

Shall Congress Control Realty Prices?

*Can Truman's housing policy
aided by the Patman and
Wagner-Ellender-Taft bills
relieve the critical housing
shortage?*

FOR CONTROL OF HOME PRICES

In asking Congress for price controls on all residential property, President Truman moves to correct a tragic omission antedating his own presidency. Realty price controls should have come with rent controls. Because they didn't, prices have soared fantastically; many dwellings even stand vacant in wait of buyers, while the homeless sink to new depths of indignity and despair.

The same realty-builders' lobby that delayed Administration decision will undoubtedly wheel up its heaviest artillery to kill or delay action in Congress.

The lobby was smart enough to get Hugh Potter, past president of the National Association of Real Estate Boards, appointed for a time as construction co-ordinator under Reconversion Director John W. Snyder. So priorities on building materials were dropped prematurely—an error now happily corrected—and Mr. Snyder spoke coolly of finished-dwelling price controls so recently as last month. Unless the American people now outdo the lobby with a stronger chorus of superior arguments, it may win once again.

The lobby says soothingly that the industry will restrain prices voluntarily. That's silly. No agent can keep the owner from charging all he can get, and few agents, since their commissions increase with the price, would dream of trying.

Furthermore, so the propaganda runs, no operative builder would dare erect new houses if prices were controlled. This threat of a sitdown strike, and also the voluntary-restraint plea, has been exposed within the industry itself. For instance, Lewis & Lamberth, a large home-building firm in Dallas that can see its own long-run interest, says this:

"The claim that the building industry will police its own members to keep prices in line, and that competition among builders will keep prices down, is sheer nonsense.

"With adequate materials and labor and an unprecedented demand, the houses will be built. The only question is whether

they will be sold at reasonable prices with fair profit or at inflationary and profiteering prices. . . . We plan to start 50 houses in the next few weeks and to build 300 next year, and we will welcome the placing of ceiling prices thereon. . . ."

A third contention is that controls of home prices would be class legislation. The exact opposite is the truth. When nearly every other important cost of living is controlled, it is gross favoritism to exempt the price of houses. A control imposed now would diminish discrimination, not begin it.

Unfortunately, no control imposed now could entirely eliminate such disparity; no control could roll back the already-inflated price level. In fact, the formula of the Patman bill would allow one more uncontrolled-price sale of an old house. But it would prevent increases after that. The proposed cost-plus formula for new construction presents administrative difficulties. But they are not insuperable. Granting their imperfection, these rules should go into effect unless O.P.A. is all ready with better ones.

—*St. Louis Post-Dispatch*

HOUSING CONTROLS

Mr. Snyder's report to the President on the housing situation does not exaggerate the seriousness of shortages of dwellings. Obviously, energetic action of public authorities is needed to provide all possible additional facilities, particularly for returning veterans who require homes of their own.

When the President and Mr. Snyder, however, go to the length of proposing that Congress pass legislation to impose ceiling prices on new and used dwellings, they must expect to encounter serious opposition. Long before the war ended, the building industry was regarded as one of the outstanding reliances for leading this country to new heights of prosperity in the post-war era. The conclusion was logical because it was based on an assumption that the very situation of extreme shortage which the President and Mr. Snyder now emphasize would appear once the war ended and veterans began to return home.

If this urgent need for new housing and renovation of old structures is to be met in the quickest possible time, contractors and builders must have incentive to go ahead. What they naturally insist upon is a free market. For it is only in such a market

that the logical reward of better profits can be realized by men who have the initiative, the imagination and the resolution to take risks.

If there is to be a government-controlled market, wherein selling prices are rigidly fixed, the builders willing to plan daringly and take reasonable risks will find themselves reduced toward the same level of their brethren who are so cautious and unimaginative as to let the opportunity of great demand and limited supply pass them by. The logical consequence of such a policy could well be that some houses might be cheaper to buy than would otherwise be the case. But it could also easily be that there would be far fewer houses to sell at any price.

This part of Mr. Snyder's proposal and the President's endorsement of it poses squarely the issue whether, now that the war is ended, this nation intends to continue government controls in vital economic sectors or is resolved to restore a free economy.

It will always be possible for men in authority to discover some emergency and cite it as a cause for restrictive action on the hopes and ambitions of free men. But that was not the way America grew to economic greatness. And it is a poor introduction to an avowed policy of the present Administration to return to a free economy wherein men will find incentive to produce.

—*The Providence Evening Bulletin*

THE HOUSING STORY

We must at once start to build for the million and a half veterans and their families who need, or will shortly need, homes and haven't got them; for the 3,000,000 families who are living doubled up; for the 7,000,000 in substandard dwellings; for the 225,000 families who have been or will be evicted before the end of the year (compared to 73,000 in 1943). We must build most of these houses at a price of \$5,000 or less, for that is the maximum amount that two-thirds of the home-needing population can pay.

How well does the Truman program fit into this picture?

It attempts to rectify the grave mistake made by the administration on October 15, when it scrapped L41, the WPB order which channeled available housing materials into the construction of dwellings costing \$8,000 or less. The day after L41 was revoked, one Washington builder raised the price on 50 new homes he had built, from \$8,000 to \$9,000.

It restores the priorities it lifted two months ago on housing materials. Fifty per cent of the materials are to be allocated to the production of units selling at \$10,000 or less.

If the Truman proposal is to work, there must be further amendment of the priorities system to ensure that the construction of really low cost units (the ones we need most) will not be neglected.

