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## Housing in the United States Problems and Policy

by

Catherine BAUER

*An illustration of the housing situation in those countries which are faced with the immediate task of replacing the houses that have been destroyed or damaged in the course of military operations was given in a recent article in the Review describing the position in Great Britain.<sup>1</sup> But the problems to be solved, though less urgent, may be as difficult in countries which have not suffered the direct devastation of warfare. The United States, for example, has had to cope with the movement of millions of people to crowded war production centres, quite apart from its endeavour to overcome an existing shortage and to improve the standard of housing in general. The Office therefore welcomes the opportunity to publish the following survey of housing policy in the United States, in which the social, economic, and civic aspects of the problem are discussed by an acknowledged authority on the subject.*

ON one aspect of housing policy the United States is agreed: that an unprecedented number of new homes should be built in the decade following the war. And the estimates, whether based on social or economic needs, arrive at remarkably similar conclusions. The budgeters of full employment would like to see residential construction average about \$7,000 million worth a year, which would mean at least 1½ million new dwelling units. The American Federation of Labor advocates the same figure, while the Congress of Industrial Organizations, allotting 2¼ million jobs to house building, wants new homes at an average annual rate of 1¾ million. Both labour groups also base their estimates on social needs. Business interests—the United States Chamber of Commerce and the Producers' Council—talk of a million a year.

<sup>1</sup> Cf. *International Labour Review*, Vol. L, No. 5, Nov. 1944, pp. 603-625: "Housing Problems in Great Britain", by Marian BOWLEY.

And the National Housing Agency, in a detailed and conservative estimate of non-farm housing requirements<sup>1</sup>, arrives at 12.6 million new dwelling units for the post-war decade.

But these neat, round figures set a goal which is perhaps not quite as easy to achieve as it sounds. The peak of residential building in the past was reached in 1925 with 937,000 new non-farm units. By 1933 the figure had dropped to 93,000, and the average for 1920-1939 was less than half a million.<sup>2</sup> In no major industry have there been habitually such fantastic fluctuations. And certainly, no industry supplying a basic necessity of life has been more perversely geared to either consumption or employment needs. Very complex measures may be necessary to the achievement of anything like ten million new homes in the post-war decade, let alone homes of the right kind at the right price in the the right place and at the right time.

### THE THREE ASPECTS OF THE PROBLEM

Housing is a triangular problem, not to be grasped successfully from any one angle. In the first place, it is a social problem. Bad housing conditions are a deep and serious threat to social welfare, above all to the institution of the family and the basic democratic doctrine of equal opportunity. Slums emphasise the need to establish and implement social standards for human environment, and this was the motivating force behind the public housing and slum clearance legislation of the United States before the war.

Secondly, there is the economic angle, presented by the restricted and uncertain market for new housing, which seriously undermines employment and prosperity and points to the need for more efficient production and distribution. So far, national efforts to broaden the field for private building have been largely confined to stabilisation of the mortgage market.

The third is the civic problem of urban blight and chaotic decentralisation, an increasingly serious trend which at long last begins to suggest that residential building cannot be satisfactorily planned or located without drastic civic reorientation, based on a fresh analysis of the form and function of modern community life. This new concern has brought forth the movement for "urban redevelopment".

A dozen years of controversy and piecemeal experiment in each of these fields is gradually leading to the conclusion that the problem must be tackled from all three angles simultaneously for ulti-

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<sup>1</sup> NATIONAL HOUSING AGENCY: *Housing Needs: A Preliminary Estimate* (Washington, D.C., 1944).

<sup>2</sup> Estimates by the Twentieth Century Fund, 1944.

mate success. Experience to date and the adequacy or inadequacy of the tools at hand can best be summarised, however, by describing separately the social, economic, and civic aspects of the housing question in the United States.

### THE SOCIAL PROBLEM: BAD HOUSING CONDITIONS

As the cities piled up in the New World, slums accumulated. And as science set up new standards for decent, healthy, human living, the gap between those privileged to enjoy such standards and those outside the pale of "progress" became more and more pronounced. It took a long time, however, for reality to pierce the country's romantic optimism and sense of the sacredness of private property, inherited from frontier days. The social research started by the early settlement houses met with determined indifference, above all in the matter of housing conditions. And later, as the evils of the congested, big-city tenement began to be recognised, the rest of the country still sat back in the smug conviction that, since it was not like New York, it had no slums.

The first important national document in the field was Dr. Edith Elmer Wood's *Housing of the Unskilled Wage Earner*, published in 1919.<sup>1</sup> On the basis of the very sketchy facts then available, she estimated that one third of the homes in the United States were seriously substandard—a remarkable guess, as all the exhaustive field research of the past ten years has merely served to confirm it. She also showed that only the wealthiest third of the population constituted the effective market for new private housing.

### *Facing the Facts*

In the mid-thirties a series of real property inventories were conducted in 200 cities as make-work projects. But it was not until the 1940 Housing Census that a comprehensive national survey of housing conditions was undertaken. The results may be roughly summarised as shown in table I.

If the bad effects of congestion in some of the larger and older cities in terms of deficient light, air, privacy or open space were taken into account, the proportion of substandard non-farm dwellings would be greatly increased. It should also be noted that farm and non-farm living conditions are here still judged by a "double standard". The traditional American system of isolated farms makes modern sanitation in rural areas difficult to achieve. But the fact that 82 per cent. of the farm houses do not even have

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<sup>1</sup> Edith Elmer Wood: *Housing of the Unskilled Wage Earner* (New York, The Macmillan Company, 1919).

TABLE I. ESTIMATE OF SUBSTANDARD DWELLINGS IN THE UNITED STATES

Type of dwelling	Total number of dwellings	Substandard dwellings <sup>1</sup>	
		Number	Percentage of total
Non-farm.....	29,683,000	11,369,000	38.3
Farm.....	7,642,000	2,591,000	33.9
Total.....	37,325,000	13,960,000	37.4

Source: U.S. DEPARTMENT OF COMMERCE: 1940 Housing Census, Part I: U.S. Summary, Vol. II: General Characteristics (Washington, D.C., 1943).

<sup>1</sup> A non-farm dwelling is assumed to be substandard if it either needs major repairs or lacks a private flush toilet or bathing facility. A farm dwelling is assumed to be substandard only if it needs major repairs. (The National Housing Agency in its recent study, *Housing Needs*, uses a definition of "substandard" which takes sanitary conditions into account in metropolitan areas only, and thus finds only 7 million non-farm units requiring replacement.)

running water inside (indeed, 15 per cent. had no water within 50 feet of the house) should hardly be ignored. On the other hand, some of the "rural non-farm" homes are just as isolated as farms, and perhaps should not have urban standards of sanitation applied to them. If the non-farm definition of substandard dwellings were applied to the whole country, 49 per cent. of all dwellings would be found in that category. A few more detailed figures from the 1940 Housing Census may give a better picture of the housing equipment of the United States.

