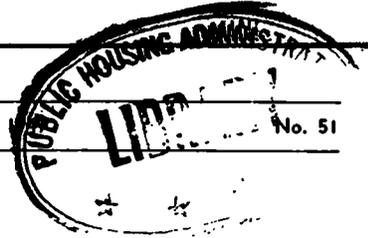


**THE**  
*American Forum*  
**OF THE AIR**

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*The Housing Outlook for 1948.*

**NATHAN STRAUS**

Former United States Housing Administrator

**MORGAN L. FITCH**

President, The National Association of Real Estate Boards

**EDWARD R. CARR**

President, The National Association of Home Builders

**LEON H. KEYSERLING**

Vice Chairman of President Truman's Council of Economic Advisers

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*Announcer: Pilot Radio Corporation, makers of fine radio equipment for over a quarter of a century, proudly presents America's oldest radio forum now in its nineteenth year of public service, the American Forum of the Air! [Applause.]*

*Why aren't we getting more housing? What is the housing outlook for 1948? From the Longacre Theatre, New York City, we present the vital issue of the week discussed on your American Forum of the Air, founded in 1928 by Theodore Granik, attorney and moderator.*

*Tonight our four authorities are: Nathan Straus, former United States Housing Administrator; Leon H. Keyserling, vice chairman of President Truman's Council of Economic Advisors; Morgan L. Fitch, president, the National Association of Real Estate Boards; and Edward R. Carr, president, the National Association of Home Builders.*

*And now, here is your moderator, Theodore Granik.*

*Chairman Granik: Good evening. Why can't you get a new house? Why is it that so many American families, two years after the end of the war, are still unable to find housing accommodations at a price they can afford to pay?*

*In the current issue of "American Magazine," Nathan Straus, former United States Housing Administrator, says that a gigantic conspiracy of real estate dealers, bankers, contractors and unions is blocking low-cost dwellings.*

*Top officials of two of the organizations named in that article disagree with him, and are here tonight to present their views.*

*We are privileged also to have Leon Keyserling, one of the nation's foremost housing authorities, join this distinguished panel to help all of us find the answers to these questions: Why are home prices so high today?*

*Why aren't there more low-priced homes available?*

*Will the situation change for the better in the year ahead?*

*Now, before presenting our first speaker, here is our announcer.*

*Announcer: In the past few weeks, you've heard us speak quite enthusiastically about the amazing new FM Pilotuner. We've had every reason to! But listen now to what another radio manufacturer has to say about the Pilotuner. We think it will be of special interest to you because it's so unique!*

*Imagine for a moment, one radio manufacturer praising the product of another radio manufacturer to their own customers! Well, hear what one important radio manufacturer wrote in reply to a letter which asked how to modernize a radio of their make in order to receive programs on FM: "For some time, we didn't feel that we could recommend any of the FM converters being manufactured, for use with our equipment, as we didn't believe that their operation would meet with your expectations. After testing many types of FM converters, however, we now recommend the use of the Pilot FM converter to you."*

*Yes, when other radio manufacturers recommend the FM Pilotuner you can be sure it's good! So do what thousands of people all over America are doing daily—attach an FM Pilotuner to your own radio—and discover a wonderful new world of listening pleasure on Frequency Modulation. To be assured of the best—do what the experts suggest—insist on the FM Pilotuner!*

*And now, here is your moderator.*

*Chairman Granik: Now we are ready for our first speaker in tonight's discussion, "THE HOUSING OUTLOOK FOR 1948."*

*Nathan Straus, former United States Housing Administrator. Mr. Straus!*

MR. STRAUS: Good evening. In the United States this year, one-half of all the babies were born to families living in slums. This was true in 1937 as it has been true in 1927 and 1917 and for years back. It is idle to talk of making a better world while half of the children of the nation, our most precious crop, are reared in slum shacks and slum tenements. Government has assumed responsibility for stopping traffic in tainted meat, spoiled milk and dangerous drugs. It must assume this same responsibility for stopping traffic in indecent housing. The only way to do this is to provide new homes within the means of the families that now are forced to live in the slums.

