

A black and white photograph of a crowded tenement building. The fire escape is heavily packed with people and their belongings, including boxes, bags, and furniture. The building's facade is visible, showing windows and a fire escape. The overall scene depicts a state of extreme poverty and overcrowding.

**H O U S I N G**

**U N D E R**

**C A P I T A L I S M**

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**BY SIDNEY HILL**

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# HOUSING UNDER CAPITALISM

BY SIDNEY HILL

HOUSING and slum clearance have been front page news since the beginning of the New Deal. In 1933 we read:

PUBLIC WORKS ADMINISTRATION MAPS WAR ON  
SLUMS—BEGINS DRIVE FOR LOW PRICED HOMES

In 1934:

SHORTAGE OF HABITABLE DWELLINGS IN U. S.  
PUT AT 5,000,000

And today the Work-Relief Program announces:

U. S. PROMISES MILLIONS FOR HOUSING

During this period of two years, any number of official, semi-official and unofficial housing plans have been described in the newspapers, the magazines and the radio to the increasing confusion of the average person, to say nothing of the experts themselves. So many plans were formulated and so much discussion goes on about them, that most people have no clear idea of what the schemes really propose and what, if anything, they have accomplished. Does the reader, for example, know how many slum districts have been demolished in his vicinity or even whether any housing has actually been built in accordance with the promises of the headlines? Does the building trades worker, the carpenter and the plumber, the architect and engineer, whose income is vitally connected with the construction industry, know exactly what the different housing and slum clearance schemes hold in store for him? Just what is "low cost housing" and who decides who is to live in it and at what rent? And suppose one is unemployed, as millions are, and can't pay any rent—what then? Workers who live in the tenement flats of the metropolis or the wretched hovels of the industrial towns, and farmers whose sub-standard houses are as truly slums as the worst rookeries of the cities, must frequently ask themselves such questions.

How did this great public interest in housing come about? The fact is that the current concern with slum clearance and low cost housing coincides, for very practical reasons, with the development

and intensification of the crisis. On the one hand workers and farmers were beginning to resist the sharp attack on their standard of living. And on the other, the builders, the manufacturers of construction materials and other interests who were feeling the pinch of the depression, called upon the administration for aid. In response to this pressure, President Hoover set up, in 1931, a nationwide Conference on Home Building and Home Ownership to which he invited over a thousand experts, business men, social workers and others. This Conference studied the housing problem and issued a report in 1932 indicating that at least 70% of the population was inadequately housed, but it offered no immediate solution.

When Roosevelt took office early in 1933, the United States was on the brink of economic collapse. As unemployment increased and private industry proved unable to cope with the situation, the idea of a federal public works program, with housing as a major part, suggested itself to the administration as the solution best calculated under the circumstances to satisfy all interests. In one of his famous radio talks the President told his audience that he sought "the security of the men, women and children of the country." "That security," he said, "involved added means of providing better homes for the people of the nation." In other words, the building of homes under the New Deal was to be more than a kindly gesture to the poorly-housed slum dwellers; this time it was to be an important part of the Recovery Program itself.

### *Housing Plans*

Broadly speaking, the various housing plans brought to the attention of the public may be placed in two groups: one consisting chiefly of government plans (federal, state and municipal) and of practically similar plans presented by chambers of commerce and real estate boards; and the other group comprising the proposals of numerous civic bodies, liberal publications and trade unions.

The housing program of the Roosevelt Administration has two main aspects:

(1) *The Public Works Plan.* This plan is based on the theory that in times of depression, with industry falling off and unemployment rising, it is the duty of the government to undertake, for the period of the crisis, various forms of socially useful public construction;

especially low-rental housing which is sorely needed and for which, it would seem to follow, there is a ready market.