TABLE II. CHARACTERISTICS OF UNITED STATES FARM AND NON-FARM DWELLINGS IN 1940

Characteristics	Non-farm dwellings		Farm dwellings	All dwellings
	Urban	Rural		
Number of dwellings (millions).....	21.6	8.1	7.6	37.3
Percentage of total dwellings:				
Detached 1-family homes.....	68	89	97	81
Needing major repairs.....	12	21	34	18
Lacking private flush toilet.....	17	57	89	40
Lacking private bath or shower...	23	59	88	44
Without electric light.....	4	22	69	21
Without mechanical refrigeration..	44	61	85	56
Without central heating.....	42	73	90	58
With more than 1 person per room (not counting bath).....	16	23	30	20
With more than 1.5 persons per room.....	6	11	16	9
Owner-occupied dwellings as percentage of occupied dwellings.....	38	52	53	44

Eighty-two per cent. of the residential buildings are of wood construction, and the median age of all homes is 25 years. A

regional classification would show practically all conditions to be far worse in the south than in the north or west, and an analysis by racial occupancy would show the housing conditions of Negroes to be markedly worse than the average in every type of locality.

The suburban "shack-town", as distinct from the congested central slum, is probably the peculiar contribution of the Americas (South as well as North) towards the housing problem.

The social and fiscal cost of slums has been very widely analysed. A clear-cut correlation between communicable diseases and overcrowding, and between digestive ailments and lack of sanitary facilities, was demonstrated by the National Health Survey of 1935. As an example of numerous local studies proving the far higher incidence of delinquency, crime, fire, infant mortality, and many diseases, in slum areas than in normal residential neighbourhoods, reference may be made to a report of the City of Detroit Housing Commission, which showed three times as high a pneumonia death rate, five times as many crimes, six times as high an infant mortality rate, ten and a half times as high a tuberculosis death rate, and fifteen times as many criminals in a slum area as compared with a normal residential area. The fact that abnormal public expenditures result in slum areas was received with a degree of shocked surprise that was both naïve and salutary.

More constructively useful, perhaps, has been the work of the Committee on the Hygiene of Housing of the American Public Health Association. Its *Basic Principles of Healthful Housing*, published in 1939<sup>1</sup>, reflects a progressive definition of health "to include safety and emotional well-being". And its recent *Appraisal Method for Measuring the Quality of Housing*, a detailed prospectus for making a much more refined and qualitative local survey than has yet been done, recognises site and neighbourhood conditions as of equal importance with sanitation. It includes this basic statement by Dr. C.-E. A. Winslow, Chairman of the Committee:

We can now think in terms of health rather than in terms of disease; and, from this standpoint, such problems as nutrition and housing come to the forefront. The slum of today is no longer a hotbed of cholera and typhus fever as it was seventy-five years ago. It remains, however, one of the major obstacles to that physical and emotional and social vigour and efficiency and satisfaction which we conceive as the health objective of the future.<sup>2</sup>

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<sup>1</sup> Cf. AMERICAN PUBLIC HEALTH ASSOCIATION, Committee on the Hygiene of Housing: *Housing for Health* (Lancaster, Penn., Science Press Printing Co., 1941).

<sup>2</sup> *An Appraisal Method for Measuring the Quality of Housing: A Yardstick for Health Officers, Housing Officials and Planners*, Part I: *Nature and Uses of Method* (New York, 1945), p. 1.

*Restrictive Legislation*

A complete survey of American housing policy would start out with the long story of earnest efforts to raise standards by local regulation, beginning with New York's first building code in 1862. But it would be a tedious story at best, leading inevitably to the conclusion reached by Dr. Wood in 1918:

The best restrictive legislation is only negative. It will prevent the bad. It will not produce the good. Especially it will not produce it at a given rental. Its only answer to a house famine is the relaxation of its own standards.<sup>1</sup>

Building codes have undoubtedly prevented some of the worst abuses in new construction, but they have also embalmed many obsolete, wasteful, and costly practices. And sanitary and safety codes designed to compel the improvement or abandonment of old substandard structures were largely unenforceable until the public construction of low-rent housing offered some alternative abode for families from slums.

Zoning and subdivision regulations have ensured somewhat more space, amenity, and "protection" for the suburban upper-middle class, but in that very process have promoted a kind of rigid class segregation and stratification which is both dull and socially unhealthy. And they have not prevented the shack-towns and squatters' settlements which account for a large proportion of the "rural non-farm" slums.

Adequate restrictions are, however, a necessary complement of any constructive housing policy, and the more deeply the Federal Government becomes involved with the latter, the more national concern there must be for the former. There is little likelihood of a national law to prescribe and enforce specific minimum standards for the country as a whole: the country's continental variety of climate and building conditions and local habits, plus its heritage of federalism, both preclude this. But most residential building is already receiving Government aid in one form or another, and the time-honoured American weapon for approaching something like national standards—whether in road construction or welfare programmes or housing—is to make federal aid "conditional". This aspect of probable future housing policy is in itself a strong argument for co-ordinating all housing and related programmes under one agency.

*Public Housing and Slum Clearance: The Local Housing Authority*

After various experiments at all levels of government, the United States Housing Act was passed in 1937 and is still the basic

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<sup>1</sup> In *The Housing Problem in War and Peace*, edited by Charles WHITAKER (Washington, D. C., American Institute of Architects, 1918).

social legislation in the field. The principles underlying this Act were largely borrowed from English experience: a substantial and clear-cut national subsidy, in the form of a contractual annual contribution, to ensure rents low enough to rehouse low-income families from *bona fide* slums; direct public construction and management of the housing on the ground that only thus can the subsidy achieve its purpose with maximum certainty and at minimum cost to the taxpayers; and complete decentralisation of initiative and responsibility. In peacetime, projects are built and operated only by local agencies.

In return for national aid, the local authorities must fulfil certain specific conditions established by Congress as to building costs, wages of building labour, rents, incomes, and tenant selection. Substandard dwellings equal in number to the new homes must be eliminated, whether on the site through direct slum reconstruction or elsewhere by enforcement of local ordinances. The local authorities may borrow up to 90 per cent. of the capital from the national authority, but the rest must be raised from other sources. A local contribution must be made, equal to at least one fifth of the federal subsidy. The fact that the property of local authorities is normally exempt from real estate taxation more than covers this condition, and a sum "in lieu of taxes" is ordinarily paid towards the cost of municipal services. Frequently this equals the taxes paid on the site prior to erection of the project.

Since American cities have much more limited powers than most European cities, special enabling legislation in each State was necessary to implement the national programme. Under these laws about 500 cities and counties have established local housing authorities, usually administered by five-man commissions representing various community interests, such as business, labour, and welfare. These authorities are not regular departments of the local Government, but semi-independent public corporations (of the type made famous by the Tennessee Valley Authority and the New York Port Authority) with power to issue their own bonds. A significant achievement has been the sale of these bonds, backed by the federal subsidy towards rents but not by the local Government, to private investors at rates which, in 1944, averaged only 1.8 per cent. on 41-year loans covering 70 per cent. of capital costs.