Coupled with that must come a rigorous price-policing program. Even the best plans in the world for encouraging low-cost housing will be stymied by runaway prices and the existing black market in building materials.

The Truman program does nothing about the financing of municipalities and private citizens so that they can take advantage of the freed materials. The President should therefore support the Wagner-Ellender-Taft bill. This non-partisan measure undertakes to finance the construction of 10 million homes in the next 10 years, by private builders where possible, and by aiding municipal projects where private builders fail to meet the demand.

There still remains the problem of holding madly-skyrocketing prices in the sale of new and old homes. A national Housing Administration survey found the prices of single family homes in some cities to be 42 per cent higher than they were in '40. The Truman proposal takes cognizance of this issue by giving its blessings to the Patman bill, now pending in the House Banking Committee. This bill sets forth a sound formula to fix such prices and gives teeth to the formula by providing penalties for violators.

The housing story is one of America's darkest pages. The Truman plan is a beginning, though. With the right amendments, with rigid enforcement of priorities and price ceilings, and with the passage of the Wagner-Ellender-Taft and Patman bills we may begin to emerge into the light within two or three years.

—*New York Post*

TRUMAN'S HOUSING PROGRAM

All but one of the several measures adopted by President Truman to alleviate the nation's housing shortage and provide living quarters for returned veterans are promising in nature.

The appointment of former Mayor Wilson W. Wyatt of Louisville as special housing expediter under the Office of War Mobilization and Reconversion was especially fortunate.

By ordering the speedy release of government-owned surplus housing units and building materials for use in housing veterans and their families, the president has settled the question as to what disposition should be made of these units and materials.

Mr. Truman also acted wisely in ordering the restoration of simple priorities on building materials.

The wisdom of the third point in the program is less certain. It calls for the imposition of price ceilings on old and new homes.

The ceiling on old houses would be the price at which they are first sold after the passage of the necessary legislation and that on new houses would be such as to allow the contractor the same margin of profit for comparable units in his territory as in 1941.

But we believe the time has come for the government to realize that in the fight against inflation the emphasis must be shifted from price regulations to production. If every effort is put forth by the government to clear the way for full production, and these efforts are successful, the prices will take care of themselves. But so long as the emphasis is on price controls and especially where those controls tend to discourage production, the way is simply opened for black markets and more serious inflation.

—*The Cleveland Plain Dealer*

HOME PRICES AND HOUSING NEEDS

When a representative of the National Association of Home Builders says "I don't think people will be foolish enough to pay ridiculous prices for homes," he is talking through his hat.

Ridiculous prices have been paid before. They will be paid again, because, as the National Housing Agency says, in a statement on the President's ceiling price proposals, "many people" in desperation will pay almost any price for housing otherwise unobtainable.

A more telling objection to the President's plan for ceiling prices on new and existing homes is the fear expressed as to its practicability, not in theory, but in light of the limitations of the administrative mind.

The proposal recalls too vividly the multitude of blunders committed in war-time price and ration administration, and their effects, temporary and not so temporary, on the supply of commodities considerably less vital than housing.

It is true that a house and lot represent a complex of variables, as to quality, location, workmanship and what not, of markedly more complexity than any commodity to which the Government heretofore has turned its hand in regard to price control.

It is also true that very few and slight errors in the attempt to control prices of this complex article could blight production and extend the shortage interminably.

The need to hold prices down more effectively than any conceivable addition to the supply of housing is likely to do, can not be denied. If Congress obediently enacts a law responding to the President's proposal, it had better be good, and so had the quality of the administration with which the President will seek to carry it out.

—*The Detroit News*

Get a Bus, Brothers

From the column "Topics of The Times"

IT is remarkable how much greater is the command of language exhibited by a high school co-ed on a radio program or by a woman conductor on a Moscow bus than by the spokesman for a huge labor union or by a former Secretary of War and Ambassador to China. For sheer felicity of style and impromptu coordination, there is simply no comparison.

Walter P. Reuther of the United Automobile Workers has a mental equipment that few will venture to question. But you find yourself wondering if the best he can do with the English language is faithfully typified in his interview with the General Motors representatives as recorded in the subjoined transcript.

"A corporation that has the money you have, (said Mr. Reuther) and you fellows sitting on top and enjoying every damn decent thing of life, everything money can buy and all these security and when a bunch of workers asks for their share of it you thumb your nose at them, tell them to go to hell, refuse to conciliate, refuse to bargain, refuse to negotiate, refuse to arbitrate * * * You haven't lost a damned red cent, and we will take it right down to the last bitter inch of the road, and when the plants open up, remember, part of it goes back into the plants."

If this were handed in as a freshman high school theme, you can just see what teacher would do with a red pencil to Mr. Reuther's obscurity and tautology and complete lack of cohesion between noun and predicate.

General Patrick Hurley, testifying against his enemies in the State Department, was a good deal sounder than Mr. Reuther in syntax and sentence structure, even if his temper was obviously under as high pressure as Mr. Reuther's. But even General Hurley's style is characterized more by vigor than by elegance. The chairman of the Senate committee asked whether a certain person had served under General Hurley in China. The answer was:

"Not under me! No, sir! If he had been I would have taken him out immediately. I couldn't control him."

And, in reply to another question, there came this rather breathless rejoinder from General Hurley's lips:

"I can do it. I'm not bluffing. All right, here she goes. Here she goes. Square yourself!"

We will not go into such details as to point out the familiar squinting construction which teachers of English composition abominate, when General Hurley says, "If he had been I would have taken." The