(2) *The Real Estate and Mortgage Plan.* This plan is quite different from the first and has to do with the re-financing and guaranteeing of mortgages. Its avowed objective is "to re-establish the security and stability of mortgage investments and real-estate values."<sup>1</sup>

The plans sponsored by non-government organizations will, for the purposes of this study, be grouped under the heading of *Public Utility Housing*. The advocates of this form of housing argue as follows: In spite of the great need for decent housing for the "lower income groups," the building industry, for one reason or another, has done nothing about it for the past six years. Furthermore it is becoming increasingly evident that private builders have never provided adequate housing for the greatest section of the population. Therefore, it is claimed, the government must undertake to supply such housing on a permanent basis at low rentals in much the same manner as it already provides education, roads, fire protection or water supply.

#### *The Government Takes Inventory*

In the past, better housing and slum clearance campaigns were frequently initiated by social workers and reformers who were shocked by the conditions they found in those areas. History, however, indicates that whenever anything was really done about clearing the slums, it was for much more material reasons; for example, because of the fear, on the part of the better-housed, that pestilence might spread from the hovels of the poor, or because a slum block or two had become useful for commercial or industrial purposes, or even, as in the case of Tudor City in New York, for high-class apartments. The current housing schemes are linked with still other considerations, with the relief of unemployment, the revival of industry and, in some instances, with the economic security of the worker-tenants themselves. Nevertheless, while they are not the sole factor, the facts concerning the sub-standard farm and city homes in which the majority of American workers must live, are still very important items in the current housing and slum clearance schemes.

The most comprehensive and thorough survey of urban housing

ever undertaken by any country was finished by 12,000 CWA workers in the Fall of 1934. Many of us who had always been properly sceptical of the much advertised slogans about American housing standards, were nevertheless unprepared for the startling facts disclosed by this survey. Even the experts were shocked.

The survey, known as the Real Property Inventory (RPI) <sup>2</sup> included 64 cities in 48 states and covered 2,633,135 dwelling units in 1,931,055 buildings. The number of people living in these units was 9,074,781. Here are some figures in percentages of the total units investigated by the RPI:

- 17.1% are overcrowded
- 60.0% need repairs
- 49.4% have no furnace or boiler
- 30.4% have no gas (for cooking)
- 24.5% have no tubs or showers
- 17.3% have no private indoor toilet
- 9.4% have no electricity

These are average figures. The conditions in many cities, particularly small industrial and "company" towns, are much worse than would seem to be indicated. For example, the general average shows that 24.5% of the dwellings <sup>3</sup> had no bathtub or shower, but many cities reported as high as 58% without such facilities. Furthermore, these figures deal with dwellings occupied by owners and by tenants. When only the tenant-occupied dwellings are considered, the conditions are even more wretched.

Commenting on these government statistics of typical American cities and towns, a noted authority adds to the dark picture.

Several serious omissions appear in the survey from the social point of view. No count has been taken of dark rooms, one of the greatest of housing evils, or of lot overcrowding. . . . Cellar and basement dwellings are not recorded as such. Another thing not shown by the RPI, but which those of us who know housing know exists, is the dampness that comes from wall cracks, another accompaniment.<sup>4</sup>

The Real Property Inventory also revealed some facts about rent. Of the approximately 3 million urban families investigated, 78% pay less than \$30 per month for rent and 40% pay less than \$15 per month. Vacancies, incidentally, numbered 204,227 or 12% of the total. In Peoria, Illinois, a typical city, rents had declined 24% since 1929. But during the same period, *the average income of*

*tenants declined 34%* which meant, of course, that much less for food and other necessities.

Slums are popularly associated with urban centers. But another government survey <sup>5</sup> reveals that equally bad or worse conditions are to be found on the farms. According to this survey "the ordinary farmhouse in the United States has no telephone, no electric lights, no running water." While the average farmhouse is crowded, unsanitary, cold and almost entirely without comforts or convenience, those occupied by tenant farmers and share-croppers are often far below the minimum standards ordinarily set for animals. We cannot in this pamphlet begin to itemize such things as leaky roofs, the cracked walls, the crumbly foundations, and the damp, dirt floors. A few figures, however, will mirror the scene. Some 19.4% of owners' farmhouses were lighted by electricity but only 4.8% of tenant houses were so lighted. Running water was found in 21.8% of owners' houses and in only 7.2% of tenants'. The average house of the American tenant farmer in 1930 "is worth less than \$500." Still another survey <sup>6</sup> in 1934 brings even more such facts to light; for example, that about 70% of all farm houses have unimproved outdoor toilets.