For over a century private enterprise has been saying, "Let us alone and we will wipe out the slums," yet year by year slum areas have grown and spread. A Government housing program to wipe out all the slums of our nation over the next decade will be of immeasurable social benefit and will become a stout bulwark against unemployment and depression in the days ahead.

*Chairman Granik: Thank you, Mr. Straus, and now Morgan L. Fitch, president of the National Association of Real Estate Boards.*

MR. FITCH: Thank you, Mr. Granik. My approach to a discussion of the housing outlook for 1947 must be recognized as that of a working real estate man. The operation of my business and the business of 40,000 other realtors in America is geared to a constant improvement and to an increase in the housing facilities of the nation, and I am happy to report to you tonight that the housing outlook for 1948 is very bright.

You are getting new houses today; you are getting them at the rate of over a million a year, this in spite of the rigid restrictions imposed upon the industry during the war, in spite of the abuse and condemnation by people who were primarily interested in pushing forward their own political theories, in spite of efforts to use the housing business as a springboard for political revolution.

Since the lifting of control of the building industry on July 1, the rate of housing construction has surpassed any previous building rate in our history. The nation is awakening to a realization that housing cannot be built out of logs and subsidies and grants [applause] but rather by industry and initiative and enterprise.

Give us a continued high level of employment, relief from Government intervention, unrestricted competition and production at all levels and we will have in 1948 the greatest year of progress in housing that any nation has ever known. [Applause.]

*Chairman Granik: Thank you, Mr. Fitch. Mr. Keyserling, could you agree with Mr. Fitch that the housing outlook for '48 is very bright indeed?*

MR. KEYSERLING: Well, Mr. Granik, I didn't come here for a debate, but rather for a discussion. A debate is meant to prove that the other fellow has the wrong answer, and I think the important thing in the housing picture now is to find the right answer, and that right answer

calls for tolerance; it calls for temperance; it calls for the willingness of all groups to work together, and above all, it calls for the unflinching determination to look facts in the face.

The facts about housing in America today are cold and cruel, and the outlook is not bright. It is true that a lot of housing is being built, but when you take a few cities, here is what you see: Average cost of housing being built, New York, \$13,000 a house; Cincinnati, \$11,000; Dallas, \$9,000; Houston, \$8,000; Cleveland, \$12,000, and when we compare that with the fact that one-fifth of the families in the country have incomes of less than \$750 a year, that three-fifths of the families in the country have incomes of less than \$3,000 a year, we see that the housing is now being built not for the upper third, as was customarily said, but only for the upper tenth.

*Chairman Granik: Mr. Carr, you are a builder of note. What do you think of the housing outlook? Do you think it is bright?*

MR. CARR: I think the housing outlook is very good, but before I go into that, I would like to ask Mr. Straus a question. He stated that half of the children born in this country were born in slums. I would like to ask him why with eight hundred million dollars at his command when he was Administrator of the United States Housing Authority that he didn't do something more about clearing slums and housing people in low income groups. It seems to me he failed miserably in that respect. [Applause.]

*Chairman Granik: Mr. Straus!*

MR. STRAUS: I will be very glad to answer Mr. Carr. The fact is that with the eight hundred million dollars, one hundred and ninety thousand families were rehoused. Every single family came from a slum dwelling. No family was rehoused that did not come from a slum dwelling, and as far as the job could be done with that amount of money, it was done at a minimum cost to the Government and with benefit to the entire building enterprise of the country.

A small beginning was made, and for the first time in the history of the nation the one-third underprivileged got houses under that program. [Applause.]

