

The U. S. Congress on Housing

By ROBERT BURKHARDT

SHORTLY after noon on March 10th of this year, a balding, bespectacled man arose from his chair on the floor of the United States Senate and, gaining the attention of the presiding officer, introduced a bill for the consideration of the Congress.

The Senator was Robert A. Taft, of Ohio, the Conservative Republican son of the 26th President of the United States.

The bill he introduced was the "National Housing Commission Act," probably as progressive a piece of social legislation as the Senator has ever put his name to. Ink from the Senate Clerk's numbering stamp was hardly dry before the Senator's Act was being denounced as an ill-disguised attempt to bankrupt the United States Treasury and socialize the nation's housing industry.

Opponents of the bill are almost entirely the professional spokesmen who represent, for the most part, home building business interests. They spend money lavishly and have been adept at countering Progress with Pressure. We might term this group the spokesmen for "Housing-for-Dollars."

Those in favor of Senator Taft's Act might be grouped under the heading of "Housing-for-People."

The Act itself is non-partisan. Co-sponsors of the Act are Senators Robert F. Wagner, of New York, and Allen J. Ellender, of Louisiana—both liberal Democrats. In accordance with the Washington habit of dubbing all official titles by initials, this has resulted in the General Housing Commission Act being known as the "TEW" Act, after the initials of its three sponsors.

As a result of Senator Taft's support of the Housing Act, it has been predicted that he has seriously endangered his chances for the Republican nomina-

tion for the Presidency in 1948. Most of the predictions and rumors of this type seem to have originated with the "Housing-for-Dollars" group. On less stubborn men, rumors of this kind have been effective lobbying devices. But thus far Senator Taft has answered them with vigorous statements of support for his bill.

The "Housing-for-People" group, on the other hand, have fought this rumor by arguing that Senator Taft will find his support of the Housing Act a political asset when Presidential nomination time comes 'round. The Act will serve as gilt to relieve his drab record of opposition to social progress legislation, this group contends. As such, it may make him less objectionable to the liberal elements in the Republican Party.

There is also a clique of cynics among the "Housing-for-People" group who contend that Senator Taft's interest in his housing bill is almost entirely political.

To this, the "Housing-for-Dollars" spokesmen retort, "Nonsense! The Housing Act is politically dangerous! It's radical!"

But *is* the Act so radical as they charge?

Probably the best answer is found in the policy preamble of the Act itself. This says, in part:

The Congress hereby declares that the general welfare and security of the Nation and the health and living standards of its people require a production of residential construction and related community development sufficient to remedy the serious cumulative housing shortage, to eliminate slums and blighted areas, to realize as soon as feasible the goal of a decent home and a suitable living environment for every American family, and to develop and redevelop communities so as to advance the growth and wealth of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and pur-

chasing power. The policy to be followed in attaining the national housing objective hereby established shall be: (1) Private enterprise shall be encouraged to serve as large a part of the total need as it can; (2) governmental assistance shall be utilized where feasible to enable private enterprise to serve more of the total need; and (3) governmental aid to clear slums and provide adequate housing for groups with incomes so low that they cannot otherwise be decently housed in new or existing housing shall be extended only to those localities which estimate their own needs and demonstrate that these needs cannot fully be met through reliance solely upon private enterprise and upon local and State revenues, and without such aid.

It's a bit wordy, perhaps; but certainly not a "radical" philosophy for the Congress.

The Act goes on after its policy introduction to provide for Federal and local government support in the job of providing housing for the low and moderate income families in the United States.

This support would mainly consist of broadening the present mortgage insurance program of the Federal Government; of broadening the lending powers of the Federal savings and loan associations; and of establishing a new system of "Yield Insurance" to encourage large-scale investment in moderate rent, private-capital housing.

In addition, the Act would make contributions available—and in some cases, loans—for municipalities desiring to redevelop blighted residential areas and slums.

Senator Taft's Act also provides for resumption of the Federal Government's public low-rent housing and slum clearance activities. Under the Act, Federal subsidies of 26.4 million dollars would be made available each year for four years to States and local municipalities to help pay the difference between the "economic" rentals in a Government housing project, and the rent which the low income tenants could afford to pay. After the initial four-year period, subsidies under the Act could level off at about 105 million dollars annually for

41 more years. A maximum of 500,000 units of public low-rent housing are authorized.

The Act also provides for a permanent National Housing Commission to "coordinate" United States housing programs and policies. The Commission would be composed of an Administrator and his staff, and a "Coordinating" Council. Represented on the Council would be the various other Federal agencies concerned with housing.

To increase home ownership among city, or "urban," families of moderate income, the Act would make it possible for them to buy homes costing up to about \$6,300 with only 5% down payments, and long-term, low-payment mortgages. Interest rates on these mortgages would be a maximum of 4 per cent annually, with up to a 30-year repayment period. This is intended to bring home ownership into the reach of families now caught in the "no-man's-land" between private building and public housing. The bill also has provisions to make more rental housing available for moderate income families.

An interesting section of the Act—which some observers predict will not be in the bill when it is finally passed—would provide assistance for farm families whose incomes do not permit adequate housing. Where the family does have some regular income, the Act would provide for 33-year loans at 4 per cent—made in some cases directly by the government if private funds were not available. Where the farm family has little or no regular cash income, the Act would provide for special subsidy assistance, and even a limited number of outright grants. Assistance is also provided for suburban and country families, who live in "rural non-farm" housing.

Some of these particular provisions are considered a long leap forward, and are brushed aside by many of the "Housing-for-Dollars" spokesmen as so shockingly progressive that they could only have been included for horse-trading purposes.