Under the 1937 Act, 165,000 homes in 585 projects have been completed by about 250 local authorities, of which 60,000 are temporarily assigned to meet the emergency needs of migrant war workers at somewhat higher rents, while 105,000 are occupied by low-income families from slum areas. Pre-war rents averaged about \$13 a month (excluding \$5 for utilities and heat) and tenants' in-

comes averaged \$780, with considerable variation in both figures from one region to another. Incomes and rents have both increased during the war, with a resulting saving in annual subsidies. The local authorities have also acted as agents of the Federal Government for the construction and management of most of the 600,000 units of war workers' housing provided under special legislation.

All in all, both the local housing authority and the National Housing Act are sound and useful tools, worthy of a chance to carry through the job they had barely started before the war. What was essentially a New Deal experiment, made possible by the emergency need for employment in the 'thirties, has become a politically bipartisan movement with strong local roots.

### *Public Housing in Practice.*

To sum up the physical quality of United States public housing in a sentence is difficult, but perhaps one can describe it as good housing, well constructed and designed on progressive principles, but still rather tight in dimensions, and all too frequently somewhat dull in over-all aspect. Interior equipment is likely to be far better than community facilities.<sup>1</sup> The norm is one- or two-storey row-houses with small gardens, but high land costs for big-city slum clearance projects have too often resulted in high-density apartments. Local authorities are likely to demand greater freedom after the war, and it is to be hoped that optimum, rather than minimum, standards will be encouraged this time. But the fresh concept of neighbourhood planning on the basis of a "super-block" with open space designed for varied use, however elementary in public housing practice, is already having a wider influence, and an operating framework has been established that can take full advantage of future technical and aesthetic progress and advancing social standards.

Bitter controversy still rages in some quarters over the whole question of subsidised public housing (a recent issue of a real estate journal calls it "a movement fraught with national and world disaster"). But the slum problem is no longer denied, nor is there any serious doubt that something must and will be done about it. The efforts of the opponents of public housing activity will henceforth be directed, not against public aid, but in behalf of some formula which would channel subsidies through private enterprise.

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<sup>1</sup> By way of compensation, it may be said that interior space standards are somewhat lower than those in typical English cottage estates, but higher than in most Dutch and Scandinavian housing. Standards of equipment, on the other hand, are better than in England but less good, on the whole, than in Sweden.

The chief proposal so far is for "rent certificates", to be granted through social agencies to qualified families, who would thus theoretically be enabled to move into decent, privately built houses. Aside from administrative unworkability, this formula has major defects in the fact that there is no surplus of decent old housing to move people into, while new private housing would normally require twice as much subsidy to reach low-income families as public housing does.

The U.S. Housing Act is fairly certain to develop into a stronger instrument than ever, but its limitations must also be recognised. It is designed solely to reach those with obvious social need: families in the "lowest income group" now living in substandard housing; but there is an enormous gap between this group and those now adequately served by private builders. Slum areas can be cleared—but only for the purpose of building low-rent public housing on the same site, and the subsidies required respectively for clearance and for housing are not differentiated. While it facilitates large projects planned according to modern principles, these must be socially and economically one-class neighbourhoods until some method of integrating different types of housing and varied groups of people into a single community scheme is devised. Finally, it is not in its present form a suitable instrument for a broad rural housing programme. Some of these limitations can be remedied by amendment. Others call for entirely new and separate measures.

#### THE ECONOMIC PROBLEM: AN UNSTABLE LUXURY MARKET

As the importance of construction activity to general prosperity has become apparent, its extreme fluctuations have caused increasing concern. Residential building fell off so fast from the 1925 peak that it contributed to the general crash, and eventually dropped to a level lower than that of any other major enterprise. This was primarily due to its unsound market base: overbuilding on extremely speculative terms solely for the topmost income groups—a condition one might expect in a business producing a perishable luxury commodity, not a permanent human necessity like shelter. Two fifths of the homes built in the boom were either foreclosed or barely saved from foreclosure by drastic Government action.

#### *Stabilisation of Mortgage Finance*

Home production never came back to anything faintly resembling the 1923-1929 level, but partial recovery was achieved through several public measures. The Federal Home Loan Bank Act was passed in 1932 to bring some order and mobility out of the

frozen chaos prevalent among mortgage-lending institutions. A national system of credit reserves was set up, a million distressed mortgages were refinanced, and eventually the accounts of member savings and loan associations were insured.

More important from the point of view of new construction was the National Housing Act, under which the Federal Housing Administration (F.H.A.) was established in 1934. By insuring first mortgages on approved properties up to 80 or 85 per cent. of their value, this agency succeeded in getting rid of many of the worst speculative practices of the 1920's. One third to one half of the homes privately built thereafter were financed through the F.H.A., and most of the rest were influenced by its standards. The second mortgage is now virtually non-existent, and regular amortisation over twenty or twenty-five years has replaced the habit of frequent refinancing with costly discounts. Interest rates were brought down to 5 per cent. (including  $\frac{1}{2}$  per cent. to cover insurance). Gradual though not very startling improvements in standards of construction, design, and layout have been effected. And the speculative dealer in building lots is no longer a major factor: he has been superseded by the speculative builder.

Probably these measures, taken together, accomplished about as much as was possible within the traditional private building framework. But they did not go deeper and develop new mechanisms. True, the Federal Housing Administration was permitted to insure mortgages on large-scale rental housing, with a few quite distinguished results. But rents were high, sound equity capital for investment in such projects was hard to find, and no real effort was made to find new formulae better suited to community development.

The Federal Housing Administration and the Federal Home Loan Bank Administration saved and revived the residential building business but, in so doing, they virtually became the professional defenders of, respectively, the speculative builders and the savings and loan associations—in short, the *status quo*.

### *Limitations of the Home-Building Mechanism*

Private residential construction in the United States is still on the whole a small-scale enterprise operated on next to no capital. A survey by the Bureau of Labor Statistics showed that 64 per cent. of the home builders in 72 cities produced only one house in 1938, while only 6 per cent. built as many as ten. Seventy per cent. of the houses were provided by builders of less than 25 homes, and in cities with a population of under half a million this proportion

increased to something like 95 per cent. The typical contractor has three employees or less, and undertakings in the building field have the smallest average assets of all types of undertaking, including those in agriculture.

Small builders can often handle the quality trade—homes built to order for the well-to-do—better than a large firm can. But they cannot take advantage of large-scale economies in either purchasing or production, let alone resist the monopoly practices prevalent in the industry. Nor can they provide modern land-planning or neighbourhood facilities. Building houses for renting, not for sale, on a long-term investment basis is out of the question because most small builders count on a rapid turnover in order to make substantial profits on a small investment. Cheaper financial terms are hardly justified because both the risk and the overhead charges on the loan are inherently high in this type of enterprise. And even most of the larger-scale builders, though they have gained in technical proficiency in recent years, still operate on the same quick-profit-and-get-out premises. To bring about any volume of private building for crowded war workers it was necessary to guarantee even “speculative” profits, and to permit sale rather than rental up to a price of \$6,500.

Such facts may suggest why private enterprise is still unable, by and large, to provide decent new homes for any but the top third income-group, and even then almost solely on an ownership rather than a rental basis. And yet it will be quite impossible to achieve either the economic or the social purposes of a housing programme without a 100 per cent. effective market.

