THE HOUSING SITUATION IN THE UNITED STATES

The chief cause for the cessation of house building in the United States is the high cost of building. The three basic factors that enter into that cost are money, materials and labor.

Up to the present the attention of the country has been concentrated almost solely on methods of cheapening the cost of money; of making investment in house-building attractive once more to capital. Laws have been proposed, and in some States enacted, exempting such investments from income taxes; others have exempted all new dwellings constructed in the next three years from local taxes for a fifteen-year period; while still other proposals have sought to compel by law insurance companies, banks and trust companies to invest a certain proportion of their funds in dwelling house mortgages.

Little or no consideration has thus far been given to the equally important factors in the high cost of building, namely, materials and labor.

I venture to say that were unlimited funds, even at comparatively low rates of interest, made immediately available for house construction, few houses would be built.

For, not only is the cost of building materials prohibitive at the present time, and that in the face of a minimum demand for them, but all intelligent observers agree that with the increased demand for materials that will come then building material prices will begin to skyrocket.

The moment one begins to take up either stabilizing or reducing the cost of building materials, one is at once confronted with two factors in the situation which seem to be controlling. These are coal and transportation. If the manufacturer of burnt-clay products has to pay exorbitant prices for fuel, can there be any doubt that these prices will be reflected in the cost of his product?

If a specific building operation is held up for months, eating its head off in interest-carrying charges, because it is waiting for a carload of sash or nails or doors or something else essential to the operation, is there any doubt what effect such delays will have on the ultimate cost of the operation? If freight rates and demurrage charges on building materials are unduly discriminatory, is there any doubt what the effect will be on the cost of building?

We leave out of consideration those corrupt practices, conspiracies in restraint of trade, to keep up prices of materials and stifle competition that have been disclosed by the recent legislative investigations in New York.

And what of labor? If unlimited funds should be made available for house building, if prices of materials should be reduced or stabilized, would the construction of dwellings be resumed, unless labor's attitude could be made clear?

No intelligent person will invest his money in house building so long as this uncertainty exists. A house estimated to cost $6,000 may actually cost $8,000 before it is finished if labor starts the practice of "snowballing"—rolling up prices through successive strikes—or protracts the time of construction through a policy of "ca'canny," or restriction of output. If American bricklayers should follow the example of their English brethren and limit each man's daily output to 300 bricks a day instead of 750 bricks (the pre-war output in England; 1,200 to 1,500 in America) the cost of construction would be increased 25 per cent.

Is there any doubt that the country, as to housing, is in the quicksands up to its armpits?

What forces are there strong enough to pull the country out? We have tried a laissez faire policy for the past two years and the country has sunk in deeper and deeper.

Reluctantly I am forced to the conclusion that there is no help for it but to invoke the assistance of the Government. No other agency is powerful enough to grapple with the situation. For it means fixing and stabilizing, for a given period at least, the prices of building materials and building labor, as well as coal; and the control and the direction of transportation.

Not until that is done can we expect investment funds to return to dwelling construction. And when that is done, without probably the necessity of any special tax exemption, capital will once more seek these channels of investment. For the need of the country is great and industry is vitally affected by the present situation. With the uncertainty of cost of construction removed and prices stabilized, there is no reason why the country should not be restored to the pre-war basis, and the construction of dwellings be resumed once more by the initiative of private enterprise.

I do not wish to be misunderstood. I am not advocating either government housing or government-aided housing. I believe both to be unwise and undesirable.

What I am advocating is that the Federal Government should take hold of the housing situation; should realize that the country is in a quicksand as to housing, and that it must be helped out.

Repugnant as the creation of additional governmental bureaus is, I fear there is no help for it, and that a new bureau must be created in some one of the great government departments, charged with the sole duty of grappling with this situation. No one of the existing departments of the Government seems especially fitted for it. Perhaps the new Department of Welfare, which President Harding is pledged to create, might be a suitable place for it. No question affecting the public welfare could more profitably occupy its attention.

Irrespective of where such a bureau may be located or how it may be constituted, the task which confronts it is to sit down with the producers of those building materials that enter into the construction of dwellings and make agreements that will fix the price and produce the supply of such materials needed by the country, if the shortage of dwellings is to be caught up with in a reasonable time.

This is no easy task. There must be a recognition on the part of the Government that these business men are not only entitled to a fair profit, but must be given sufficient incentive and insured against loss, if they are to produce the materials that the country needs.

Nor can any such arrangement be expected unless the Government can similarly stabilize the labor cost of these manufactured products. No manufacturer could make such agreements otherwise.

That this is not at all impossible to accomplish is borne out by the example of England. In that country the Government said to the makers of brick, we will guarantee to use so many million brick if you will produce them at such and such prices. The manufacturers of brick agreed, and seven hundred and fifty million (750,000,000) brick were thus produced, at a saving of 50 per cent. over what they would have cost the country by the usual method. A similar course was followed with many other articles that enter into the construction of buildings. That is what we propose should be done in America.

In similar fashion we would have the Government sit down with Labor and make similar agreements for the labor cost of handling such materials in the erection of the dwellings that the country needs. And here, too, of course, the terms would have to be fair and offer attractive returns to the worker.—Exchange.