOR TAFT: No. There are a lot of vacant houses because they are too expensive for most of the people to live in.

MR. KLUTZNICK: And there are a lot of congested houses, no good for people to live in.

SENATOR TAFT: Yes. There never has been an oversupply of decent housing in this country in the last 20 years, at any time.

MR. MERRION: I take only the census figures, and they show almost a constant oversupply up until the last period during the war, when of course there wasn't an oversupply.

MR. KLUTZNICK: It depends, Merrion, on whom you are talking about—a consumer or a limited group in the consumer class. The fact is that in the early 30's, when there was a high vacancy ratio in New York, not too much in Chicago, and other communities, that vacancy ratio was, as the Senator has said, in houses that people couldn't afford, and you had extreme congestion in substandard houses.

One other thing. Since the public housing program, you have actually accelerated your building rate. You built nearly 700,000 units in 1941. Let's tell the facts. You have built a lot of houses during the war, too.

MR. MERRION: We built a lot more units in 1925, before you started your public housing program. That has no relation.

MR. BLISS: Mr. Klutznick, I think you have well developed that the basic problem is the ability of the American family to earn a sufficient amount of income to provide adequate food, clothing and shelter. That is the basic economic problem.

SENATOR TAFT: That is the basic problem, but in housing you add to it another problem, the fact that the cost of housing is higher than the lower-income American family can afford to pay. You can't build houses today for a large percentage of the population at present costs.

MR. BLISS: We are not going to lower the cost of housing if we are going to have 80 per cent of the population paying the tax burden to support

the other 20 per cent. Then we are going to have higher cost housing for that 80 per cent.

MR. MERRION: I think, Senator, that you and Mr. Klutznick continually throw out the existing inventory of housing. I know people across the river in Virginia are living in 100-year-old houses. I live in a 40-year-old house, and I see no reason why every house that happens to be over 10 years old should be considered a substandard or slum house. I think that is an insult to the people who live in those houses.

SENATOR TAFT: But I say if they have no toilet in the house in a city, it is a slum house and ought to be eliminated. There are 6,000,000 of them.

MR. MERRION: Have you read, Senator, the last report of the Department of Commerce, which was issued just recently? It says that 81 per cent of all urban houses have toilet and bath. That seems to bring up the general character.

SENATOR TAFT: That makes 20 per cent that don't have, which is 5,000,000 houses.

MR. MERRION: What other country in the history of the world could claim 80 per cent of all its houses to be sound and standard?

MR. KLUTZNICK: Mr. Merrion, on this 100-year-old house thing, you are preaching to one who lives in one when you talk to the Senator. I believe he lives in one that is nearly that old.

SENATOR TAFT: I live in an 80-year-old house, but that hasn't anything to do with it.

MR. MERRION: I bet Klutznick would call it substandard.

MR. KLUTZNICK: As far as Klutznick is concerned, he would be grateful for it. The honest fact is that we haven't ignored existing housing. The thing you are ignoring is that on existing housing of an adequate type you still have a tax rate to pay, an operating and maintenance cost to pay, and the total of those items, exclusive of any profit to the owner, exceeds the ability of 10, 15, 20 per cent of our population to pay. That is what we are talking about.

MR. MERRION: Mr. Klutznick, you know of lots of good Americans who work hard on laboring jobs and jobs of that kind who have bought homes and have paid taxes over a long period of years to clear those homes for their families. They have paid their taxes. How do you suppose they feel when they look across the street and see somebody who didn't work as hard, who just didn't have as much ambition, living in a house that is built for him by the Government, a new house on which no taxes are paid and on which he pays half of the normal economic cost of operating? How do you suppose he feels?

MR. KLUTZNICK: Mr. Merrion, aside from your other questions, let me tell you how he should feel. This whole approach to this problem, that we are parceling out charity to an individual family, is a fallacy, just the same as the approach to the idea that when a youngster goes to school in a free public school, we are doing him a favor. What we are trying to do is to make a better democracy. Public education was an attempt to make this nation a better nation, a stronger nation, in which to live. Better and sounder housing for all families is a benefit to all of us who live here.

SENATOR TAFT: Mr. Merrion, I agree that you have to fix your assistance to the lower income groups in such a way that there still remains an incentive to get something better, and the man above that ought to be encouraged to go ahead and get a better house. As a matter of fact, the Federal Government is helping him. The Federal Government has greatly

cheapened the cost of housing in the FHA, in the Federal Home Loan Bank. In all of that field the Federal Government has intervened, and private housing has not objected in any way.

Chairman Granik: I am sorry, Senator, we must pause briefly for a summation of the arguments advanced this evening. Mr. Merrion, will you sum up for your side?