As already mentioned, the economists want from one million to a million and a half new homes a year. And the National Housing Agency estimates that 12.6 million non-farm dwellings should be built in the decade following the war to take care of the increase in families and replace substandard homes at a rate which would complete the most urgent part of the job in twenty years. Its definition of substandard is very conservative, and it has also been optimistic about the number of decent homes likely to become available to the middle and lower income groups by the “filtering” process—*i.e.*, by a theoretically regular annual decline in the rent value of a given building in relation to the general price level. (Actually, this is the very process by which, under present conditions of financing, taxation, and management, new slums and blighted areas are regularly created out of what used to be standard dwellings.)

And yet, when the N.H.A. study proceeds to distribute the 12 million new homes by rent value and the income groups to be

served, the result is a challenge, to put it mildly, to the residential building business as at present constituted.

How little the country can depend on the pre-war agencies to carry out any such programme is demonstrated in table III<sup>1</sup>, which contrasts the annual volume needed, by rental groups<sup>2</sup>, with actual performance in 1940, a relatively good year.

TABLE III. NUMBER OF NON-FARM DWELLING UNITS NEEDED IN 1946-1955 COMPARED WITH THE NUMBER STARTED IN 1940

Monthly rent	Average annual dwelling units needed 1946-1955 (at 1940 price level)	Dwelling units started, 1940			Deficit (—) or surplus (+)
		Privately financed		Publicly financed	
		Without mortgage insurance	With mortgage insurance		
\$					
Under 10 . . . .	160,000	21,000	—	8,000	— 131,000
10-19 . . . . .	200,000	34,000	1,000	40,000 <sup>1</sup>	— 125,000
20-29 . . . . .	230,000	33,000	14,000	22,000 <sup>2</sup>	— 161,000
30-39 . . . . .	250,000	60,000	45,000	3,000 <sup>3</sup>	— 142,000
40-49 . . . . .	220,000	57,000	56,000	—	— 107,000
50-74 . . . . .	130,000	86,000	52,000	—	+ 8,000
75 and over . .	70,000	59,000	12,000	—	+ 1,000
Total . . . . .	1,260,000	350,000	180,000	73,000	— 657,000

<sup>1</sup> Includes 11,000 units of war housing. <sup>2</sup> Includes 20,000 units of war housing. <sup>3</sup> All war housing.

The problem is, as a matter of fact, greatly understated because practically all the dwellings with a rent value under \$20 or \$25 in the category "privately financed without mortgage insurance" merely represent shacks—substandard from the moment they were erected—put up in areas where building is uncontrolled. The only standard dwellings provided at this level were publicly financed and constructed. Also, some of the 1940 public housing was for war workers, at rent levels far above the maximum permitted in peacetime, when only former slum-dwellers are eligible.

The actual gap between public housing and decent new private housing cannot be shown, moreover, in a table dealing with the nation as a whole. Economic levels vary so greatly from one region

<sup>1</sup> Based on U.S. Senate, *Hearings before the Subcommittee on Housing and Urban Redevelopment of the Special Committee on Post-war Economic Policy and Planning* (Washington, D.C., Government Printing Office, 1945—hereinafter cited as *Hearings*), Part 6, p. 1294, table and chart XIII-A. This volume of testimony by the National Housing Agency is an excellent compilation of basic facts on the housing problem in the United States. The N.H.A. study, *Housing Needs*, referred to above, is included in the record.

<sup>2</sup> "Rental" in these market studies, includes the rental value of owner-occupied homes.

to another that dwellings which serve only the upper income levels in the south, say, are likely to appear to be in the middle group in a national picture.

A few figures from Boston will illustrate the real situation in most localities. In 1940 one third of the families in the Boston metropolitan area were paying over \$40 per month for shelter; one third paid \$27 to \$40; and the lowest third paid under \$27. At the same period less than 10 per cent. of the new private construction in the area had a rent value below \$40, and practically none of the homes which had been approved for Federal Housing Administration insurance. The subsidised public housing of the Boston Housing Authority was let at rents ranging from \$7 to \$17 (excluding utilities), and was thus well within reach of poor families from bad slum districts, however inadequate it was in quantity. But a large group in the middle, well over a third of all the families, could neither afford new private homes nor qualify for public housing. The figures might vary in other sections of the country, but the situation would be similar.

Nor is there any immediate hope on the horizon for this middle-income group. Quite the contrary. Incomes are higher today, but so are building costs. And, while incomes will almost surely decline somewhat after the war, reputable spokesmen for the industry predict that post-war housing will cost 25 to 50 per cent. more than it did in 1940. The Urban Land Institute recently made a survey in ten large cities and found that builders expected the bulk of new home construction to cost between \$5,000 and \$10,000 (or a rent value of \$50 to \$100). Moreover, 90 per cent. of the new homes were scheduled to be sold.<sup>1</sup>

### *Need for New Forms of Enterprise*

Miracle houses to fit every purse have been predicted periodically for the past twenty years. Table IV, derived from a recent detailed analysis by the National Housing Agency<sup>2</sup>, will perhaps suggest why these promises have been unfulfilled. So many entirely different factors of almost equal weight make up the cost of shelter that a profusion of miracles would have to come to pass all at once to have any very dramatic effect on the final price to the consumer.

The two major factors are also, however, the two items in which there is probably the greatest chance for progress. A 20 per cent. decrease in the cost of the structural shell would lower

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<sup>1</sup> *Hearings, op. cit.*, Part 9.

<sup>2</sup> NATIONAL HOUSING AGENCY: *Housing Costs: Where the Housing Dollar Goes* (Washington, D.C., 1944).

monthly costs by 10 per cent. And a reduction in the interest rate from 5 to 3 per cent. would mean 11 per cent. lower rents. These economies would by no means serve to reach the entire middle group, but together they would open up an untouched market for millions of homes. What conditions are necessary to achieve such reductions?

TABLE IV. RELATIVE EFFECT ON THE MONTHLY COST OF A STANDARD HOME RESULTING FROM A 20 PER CENT. REDUCTION IN EACH MAJOR ITEM (ALL OTHER ITEMS REMAINING UNCHANGED)

Item	Change	Percentage reduction in monthly cost, first 25 years
Interest.....	From 5 to 4%	5.4
Amortisation.....	From 25 to 31 years	4.5
Taxes.....	From 2½ to 2% of value	4.4
Maintenance.....	From \$100 to \$80 per year	3.5
Capital cost of house and land.....	From \$5,000 to \$4,000	16.4
Of which:		
Improved site.....	From \$625 to \$500	2.1
Structural shell.....	" \$3,000 " \$2,400	9.8
Miscellaneous and other costs	" \$1,375 " \$1,100	4.5

A great deal of romantic nonsense has been printed and perpetrated in the name of "prefabrication". Actually, despite the major opportunity offered by the Government war housing programme—large orders for completely standardised minimum units not subject to normal building code and trade union restrictions—the demonstrable effect on cost is meagre indeed. And yet it is certainly true that the ordinary method of constructing a house is both old-fashioned and inefficient.