It is not our intention, nor is it necessary, at this date, to describe further the grossly inadequate housing of the workers and farmers of the country. The government's own figures speak eloquently enough.

### *Public Works Housing*

It is an indisputable fact that the results of the New Deal schemes to date are far short of the promises made in 1933.

What was the housing task set for itself by the Administration? Avowedly, it was "*to take the initiative in slum clearance and low-cost housing projects in the interest of unemployment relief and recovery.*" <sup>7</sup> In addition it also intended "*to increase consumption by increasing purchasing power, to improve standards of labor, and otherwise to rehabilitate industry and conserve natural resources.*" <sup>8</sup>

It must be stated immediately that not a single one of these objectives has been realized. Government statistics show that the purchasing power of the average worker has diminished in the past two years. Unemployment, if not actually rising, has certainly not

been "relieved" when at least 12 million workers are without jobs and over 20 million persons are on the relief rolls. Nor have labor standards been improved or natural resources conserved. And as for public works and housing, little, if anything has been accomplished.

Under the Housing Division of the PWA some \$12,000,000 has been allotted at this writing to seven private projects, only three or four of which are finished. But even when they are all completed, the Administration will have to show for almost two years of housing activity *new accommodations for only 3,285 families for the whole country!* Furthermore, all seven projects are of the limited dividends type which means that they are built and owned by private corporations to which the PWA loaned the money. It also means that, in spite of President Roosevelt's slogans, the rents are high, much higher than 9 out of 10 employed workers can pay and several times as high as the rents which slum dwellers somehow still manage to afford. The Woodside and Hillside Projects in New York City, for example, will charge \$11 per room per month, and the Hosiery Workers project in Philadelphia is already demanding \$9 to \$10 per room or about \$50 per month for a five-room apartment.

In addition to these private, limited-dividends projects, the PWA vaguely planned to engage in direct-government housing. In October of 1933, Administrator Ickes, in an official statement, launching this aspect of the program, said,

Our experience of the last three months indicates clearly that we may not depend upon private enterprise or limited dividend corporations to initiate comprehensive low-cost housing and slum clearance projects.

In spite of the Administrator's brave statement about how government (federal and municipal) was going to "build, rent and sell" dwellings to workers of low income, we read in the *New York Times* of May 4 that in this connection "only the small sum of seven million dollars has been spent and this largely for land purchases." This in the face of the Housing Division's own admission that 6,000,000 non-farm and 5,000,000 farm dwellings are "definitely sub-standard, the two constituting over 36% of our total housing."

### *Facts Speak Louder than Programs*

When President Roosevelt took office, residential construction in the United States had fallen from about \$3,500,000,000 in 1928 to



\$300,000,000 in 1933. Despite this tremendous drop of over 90%, only \$150,000,000, an absurdly insignificant sum, was set aside for housing under the PWA. Today, even this small sum remains largely unexpended. In New York City, residential construction in 1928 amounted to \$300,000,000. The PWA however, "earmarked" only \$25,000,000 for New York housing and slum clearance and to date, two years later, only a handful of decrepit buildings have been torn down and *not a single low-rental dwelling has been erected.*

Many excuses are offered for this diminutive result of the Housing Program. It is said, for example, that the administration of the Housing Division is to blame or that real estate and the mortgage investment interests, fearing government competition, stepped in to thwart the President.

Our figures, however, show that, sooner or later, the private limited dividends projects of the PWA will have produced homes (at high rentals) for only 3,285 families. And, as for the much publicized federal and municipal projects, it is quite safe to say that they will yield very few more. But even if we assume that the entire \$150,000,000 originally allocated for "low-cost" housing, had been spent, it would still have constructed only about 50,000 homes in the whole country. Compare this with the estimate made recently by the New York City Housing Authority that *in New York City alone*, 516,000 slum-dwelling families "are condemned to lives of squalor and degradation," and that it would cost at least \$1,500,000,000 or ten times the amount appropriated for the whole country, to provide decent housing for them in that city.