Nevertheless, it should be noted that very little in the Act is actually new or untried. The mortgage insurance, public housing, direct farm-housing loans, and National Housing Commission provisions are all based on previously used Government housing techniques. Only the urban redevelopment section and the "yield insurance" program—which provides that if a private investor will agree to a "ceiling" on his profits from a rental housing project, the Government will insure him a profit "floor" of 2 per cent—are new.

A careful examination of the Act, and of the volumes of testimony on it, fails to reveal any basic reasons for the bitter opposition (other than private industry's standing opposition to public housing) it has aroused. The Act provides for better housing for United States citizens, certainly. But the "Housing-for-Dollars" interests say that is their goal also. It provides that this better housing shall be built in all cases by private construction firms. And it provides for a bountiful measure of local controls over the utilization of the Act's Federal aids. Why then, such bitter opposition?

A diligent examination of the facts fails to unearth any really cogent arguments on the part of the opposition. They have called the bill names; they have protested loudly, but in vague terms, every detail in the Act, and the Act in general; but they offer no substitutes.

One of the leading spokesmen for the "Housing-for-Dollars" group is Herbert U. Nelson, Executive Vice-President of the National Association of Real Estate Boards. The best he could do to sum up for the Opposition was to say (in testimony before Senate Committee on Banking and Currency on Thursday, March 27, 1947) "We are violently opposed to S. 866 because the bill is misleading and fails to accomplish the purpose for which it was presented."

This emotional and illogical position is somewhat comparable to that taken

by the "Housing-for-Dollars" spokesmen who opposed the idea of Federal mortgage insurance when it was proposed in the United States back in 1934. They attacked it then with every weapon at hand, but it passed the Congress and became Law. Under the guidance of the Federal Housing Administration, Federal mortgage insurance has been an important factor in enlarging the number of potential home purchasers. It has improved the quality of housing in the United States—through minimum construction standards—and provided a steadying influence on the mortgage money market.

To-day the "Housing-for-Dollars" spokesmen are as emotionally attached to the Federal mortgage insurance program as they were opposed to it in 1934.

It is possible, of course, that should Senator Taft's Act pass, the "Housing-for-Dollars" groups will again reverse themselves. But . . . will it pass?

At present in Washington there is no agreed answer. Facts which would lead an observer to predict passage are:

(1) In the previous session of Congress, the Senate passed virtually the same bill without a dissenting vote.

(2) The nation, and the Congress are "housing minded." There is a general appreciation of the magnitude of the housing problem in the United States.

(3) The General Housing Bill is the only measure now drafted and available to meet the housing problem.

(4) Senator Taft is behind the Act vigorously, and it is conceded that he is a powerful force among the Republicans in the Senate. President Truman, who still maintains some control of the Democrats in Congress, has also indicated his strong support of the measure. Senators Wagner and Ellender are influential in the minority councils.

Facts which make its passage doubtful are:

(1) On Thursday, April 24th, Senator Charles W. Tobey (New Hampshire Republican) chairman of the Senate

Banking and Currency Committee, was only able to get a favorable vote out of his committee on the Act by obtaining a long-distance telephone proxy vote from Senator Burnet R. Maybank (South Carolina Democrat), which broke a 6-6 voting deadlock in the committee. With Senator Maybank's proxy, the committee voted out the bill favorably, 7-6. The bill is now on the Senate calendar, although no decision has been made on when it will be called up for debate and a vote.

(2) The "Housing-for-Dollars" groups are pouring money, letters and telegrams into Washington to defeat the bill. They are astute, determined, and have ample funds.

(3) Senator Taft suffered a sharp setback as a Senate leader when he was unable to defeat the nomination of David Lilienthal as Atomic Energy Commission

head. Also, Senator Taft very definitely has his eye on the Presidential race and may conclude that it would not be good politics to push his housing bill until a number of political matters have been decided.

Aside from these pro and con facts, economic conditions in the United States and the world, will have much to do with the passage of the bill. If, as some Washington economists believe, the United States is now entering a sharp economic decline, there will be pressure for legislation which would stimulate business. Senator Taft's bill will certainly do this, and a bad break in the business barometers, and employment—with a "bust" in the construction industry—would do more to speed passage of the General Housing Act than all the oratory on the Floor of the Senate ever will.

Re-Establishment of Constitutional Government In Brazil

By E. B. ROGERS

BY electing governors and legislatures of the various states on January 19, 1947, the Brazilian people completed the re-establishment of a democratic form of government—a task on which they had been engaged for nearly two years. In order to understand the reasons for this return to constitutionalism it is necessary to outline very briefly some of the events of recent Brazilian history.

In 1930 Brazil found itself in the throes of a bitter election campaign which was cut short by a revolution headed by one of the candidates, Sr. Getulio Vargas of the state of Rio Grande do Sul. The revolutionaries succeeded in winning the support of the armed forces, and achieved their objectives quickly and without much bloodshed. Sr. Getulio Vargas

became provisional President. Surviving a revolution in the state of São Paulo, which was quelled only after three months in 1932, Sr. Vargas continued to head a provisional government until 1934, when a Constituent Assembly promulgated a new Constitution. Sr. Vargas governed under the new Constitution until 1937, when on November 10 of that year he suddenly, by a coup d'état, overthrew the 1934 Constitution and imposed a new Constitution on the country. This Constitution authorized the President to govern by decree until such time as the people, in a referendum, might be able to approve the Constitution. In fact, however, the referendum was never held, no elections of any kind were held, and Sr. Vargas continued to govern the country by decree under the authority of a Constitution which he himself had imposed upon the country.

EDITOR'S NOTE: E. B. Rogers is a graduate of Dalhousie University and did post-graduate work at the London School of Economics. He is a member of Canada's Foreign Service.