Part of the difficulty has come from over-simplification of the problem, from that glittering image of a "packaged house" rolling out of the factory, complete with flower-pots. The wartime experience seems to indicate that the application of assembly-line technique to large-scale production on the site itself may well prove just as significant as magical new materials or *bona fide* factory production. In an admirable article in this *Review*<sup>1</sup>, to which the reader is referred for further discussion of the topic, Miles Colean points out the weakness residing in the fact that the prefabricators have placed themselves solely in the role of manufacturers, not

<sup>1</sup> "Housing—An Industrial Opportunity", by M. L. COLEAN, in *International Labour Review*, Vol. XLIX, No. 2, Feb. 1944, pp. 160-170.

builders. Few if any expect to perform completely integrated operations. "In some respects they have reserved for themselves the simplest part of the house building process. Their success will depend upon the effectiveness of the means they are able to evolve for handling the other parts."

Before the full benefits of rationalisation in design, construction, and operation can be achieved, new types of large-scale enterprise and new concepts of neighbourhood planning are both needed. And it will be seen that much the same condition exists with respect to cheaper financing.

The 5 per cent. amortised mortgage is a great gain over the fantastic practices of twenty years ago. But there is still a vast and puzzling disparity between 5 per cent. and the 1.8 per cent. paid by local authorities on the bonds sold to private investors to finance low-rent public projects. One real difference, of course, is the fact that local authority bonds are tax-exempt, but this would account for only a fraction of 1 per cent. It is also true that the bonds are in essence guaranteed by the federal annual subsidies towards lower rents. But the risk is also removed from the F.H.A. mortgage by federal insurance.

There is a considerable and growing conviction, stated, for example, at the recent Senate hearing by the American Federation of Labor, that "the present interest rate on loans fully insured by the Federal Government results in a yield too high for a risk-proof investment".<sup>1</sup> A rate of not more than 1 per cent. above the current federal rate on long-term securities is proposed for F.H.A.-insured obligations. It is also contended that the mortgage market is "rigged", forming a separate protected pocket in the financial world, entirely removed from ordinary industrial and commercial practices and offering no real competition in interest rates.

The most frequent explanation for the present rate is the high cost of servicing home mortgages. But this simply reflects the small-scale, speculative, unstable nature of housing enterprise—as does the fact that the high rate of profit normally expected on small equity investment capital too often results in over-valuation of the property by lenders.

Thus the problem of cheaper financing also points to the need for new forms of non-speculative large-scale enterprise, tapping new sources of funds. The "limited dividend company" with a small equity taking all the risk without possibility of large returns has not proved fruitful (although half a dozen experimental developments, including Radburn in New Jersey, Chatham Village in

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<sup>1</sup> *Hearings, op. cit.*, Part 10, p. 1638.

Pittsburgh, and Baldwin Village, Los Angeles, have had an enormous influence on community planning technique). There is now much talk of breaking away from the mortgage system altogether, through "100 per cent. equity investment", with Government yield insurance or other over-all guarantee on the entire investment in return for a limitation on profits or rents.<sup>1</sup>

Several insurance companies, notably the Metropolitan Life Insurance Company, have made a start in this direction by building and managing large projects directly, financed entirely by themselves. The results thus far are subject to controversy, but the principle is highly significant. One possible obstacle to bold initiative on the part of life insurance companies, however, is the fact that as a group they are the largest holders of existing mortgages and thus have a major stake in the *status quo*.

Certain investment banking interests, entirely removed from the field of traditional real estate finance and with very limited outlets for their funds at the present time, are looking towards housing authority bonds as a likely field for expansion. With some sort of federal guarantee, local authorities could undoubtedly get 100 per cent. private financing at extremely low rates for unsubsidised middle-income housing. Such projects might be leased or even sold to co-operative or other suitable groups for private management.

Co-operative and other forms of group initiative by consumers could be a very valuable instrument in solving the housing needs of skilled, white-collar, and professional workers, as they have been in Scandinavia. Aside from a few experiments in "mutual home ownership" for war workers, now turning out quite successfully, and two older co-operative projects of the Amalgamated Clothing Workers, the United States has little experience in this field. Other forms of co-operative enterprise are making progress, however, and

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<sup>1</sup> As Senator Ellender, one of the probable sponsors of forthcoming housing legislation, put it in a speech in Washington, D.C., on 15 June 1945:

There are billions of dollars in financial institutions. . . which would flow into housing projects if the safety of such investment could be assured. In return for this safety of investment, these institutions would be willing to retire their principal over a period of 50 years rather than 25 years, and to accept an interest rate of about 3 per cent. rather than the rate of 4 to 5 per cent. now prevalent for home financing. This would reduce the monthly cost of the housing, to a point where middle-income families could afford it. The necessary security of investment could be achieved through a system of yield insurance, established by the Government, as a logical extension of the F.H.A. system of mutual mortgage insurance.

Housing of this investment type would in no sense be competitive with the housing now being supplied through current building and financing methods — because this investment housing would be limited to those income groups which cannot be served adequately under prevailing practices. It would enlarge the market, rather than divide up the present market.

the active interest of a few unions such as the United Automobile Workers and the Marine and Shipbuilding Workers may yet develop an effective pattern for co-operative housing and community planning.

### THE CIVIC CRISIS

The problem of urban blight and disintegration clearly forms a much broader topic than housing. Yet if anything like ten million homes are built in the post-war decade, they will either be the prime instrument for sensible urban replanning and reorganisation—or they will provide the final push towards chaos and bankruptcy. The approach of population stability makes it all the more urgent to choose the first alternative: no longer can an automatic increase in population and land values be counted on to wipe out past mistakes. What is done now is likely to crystallise the structure of urban environment for a long time to come.

Moreover, the quality of environment is likely to have a new competitive importance in attracting people and job opportunities as between one city and another. The war has uprooted at least a quarter of the population. Before they settle down again, most of them will make a conscious choice based in part at least on where and how they would *like* to live. And such qualitative choice will be a still more significant factor if the nation as a whole achieves, as indeed it must, a reasonable degree of economic stability and individual security.

### *Metropolitan Expansion*

In the past generation American cities have spread out over vast areas. In successive waves, people pushed over each other towards the receding vision of green, open space at the outskirts. Much of this migration went far beyond city limits. Between 1930 and 1940 the suburban areas outside the metropolitan centres gained 16 per cent. in population, while the cities themselves increased by only 5 per cent. Indeed many of the latter, from Boston to San Francisco, actually declined, sometimes despite a big increase for the areas as a whole.

By and large, the families left behind in the older, more congested areas were those who could not afford to escape. Obviously this situation brought mounting problems to the central cities: rising costs of government (in part for the very roads and transit lines that took people out), with poorer people to pay the taxes; vacancies and tax delinquency; and spreading "blight"—physically and economically declining areas dead to all improvement

by ordinary, private piecemeal processes. This condition affects to some degree a good half of many cities.