MR. MERRION: I think the whole thing sums up to this: Why should the Government build new houses with Government money for any small segment of the people? Can we overlook this country's inventory of 37,000,000 houses, most of it sound by any reasonable standard? Its average age is 25 years; the average rental, about \$27. This means that about half of this large inventory can, without subsidy, serve the field which public housing claims as its own. The operation of a private building industry, stopped by the war, is prepared to replenish the needs of this inventory at the rate of 3 per cent a year as soon as recovery from war conditions permits it to get into volume.

The entire problem is one that has taken years to develop. The cure for it is not a panacea. Panaceas are drugs that leave us with costly headaches. Public housing is such a drug. The only way to eliminate blight and bad housing is by an acute consciousness of communities of the source of the evil and a knowledge that it is their problem to cure. The only agency that can replenish the supply of houses in the volume needed is the industry that has demonstrated its capacity in the building of the houses in which we live. Certainly this whole problem is one of whether we single out a small group of people and pay them special privilege. It certainly is a problem that the people of America should consider, and when the people who are paying taxes know the cost of this public housing program, there is no question in my mind as to their disposition toward it. They do not know it. They haven't learned it. But they certainly are beginning to know that the cost of public housing is a cost that is much greater than they can bear.

Chairman Granik: I am sorry, Mr. Merrion, your time has expired. Senator Taft, will you sum up?

SENATOR TAFT: As to the cost of public housing, of course education in this country costs around 3 billion dollars a year, medical care probably costs us one billion, and the cost of public housing today is something like 50 million dollars a year. When we add the program we are proposing, it may run, before we get through, as high as 250 millions a year, a great deal less than any of the other programs that have been assumed.

Housing, I think, is a problem which has not been satisfactorily solved by private enterprise. A very large percentage of the housing in the country is still disgraceful. A large percentage of the people are not obtaining a minimum standard of decent housing, and I don't see how it can be provided simply because of the economic situation, the fact that it is not economical to build houses for people with incomes of \$1,000 or even perhaps \$1,500 and less, because private enterprise cannot provide new houses but only second-hand houses, and second-hand houses as a rule which have deteriorated so far that they have become to a large extent slums. I don't see any other means of affording this except to set the standard in public housing.

You don't have to cover the whole field. There are a fair number of

decent second-hand houses. People can live on the outskirts without all the facilities they need in the cities, at a lower cost. There are many ways in which they can be taken care of, but I don't believe it can be done successfully without a basic Federal program to provide a minimum of public housing.

Chairman Granik: I am sorry, gentlemen, our time is up. You have been listening to the American Forum of the Air discussion, "Should the Federal Government Support Public Housing Projects?"

Our speakers have been: Philip M. Klutznick, Commissioner, Federal Public Housing Authority. George L. Bliss, President, Railroad Federal Savings Association of New York. Senator Robert A. Taft of Ohio. Joseph E. Merrion, of Chicago, President, National Association of Home Builders.

Your letters and comments are welcome. And now, your announcer, Carl Bates.

Announcer Carl Bates: Thank you, Mr. Granik.

The American Forum of the Air, oldest public service program in radio, was founded seventeen years ago by Theodore Granik, attorney and moderator. We are very proud of our record in radio. We were pioneers in the field of public discussion programming.

Next week we bow to one of the oldest newspaper forums in the nation, The Herald Tribune Conference in New York City. Instead of our usual debate on the vital issue of the week, the Forum will present an evening with the Herald Tribune Forum.

You will hear Sylvia Sprigg of the Manchester, England, "Guardian," speak on "Trieste—Where East Meets West." A German prisoner of war now in America will speak on "Freedom and Barbed Wire." Professor Saul K. Padover, former aide to Secretary of the Interior Harold Ickes, will speak on "The Future Government in Germany." And direct from Germany you will hear a report by Professor Bergstrasser, a German democratic leader selected by the American Military Government in Germany, speaking on "Toward Democracy in Germany."

The following week, November 6, we will return to our usual debate on the vital issue of the week and will present to you then a discussion in connection with the Labor-Management Conference scheduled for that time. [Applause.]

Programs in this series of particular interest to service men and women are broadcast overseas through the worldwide facilities of the Armed Forces Radio Service.

If you are in or near Washington you may attend these Forum programs at the Shorcham Hotel. If you cannot attend, be sure to listen over your Mutual station every Tuesday night at this same time. [Applause]

For reprints of tonight's discussion, "Should the Federal Government Support Public Housing Projects?" write to Ransdell Inc.—that is R-A-N-S-D-E-L-L—Ransdell Inc., printers and publishers, Washington 18, D. C. Please include ten cents to cover handling and mailing and allow two weeks for delivery.

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