*Chairman Granik: Mr. Fitch!*

MR. FITCH: I don't know why Mr. Keyserling is so disturbed about the cost, with the average cost of housing as it is being built in New York and in Chicago and in various other cities. As a matter of fact, the average cost of housing today is not out of line with the average cost of all other materials.

We are building houses today at a cost to the consumer that is less in terms of man-hours of labor than we have ever known, and we are doing that in spite of inefficiency of production, in spite of restrictive practices, in spite of feather-bedding, and when we can eliminate those things, we will have housing at a cost within the means of the average American citizen.

*Chairman Granik: Mr. Keyserling!*

MR. KEYSERLING: Well, I wish that were the case, but I don't think it is. As a matter of fact, if all the items going into the cost of living of the American family, housing is the one that has consistently gone up the most. If we go all the way back to 1910, which is long before inflation

and long before the things that Mr. Fitch is talking about, we see this: If we take that as the normal year representing one hundred, the incomes of average American families have gone up from \$100 to \$183, or less than double. The cost of housing has gone up from \$100 to \$420, or multiplied four times, and if you take the intervening years in that period, you see that over a long period of time people on the whole have been able to buy food, clothing, automobiles and other things at lower costs because of the greater efficiency of the industry, aside from the immediate inflationary period. But for a 37-year period, the cost of housing has multiplied four times, and the general money income of people has only multiplied twice.

Housing costs have outrun practically all other costs.

*Chairman Granik: Mr. Carr!*

MR. CARR: I would like to say something about that. I know where you got those figures, Mr. Keyserling. I know you are a very noted economist, but I would like to call your attention to this: You are speaking of the efficiency of raising food. Do you consider that the Government propping food prices and destroying food is bringing food costs down? Is that part of the program, too?

MR. KEYSERLING: Well, I am here to talk about the housing outlook for 1948.

MR. CARR: You talked about the food.

MR. KEYSERLING: Not the Government food program. I merely mentioned that the cost of housing is going up much more rapidly. To answer your question, which does relate to housing, the figures I got are not from Government source, but from the American Appraisal Company, which is a standard, recognized private enterprise operation in the housing field.

MR. CARR: I would like to give you some figures from the Federal Housing Administration and the Veterans' Administration. The average sale price of the houses sold in this country this year through the Veterans' Administration was \$8,200, and the average loan through the Federal Housing Administration—and most of those loans are 90 per cent loans—was \$6,941.

Now, it is obvious if that is the average, many of those houses must have been sold for less than those figures. How do you make your figures stand up against that? Certainly the Federal Housing Administration's figures are correct.

MR. KEYSERLING: Your figures are exactly the same as mine. I read figures showing that houses were being built at an average of about \$8,000 in many cities, and you yourself just said the figure you gave was eighty-some hundred dollars, but I would like to point out that a family can't really afford a house who has an income less than half the cost of the house, and what you overlook is what the incomes of American families are. I just pointed out that four-fifths of the families of the country even now have incomes of less than \$4,000 a year. Now, an \$8,700 house is just absolutely meaningless for the average young couple. There is an addition of two million young couples in this country in the last year; twice as much as last year, because of the number of veterans that are getting married. Most of those people have incomes ranging between two and three thousand dollars a year and can't use an \$8,700 house.

*Chairman Granik: Do you agree with those who say the only hope*

*of getting low and moderate-priced homes in abundance lies in Government subsidy such as the Taft-Ellender-Wagner Bill?*

MR. FITCH: Of course I don't agree with that. The only hope in getting low and moderate-priced homes is to get low and moderate-priced construction. We have to develop new techniques, develop ingenuity and invention and processing of homes to the point where we can get them within the price range of the American citizen and all of the business of this WET bill and other proposals for public housing will not produce any more nails or any more pipe or any more lumber or any more doors, won't produce any more efficiency, and won't produce any more appliances.