Some of these trends have been arrested during the war. But as soon as there is gasoline and new construction, the "boomlet" in most city centres will collapse like a bubble.

### *Urban Redevelopment*

Out of growing awareness of this situation was born the urban redevelopment movement, quite distinct from the movement for slum clearance and rehousing. A "slum", by American definition, is essentially a social problem, to be attacked in the name of family welfare. But "blight" is an economic concept: it affects pockets, public and private. Blighted areas may be commercial or industrial as well as residential in character, and may or may not include outright slums. There are still-born building lots where unbuilt land is blighted. The crux of the problem clearly is the need for a comprehensive attack on decadent districts now in multiple ownership where theoretical values, upheld by financial paper and tax assessments, are far higher than any possible use-value.

Obviously there are much more complex and even conflicting interests behind urban redevelopment than those concerned with housing conditions *per se*. Such motives include: attracting well-to-do people back into the centre to improve the basis for both taxes and profits; bailing out present owners and investors and reducing property prices to a point where a new cycle of development can start; preventing further "invasion" of traditionally "high-class" neighbourhoods by low-income families or minority races; reorganising central districts for greater efficiency of circulation and municipal services; opening up broad opportunities for post-war building employment; or just simply improving the looks and general atmosphere of a city. Much of the controversy surrounding "urban redevelopment" arose because the original push for it came largely from conservative groups who wanted primarily to get rid of the public housing and slum clearance programme and replace it by aid for private enterprise in one form or another.

Hundreds of proposals have been made, dozens of Bills have been introduced at all levels of government, and several State Acts have been passed. All of these have one purpose in common: to facilitate the acquisition, by compulsion where necessary, of large areas in various ownerships by a single agency or corporation. Most of them provide that redevelopment plans must at least be submitted to the local planning agency for approval. On the question of how to bring down the cost of the property to a point where proper reconstruction is possible, there is much greater dis-

parity. Although most of the State Acts ignore this problem, the New York law provides partial tax exemption, and this is the only piece of legislation to date under which an actual project is going forward—though amid seething controversy. Two national Bills, introduced and widely discussed though not at present under active consideration—one drawn up by the Urban Land Institute, arm of the National Association of Real Estate Boards, and the other by a group of planners—would have provided substantial federal subsidies through loans to local redevelopment agencies with entirely flexible conditions of repayment.

Other arguments centre around such issues as: public *versus* private acquisition of the land, and, if public, sale *versus* lease to private developers; the form of the local redevelopment agency and the degree of initiative and responsibility resting in the planning commission; the question of continuous public controls over the project; and, finally, the relationship of urban redevelopment to housing agencies and policy.

The National Public Housing Conference, reflecting the viewpoint of local housing authorities, labour organisations, and liberal welfare groups, has prepared amendments to the U.S. Housing Act which would provide a system of federal annual contributions entirely separate from those for low-rent housing, for the purpose of acquiring and devaluing blighted areas, which would then be leased or sold to public or private agencies for redevelopment in accordance with official plans for the area. Several State enabling Acts have already been amended to expand the powers of local housing authorities to include these functions.

A central feature of this proposal is the principle that local public agencies must be held responsible for the adequate rehousing of displaced families, whether on the same site or elsewhere, and in new low-rent housing if suitable older quarters are not available. This proposition is opposed, not only by those who are against public housing as such, but also by many planners who feel that over-all redevelopment is too large an issue to be tied down to any one objective such as housing.

But housing is not only the biggest factor in the problem, it is also the most dynamic element. Blight results very largely from the incapacity of many families under present conditions to pay a profitable rent for decent homes. Simply to oust such families in favour of wealthier tenants will merely transfer the blight to another district but never eliminate it, no matter how much of the taxpayers' money is used in the process.

At recent Congressional hearings several Senators of varied political philosophy seemed to feel that, while slum clearance and

public housing are proper federal responsibilities on social welfare grounds, the assumption of responsibility for urban redevelopment, as an entirely separate civic purpose, is far more questionable.

### *The Conditions of Successful Civic Reconstruction*

The issue is, in fact, much bigger and deeper than either housing or the saving of city centres. The underlying problem is the whole question of the form and function of a modern urban area: whether an entirely new type of civic entity may not be in process of evolution. If this is true, then neither slums nor blight can be overcome without some larger and fresher guiding concepts.

The forces working towards decentralisation are real and positive, however amorphous the results thus far. The desire for outdoor living, privacy, neighbourhood amenities, space, is not just a negative rebellion against dinginess and high taxes. 'Not only housing, but all the business and social institutions close to the home are feeling the pull. Industry, when freed from dependence on coal and railroads, is equally attracted towards the open one-storey layout favoured by the mass production process; and the \$15,000 million worth of modern plant built by the Government for war production will surely give a tremendous further impetus to decentralisation. The movement is facilitated by every progressive development in communications and transportation—automobile, electric power, and now the aeroplane. Only the institutions necessarily serving a regional population seem to feel little centripetal tug: offices of big business and government; specialised stores; hospitals and schools; big hotels; museums and opera houses and legitimate theatres—and of course, commerce dependent on some such immovable facility as a harbour.

Have we yet really recognised and accepted the essential conditions of successful civic reconstruction in the face of such forces?

In the long run the old central areas simply cannot compete with fresher, more open districts for most everyday living and working purposes, except by offering equal amenity. They cannot be "saved" by piling up congested apartments, however glossy and well equipped. Hence only a major operation will be really effective, a drastic increase in open space and lowering of density, an operation which will be extremely expensive in terms of present presumed property values. (The price of urban areas now recognised to be blighted has been estimated at \$21,000 to \$40,000 million in all, while their use-value for a really open pattern of civic development would be only a fraction of that figure.)

The most urgent immediate issue, however, ought to be that

on the other side of the coin: the outskirts of cities. Recognition of this fact is far more general in England, where the current cry, instead of "save the cities", is "save the land" and guide the chaotic forces of decentralisation into some sort of integrated community pattern.

There will be another vast suburban boom in any case, quite irrespective of any programme adopted for central reconstruction. The Urban Land Institute shows that in most of the cities surveyed, "75 per cent. of the post-war housing is expected to be built on new, undeveloped acreage"<sup>1</sup>—which means that, once more, the last fringe of half-finished areas will be left behind while a whole new circle of farmland and open country is cut up into building lots. If this latest boom is not controlled, the outcome will be entire metropolitan regions covered with wasteful sporadic building, and communications and services more hopelessly extravagant and inefficient than ever.

For this purpose tools are needed that, for the most part, do not now exist: tools for the control of land use and of building on a regional basis. A few States have odds and ends of laws regulating housing standards, for the most part obsolete. A few counties, particularly in California, have over-all building or zoning ordinances of one kind or another. But in most metropolitan areas the controls are entirely piecemeal, and large areas of potential suburbs and existing shack-towns are wholly unregulated. (It is fortunate indeed that no "Ford" house is rolling off the assembly line as yet.) With all the talk about land acquisition for central reconstruction, little attention has been given to the problem of how to *prevent* building in large areas needed for protective green belts and permanent breathing spaces, or how to guide new outlying development into balanced communities providing for the shelter, play, and work of all classes.