MR. STRAUS: Pardon the interruption, Mr. Fitch. Do you know that it is a fact or do you not know that no country in the world has succeeded in wiping out slums without a public subsidized housing program, and I cite the countries that have done that successfully. Denmark, Poland, Sweden, to a lesser extent England and Switzerland. Every one of those countries has wiped out slums, has increased the good housing of the people and every one of them has remained a democracy under a public housing law. [Applause.]

*Chairman Granik: Do you want to answer that, Mr. Fitch?*

MR. FITCH: Let Mr. Carr answer it. He has the same answer.

MR. CARR: In the first place, none of those countries are democracies. Sweden might be called a democracy, but Sweden does not have public housing, and as far as wiping out the slums in England, it looks to me as if the public housing program is just about to wipe out England, not just the slums. [Applause.] Over there the government is building five houses out of five today.

MR. FITCH: Mr. Straus didn't mention, also, that we have public housing in Italy and Austria and Germany, or we did have it, and I suppose they have had in Russia, too, and I get awfully weary of this reference to Europe as establishing a pattern for our form of life over here. [Applause.]

*Chairman Granik: Mr. Straus!*

MR. STRAUS: What worries me always is that in all of the discussion we always drag in Russia because it sounds good. As a matter of fact, no country under a dictatorship has ever had a successful housing policy. I would like to read what *Fortune* says about it. *Fortune* for August said, "Private real estate people say that private enterprise has done a wonderful job in America. We have the finest housing of any country in the world," they say. This statement, the editor of *Fortune* says, happens to be egregiously false for the great generality of Swiss, Swedes, Norwegians, Australians and New Zealanders are better housed than Americans. That is what *Fortune Magazine* says. [Applause.]

*Chairman Granik: Mr. Carr, you are developing some 2,000 acres in Virginia. Can private builders afford to construct buildings for low income families? Is it possible for them to put up new housing units which can rent for \$30 a month?*

MR. CARR: I don't think you could put up a house to rent for \$30 a month at this time, but I do not conceive that \$30 a month is necessary to meet the low-income group. In other words, most of us concede that one

week's pay should be about a month's rent, and I would like to ask you or Mr. Keyserling or Mr. Straus who makes \$30 a week in this country today? Certainly we are reaching the middle-income groups and I think our figures of \$6,900 and \$8,000 prove it. You can carry those houses, Mr. Keyserling, for \$50 a month, including taxes, and I consider that reaching the middle-income group, and you haven't said one word about the second-hand housing that is coming on the market, what's going to happen to all that? Are we going to completely disregard that?

MR. KEYSERLING: Let me say something about all the points you have made. First of all, your figure of \$30 is irrelevant, because you yourself say that you are renting for \$50. Now let's talk about \$50. If we are talking about \$50, you ask what families cannot afford housing at \$50 a month. Well, they would have to have incomes, according to your figures, of about \$50 a week.

MR. CARR: That is correct.

MR. KEYSERLING: In the first place, that is not correct, because a family in the low-income group cannot really afford to pay one-fourth of its income for shelter, but even conceding that it could, \$50 a week is an income of about \$2,500 a year, and I have said again that two-fifths of the families in the country have incomes of less than that.

MR. CARR: Is that taking in all the farmers?

MR. KEYSERLING: That is taking into account the figures on urban income.

MR. CARR: That is urban income?

MR. KEYSERLING: Urban income. Now I want to say this. Let's get down to the specifics of the outlook for housing in 1948, and not to the situation in Denmark. [Laughter.]

The outlook for housing in 1948 is this: just looking at the situation in 1946 and 1947, the index of housing costs went from 319 to 420 in one year, and the index of building materials costs has gone up more than 50 per cent this year. And the index of rents has gone up at an average rate of more than 16 per cent a year since the rent control law was emasculated. Now, there are three solutions. One is to deal with the general inflationary situation through a tough, strict, Federal rent control law. The other is to have a direct anti-inflationary program that stops inflation at all points. And the third is to have a long-range housing program which meets a problem which existed before inflation, of doing something for the young married couples of low income.