The movement to achieve metropolitan government by amalgamation of existing communities, which seemed so certain and hopeful a generation ago, is apparently lifeless. Some kind of regional commission or authority with limited powers delegated by the State and local Governments is now more likely, although the outlines are as yet quite vague.

#### TOWARDS A COMPREHENSIVE NATIONAL PROGRAMME?

The primary aspects of the United States housing problem and experience—social, economic, civic—have been treated rather fully

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<sup>1</sup> *Hearings, op. cit.*, Part 9, p. 1597.

at the expense of other important elements. Two of these may here briefly be summarised.

### *Rural Housing: A Special Problem*

Farm homes are more overcrowded and in worse repair than urban homes, and only a fraction of them have modern conveniences and sanitation. Rural incomes are lower than urban, but the cost of a good modern dwelling is higher in the country than in town and little or no "private enterprise" is available in any organised up-to-date sense. Any effective programme certainly requires public initiative and subsidy, which presents a special problem where individual home ownership is the rule.

The Farm Security Administration made some exceedingly valuable experiments in the field, and some interesting developments were also started under the U.S. Housing Act, but there has never been anything that could be called a national policy or programme.

One inherent difficulty is the close dependence of farm housing policy on broader agricultural planning issues, such as reduction of tenancy, "factory farms" *versus* family farms, abandonment of hopeless submarginal cultivation, and resettlement, particularly in the large western areas to be reclaimed by Government irrigation projects. Such projects, exemplified by the million new acres that the Grand Coulee Dam will open up for cultivation in the Columbia Basin, offer a major challenge for regional planning and the development of progressive rural communities.

While the economic and political obstacles to modern standards of shelter and neighbourhood facilities in rural areas are serious enough, the most difficult hurdle may be a psychological one: namely, the belief that some mystic or moral virtue attaches to hard living conditions and extreme self-sufficiency on farms, above all in new settlements. Whether this is really a deep conviction on the part of rural people themselves, or merely a sentimental relic in the minds of experts and politicians, is yet to be seen. A large segment of the farm population has had a taste of urban living and the wider world during the war, however, and may not be as content with a privy or a one-room schoolhouse as formerly.

There has been some thought of amending the U.S. Housing Act to take care of low-income rural families, and it will probably be extended to include rural non-farm needs at least. But it is likely that major responsibility for farm homes will remain in the Department of Agriculture, now working out the details of a programme.

*The War Housing Experience*

Housing policy achieved in wartime the dignity of an essential instrument of production, hence of national defence. Within a few years twelve to fifteen million people moved from their home communities into crowded war production centres to man the industries turning out ships, aircraft and munitions: "the greatest voluntary migration of free men and women in history".<sup>1</sup> Employers and agencies responsible for production soon found that to attract and hold essential workers and keep them healthy and efficient, an enormous housing programme was an absolute necessity.

All in all, through federal and local efforts, shelter was found where none existed before for at least four million migratory war workers—nine million people in all. Much of this was accomplished by mobilising existing space, without resort to compulsory billeting. But from 1940 to 1945 the programme of new housing for "essential in-migrants", all subject to heavy restrictions as to materials and equipment, may be summed up as follows:

<u>Type</u>	<u>Dwelling units</u>
Privately financed:	
New permanent homes . . . . .	841,000
Converted units . . . . .	205,000
Publicly financed and operated:	
New family dwellings . . . . .	538,000
Converted family dwellings . . . . .	51,000
Dormitory units . . . . .	169,000
Stopgap shelter (trailers, etc.) . . . . .	82,000
Total . . . . .	1,886,000

Most of the private production was made possible by F.H.A. insurance liberally construed. Most of the public production was provided by the Federal Public Housing Authority under a special piece of legislation, the Lanham Act, in large part using the local housing authorities as agents for construction and management. Much of the public housing was designed to be strictly "temporary" and will soon raise serious questions of disposal. (Some will be shipped abroad for use in war-devastated areas.)

That this is a record achievement for national housing policy in the United States is obvious. Out of it four elements with some long-term significance may be noted.

First and foremost it was proven, as in a laboratory, that housing conditions are vitally important to people's health, welfare,

<sup>1</sup> *War Housing in the United States*, a pamphlet prepared for the United Nations Conference on International Organisation by the National Housing Agency, 1945.

efficiency, and morale. It was also demonstrated that adequate minimum housing means more than four walls and a roof and plumbing: it requires appendages such as shops, schools, nurseries, playgrounds, clinics, libraries, churches, meeting rooms. The standard of neighbourhood facilities was steadily raised, not at the instigation of social reformers (who have little influence in wartime) but because employers and military authorities demanded it.

Then, because the programme was planned to meet a precise and urgent immediate need, it provided in rough temporary form for a special group one of the very things whose achievement in broader terms after the war is most needed: a universally effective housing market. That is, a definite goal was established for a given area in the light of known needs, and wherever private enterprise left off in reaching that goal, there, by and large, public initiative took over.

The technical achievement was not so clear-cut. A great opportunity was offered to the infant prefabricating industry, as mentioned earlier, but, although speed and a minimum demand for labour on the site—both valuable in war emergency conditions—were achieved thereby, little proof of genuine economies resulted. Increased efficiency in the site organisation of large-scale construction using traditional materials was probably more significant.

Finally, the feuds and confusion of multifarious independent agencies in the early years of the programme were resolved by an Executive Order of the President in 1942 establishing a National Housing Agency and giving it complete over-all responsibility. The Federal Housing Administration, the Federal Home Loan Bank Administration, and the Federal Public Housing Authority became its constituent arms. To create such an over-all agency on a permanent basis is now the first order of business if the United States is to have a comprehensive post-war programme of housing and civic development.

### *The Immediate Prospect*

After noting the annual volume of residential construction called for in current American budgets for "full employment", Gunnar Myrdal, eminent Swedish economist, remarks: "However, the political prerequisites for such a programme hardly exist in America."<sup>1</sup> And certainly, perusal of the two extended Congressional hearings<sup>2</sup> which have provided national sounding boards on the

<sup>1</sup> In an address delivered to the National Economic Society of Sweden on 9 Mar. 1944.

<sup>2</sup> Hearings before the Senate Committee on the District of Columbia, on the slum clearance and housing programme of the National Capital Housing Authority, 1943 and 1944; and, more important from a national point of view, *Hearings, op. cit.*

housing question during the past year might well induce agreement.

Although low-rent public housing and slum clearance have solid support compared with some of the other activities proposed, there is still serious and sometimes hysterical debate as to whether such activities should be revived at all. There is no accepted formula as yet, even among progressives, for meeting the needs of the middle-income group. And the question of federal aid and guidance for broader civic and regional reconstruction is equally uncrystallised in any popular political sense. The only piece of legislation actually adopted in the whole field, a section of the "G.I. Bill of Rights"<sup>1</sup> which provides special home-purchase loans for veterans, might have been written twenty years ago and is likely to produce results to match.