Now, of those three approaches, I would like to ask either of you which of them you favor and which of them you disfavor.

MR. FITCH: I was inclined to defer to Mr. Keyserling's greater knowledge of statistics and possibly economics until he made this remark that rents have gone up 16 per cent a year ever since rent control went into effect.

MR. KEYSERLING: I didn't say that. I said they have been going up at an annual rate of 16 per cent since the rent control law was emasculated the middle of this year. Before we did that, they remained relatively stable, but they are going up at the rate of 1½ per cent now. And they have been going up at the annual rate of 16 per cent over the past few months.

MR. FITCH: Not in my office.

MR. KEYSERLING: These are the official figures.

MR. CARR: But when you consider that everything else in the country has gone up from 50 to 100 per cent, is that too unreasonable? Why should you single out one part of our economy and expect to hold that frozen when everything else goes double?

MR. STRAUS: Mr. Keyserling, I would like to answer Mr. Carr on that, if I may. Mr. Carr, you get to a very fundamental thing. The greatest single unfilled need in this country today is for low-rent homes within the means of the average veteran. You do him no good whatever by building your houses to rent for \$70 or \$80 or even \$60, because four out of five of him can only pay less than \$50. I would like to show you what Congressman Gamble, Republican, Chairman of the Joint Committee on Housing, said only eight days ago in his committee report. This is Congressman Gamble, of Westchester: "There is an abundance of private capital," he said. "Large amounts of this capital are going into speculative building for sale to owner-occupants, and virtually none of it is going into housing for the lower income groups."

That is not what I say, that is what Congressman Gamble said.

MR. CARR: I concede that we must make a greater effort to reach that market, and Congressman Gamble also gives four points here that might help private enterprise, help capital go into that particular field. That is without public housing. I don't think we can discuss that here in a 30-minute program, but I do think that his committee has made a lot of progress on that subject, and I would like to know how Mr. Keyserling feels about the recommendation in that report, if you have had a chance to read it.

MR. KEYSERLING: I think the recommendations in that report are entirely inadequate. Somebody asked a couple of minutes ago why I singled out rent as distinguished from food. I singled out rent because we are talking about the housing problem here tonight. If we were talking about the food problem, I would have very distinct recommendations with respect to stabilization of food prices; but we are talking about housing. And I certified three specific questions. Should the rent control law be tightened up as it was before it was modified to stabilize rents? Second, do you favor any parts of the general anti-inflationary program to stop price increases at all points? Third, do you favor any parts of the Wagner-Ellender-Taft Bill, particularly those relating to large scale rental units and public housing?

If not, have you an affirmative program of some other character for dealing with the housing situation, or does it get back to your initial remark that you think the outlook is bright?

*Chairman Granik: Mr. Fitch, do you want to take any of those questions?*

MR. FITCH: Yes, I would be glad to take all three of them. Rent controls should be eliminated entirely. Rent control is at the base of the so-called housing shortage. Rent control has caused an expanded use, and extravagant use has caused the hoarding of housing. [Applause.] If we were to eliminate rent control and let the forces of construction go free, with their maximum efficiency, you would have the housing shortage settled inside of six months. You want to know if I favor the anti-inflation bill? I favor anything that will help in the stopping of inflation.

*Chairman Granik: Gentlemen, we pause now for summation of the*

arguments advanced this evening. While our speakers are preparing their notes, let's hear from our announcer.