Nevertheless, the wide and increasingly acute interest in housing and city planning is a very important factor on the other side of the scales. There is nothing so characteristic of the nation as its rapid change of viewpoint as to *means* when that seems the only way to achieve something it wants.

Deep within the public mind a conviction is growing, no less potent because its outward form is still unclear. Alvin Hansen voices it thus:

The most striking thing about our great country is, on the one side, its prodigious capacity to produce goods and, on the other side, the unwholesome conditions of living of very large sections of the population in terms of education, housing, nutrition, health facilities, convenience of access to work places and shopping districts, protection against insecurity of employment and old age, and the lack of development of rich, latent natural resources in large areas.

One thing the country consciously wants is employment, and another is housing. It seems more than likely that, as the threat of unemployment reappears, active support for positive housing measures will quickly materialise. Whether such measures are adequate or inadequate from a social and civic point of view will depend largely on the quality of leadership.

A broad Housing Bill is now in process of preparation by a group of prominent Senators.<sup>2</sup> It may not achieve all that is ne-

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<sup>1</sup> The Servicemen's Readjustment Act, 1944 (cf. *International Labour Review*, Vol. L, No. 3, Sept. 1944, p. 367).

<sup>2</sup> Senators Wagner, Ellender, and Taft. The possibility that a comprehensive housing programme, dominated by social purpose, may have bipartisan political support despite its controversial nature is illustrated by the following recent statements. Said Senator Taft, Republican, at the hearings over which he presided:

The Federal Government is committed to a policy of housing. . . on a social welfare ground. The Federal Government is saying: "We are interested in providing a floor under essential services so we can eliminate, as far as

(Footnote continued overleaf)

cessary at once, but it will almost certainly establish a permanent national agency, including a new research department, improve the machinery for low-rent public housing, make a start towards tackling the problem of housing for the middle-income group, and provide some form of aid for civic reconstruction.

Such a Bill will arouse considerable controversy. Real estate interests will oppose the very heart of it—the establishment of a permanent, over-all housing agency—preferring to let the Federal Housing Administration and the Federal Home Loan Bank Administration revert to the Federal Loan Agency and hoping thus to put an end to public housing activity. The Congress of Industrial Organizations wants to broaden the agency to become a Department of Housing and Community Development. And some of the planning groups would like to see urban redevelopment and other planning aids in an agency entirely separate from housing matters, as in England. Since the federal approach to broader civic questions is likely to come *via* housing, however, such separation is improbable at present.

Opposition and argument on other aspects of such legislation will be still more intense. But its support will wax strong, and in democratic politics it is far more important to have enthusiastic friends than not to have enemies.

### *Emerging Progressive Principles*

For a generation past the most important fact about the United States has been that it is no longer an expanding frontier country.

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possible, extreme poverty and hardship from the United States, because we have got production sufficient to do so." Housing is one of these things. Our policy is justified on the ground that we are going to provide everyone in this country, by the time we get through with our plan, with decent housing, and if the economic conditions are such that a man cannot earn enough money to pay for that housing, we are going to subsidise that housing' (*Hearings, op. cit.*, Part 9, p. 1614).

While Senator Wagner, Democrat, author of the U.S. Housing Act of 1937 and most of the other basic New Deal legislation, addressed the National Public Housing Conference in Washington on 19 June 1945, in the following terms:

A public housing programme, alone, is not enough. We must have affirmative housing programmes for our middle-income groups. We must provide aid for slum clearance and land redevelopment. We must fuse these various approaches into a common programme to solve the housing problem—just as we must fuse housing into a common effort to achieve higher standards of living through full and fair employment of all our resources.

But even a comprehensive programme must have degrees of emphasis. So far as housing action by the Government is concerned, the public housing programme is clearly the most important phase. Without a large public housing programme, we shall certainly have nothing more than a speculative building boom, ending in a spectacular collapse. And beyond the economic argument, there is the fundamental moral issue—that no nation can call itself a true democracy which does not help those first who need help most.

And yet, "some of the painful struggles and perversions of the present age are due to the fact that we are still trying to apply the method appropriate to a period of expansion to a social organisation that must be devoted to the contrary task of stabilisation".<sup>1</sup>

One result of the new maturity of the country which is likely to have a major impact on social policy is the declining birth rate. Mumford makes this the central theme of his planning philosophy, and Alvin Hansen says that "once a society is actually confronted with a population decline, it is almost certain to seek desperately for adequate maintenance of the birth rate".<sup>2</sup> Inevitably, increasing concern for family vitality and child welfare will strengthen the will to improve living conditions.

In harmony with the central problem of stabilisation—the achievement of a dynamic and creative balance in both economy and environment—certain motivating ideas in the field of housing and land planning seem to be slowly emerging.

One of these is the principle that there must be a universally effective housing market. In any given area at any given time, good modern housing should be available to all income and racial groups and types of family need. Obviously necessary for the simple immediate goal of full employment, this is even more essential for eventual slum clearance and for comprehensive civic replanning and redevelopment.

Another emerging concept is that democratic action and planning require new frames: the neighbourhood and the region. Modern technology, modern social standards, and the problem of urban blight, all call for residential building in the form of complete and integrated community units rather than endless grids of standardised lots. The purely physical aspect of such planning may not prove as difficult to solve as the need for socially balanced neighbourhoods serving a variety of people and uses, to replace the trend towards unhealthy class segregation in dormitory suburbs.

The new administrative concept of the region is needed both in the metropolitan sense, to cope with chaotic urban decentralisation, and in the T.V.A. sense, for the purpose of developing and distributing resources such as power and water with a maximum of social benefit and democratic participation.

The third guide for progressive action, rapidly growing in practice though still nascent as a conscious accepted principle, is the need for private plus public enterprise, closely co-ordinated.

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<sup>1</sup> Lewis MUMFORD: *The Social Foundations of Post-War Building* (London, Faber and Faber, 1943).

<sup>2</sup> Alvin H. HANSEN: *Fiscal Policy and Business Cycles* (New York, W. W. Norton & Co., Inc., 1941), p. 409

Clearly, there can be neither a universal housing market, nor balanced modern communities, nor efficient metropolitan areas, nor fully developed regional resources, without a great deal of "mixed enterprise" in a variety of forms, with business and Government and the citizen-consumer each performing whatever role it can handle most effectively.

There is nothing "un-American" about such a principle, above all in connection with land development and building: witness the Homestead and Reclamation Acts. And today practically all residential construction is thoroughly mixed as to its private and public ingredients. In Los Angeles a nationally famed "private" community development, for example, was financed by a direct federal loan, while most of the funds for the local authority's "public" projects were obtained from private investors.

Irritating though it may be to purists of both the right and the left, the national ability to disregard abstract dogma (for which Americans have little gift in any case) in favour of desirable concrete goals is a potential source of flexibility and strength to the United States in facing an uncertain future. To achieve homes and communities worthy of its knowledge and resources and traditional ideals, the political and philosophical dividing line must not be on the abstract issue of "public *versus* private": instead it must be the line that puts the rigid, the cynical, the fearful, and the non-productive on one side, and all truly productive, democratic, and humanly hopeful interests on the other.

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