*Announcer: When one radio manufacturer praises the product of another radio manufacturer, that's news! A little earlier on this program, you heard about an important radio manufacturer recommending that the FM Pilotuner be used to modernize their sets which didn't have FM.*

*Now listen to a letter from another leading radio manufacturer: "In reply to reception on the new FM band, may we suggest that you contact the Pilot Radio Corporation, who have recently produced a very compact and efficient FM Tuner known as the Pilotuner, which can be attached very conveniently to any radio receiver, enabling it thereby to function on the new FM band. We have conducted exhaustive tests with the Pilotuner and found it extremely satisfactory and are pleased to recommend it to owners of our pre-war sets."*

*Those are the words from a well-known radio manufacturer—a name in the radio industry that is practically a household word! Time does not permit our quoting numerous other letters praising the FM Pilotuner but this much you know for sure—when other leading radio manufacturers recommend the FM Pilotuner, you know it must be good! Yes, it's the best by test. So convince yourself—hear the FM Pilotuner tomorrow!*

*Here again is your moderator.*

*Chairman Granik: Now I see our speakers are ready to sum up tonight's arguments. First we will hear from Mr. Carr.*

MR. CARR: In my way of thinking, the real answer to any of those problems is production. Give us ample production of housing in almost any bracket, and we will have sufficient housing at prices that the people can pay. I think the record of the industry last year, particularly the last six months after controls had been lifted, material controls, has been excellent. We have started 432,800 units in the last five months.

I would like to point out again that I do think, and I am willing to leave this to the listening public, that when we build houses that can be carried with taxes and amortization and interest for \$50 a month or less, that we are reaching the lower brackets. You cannot throw out the fact that the average rent of used housing in this country today, the urban rent in this country, is still only \$31 a month, and that must be figured in the over-all picture.

As far as anti-inflation is concerned, I think the new anti-inflation bill is going to be very helpful because for the first time we can sit down with industry, we as builders can sit down with industry and talk.

*Chairman Granik: I'm sorry, Mr. Carr, your time has expired. Mr. Keyserling, will you sum up, please?*

MR. KEYSERLING: Well, my main point is that the housing problem requires a specific program. The specific program cannot be based on such inconsistencies as saying that rent control has been holding up housing production, and at the same time saying that we had more housing production this year and will have more next year under rent control than we have ever had before.

Now, a specific program should consist of three points: first, a vital strengthening and toughening of the rent control law as proposed by the President. Second, a strong and vital anti-inflationary program, because you cannot stop inflation at any point unless you stop it at all points.

And third, to deal with the long-range situation which existed even before inflation, a comprehensive housing program along the lines of the non-partisan bill sponsored for two years by Senators Taft, Ellender and Wagner.

I also think that we have got to recognize that the rental problem is just as important as the home ownership problem, and that rents, with rents currently rising at an annual rate of 16 per cent—

*Chairman Granik: Do you want to complete that?*

MR. KEYSERLING: That is all.

*Chairman Granik: I'm sorry, our time is up, gentlemen. You have been listening to the American Forum of the Air discussion on the housing outlook for 1948. Our speakers have been, Nathan Straus, former United States Housing Administrator; Leon H. Keyserling, Vice Chairman of President Truman's Council of Economic Advisers; Edward R. Carr, President of the National Association of Home Builders, and Morgan L. Fitch, President of the National Association of Real Estate Boards.*

*And now for a word about the exciting program for next week from our announcer, Ted Campbell.*

*Announcer: Thank you, Mr. Granik. The housing problem affects every state and community in the nation—almost every family, for that matter. And family life, after all, is the basis of our American democracy.*

*Next week the American Forum of the Air will bring you a discussion of another problem which has become a critical threat to American family life—divorce. We will discuss the question, "Should We Have a National Divorce Law?"*

*Our speakers will be: Miss Adele I. Springer, former president, National Association of Women Lawyers; Bishop G. Bromley Ornam, of the Methodist Church; Senator Pat McCarran, of Nevada; and Morris I. Ernst, prominent New York attorney.*

*The American Forum of the Air will again originate from Mutual's Longacre Theatre in New York City. If you are in or near New York and would like to attend the broadcast next week, we suggest you write to the Mutual Listener Service at the Mutual Broadcasting System in New York for tickets.*

*It promises to be another stirring debate.*

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