Of course, the realty interests are afraid of a genuine low-rental housing program which would cut into their profits. But the record shows very plainly that the real estate boards and the mortgage institutions did not have to oppose the New Deal housing program because the Administration never really intended to compete with them. And, in view of this obvious fact, how can we believe that the so-called "failure" of the housing program was due to the poor leadership in the Public Works Administration?

But if that is the case, why did the Administration go to such trouble to set up a Housing Division in the PWA and give it almost daily publicity in the press and on the radio? The answer to this question becomes clear when we understand that not all of the

New Deal housing activities met with the fate of the Public Works Program. In the matter of saving real estate values and relieving the banks of defaulted mortgages, President Roosevelt acted quickly and with great efficiency. The housing and slum clearance program did practically nothing to "provide better homes for the people of the nation," but it served very conveniently to obscure the Administration's activities in the mortgage field.

### *Social Need vs. Market Need*

Why is there a conflict between the social need for low-rental housing and slum clearance on the one hand, and the interests of the banks, the insurance companies and the other mortgage-lending institutions on the other?

The position of the banks on this question is very simple. "After all," they say in effect, "the statistics of the RPI about the great shortage of habitable dwellings in the United States are very illuminating and the conditions regrettable. But the same survey also discloses that many dwellings on which we hold mortgages are vacant and therefore, from our point of view, there is at this time no shortage of dwellings but rather a surplus. Government housing would simply destroy our profits and would work havoc with real estate values."

We see then, that there is a vast difference between a *social need* for decent housing and the real estate *market need*. It does not matter to the mortgage lenders that the empty dwellings are caused by two and even three families crowding into one home in order to be able to pay the rent. Housing to them is "a business and not a charity"; it is a matter of profits. Furthermore, slums may seem horrible to social workers and others, but many very respectable individuals and institutions find them a good source of revenue. How many readers of this pamphlet know that great sections of New York's slums are owned by "the best people"—by the Astors, the Hamilton Fishes, the banks, the very oldest and most venerable churches, the great universities, and even by the City itself? <sup>9</sup> And we must not forget the slums of small towns, especially "company housing" which is so profitable to the owners.

Commenting on this question, one newspaper observer writes as follows:

Washington, D. C.—Slum rentals constitute the backbone of many mortgage structures. Some areas in New York's East Side, for instance, are far more profitable to the property owners than many of the better sections of the city. Every time the PWA condemns land and erects thereon a model tenement, it will be taking juicy rentals out of some landlord's pockets.<sup>10</sup>

In practice the PWA has not worried these landlords one bit. In fact, we might say that with the willing assistance of the Administration, the real estate interests have carried out a very successful campaign of "crop reduction" in housing. Millions go hungry on the inadequate relief allowances, while the big farmers and grain speculators reap huge profits from the subsidies and price manipulations resulting from the plowing under of agricultural crops. In the same way, the big owners, the banks and other mortgagees, attempt to maintain real estate values and dividends by reducing, practically to zero, the production of dwellings. "We have had a powerful lesson," said Andrew Steers at the recent convention of the National Association of Building Owners and Managers, "to show the wisdom of preventing the erection of new buildings unless there is a definite need for them." By "need," Mr. Steers does not mean the "shortage of habitable dwellings in the United States," which Secretary of Commerce Roper puts at 5,000,000. Of course, not. He is referring only to the need of the real estate market.

We observe here one of the many contradictions which occur under the present system. On the one hand there is the almost complete stagnation of the construction industry which, as the second largest in the country, has thrown from three to five million workers out of employment. Furthermore, it is generally admitted that without the revival of building (in which residential construction is a major factor) there can be no "recovery." But on the other hand there are the all-powerful real estate and mortgage interests who point out that their investments are endangered by competitive housing construction. It is not surprising, therefore, that in spite of the ballyhoo, literally nothing was accomplished by the PWA in the way of low-rental housing and next to nothing about slum clearance. By giving the impression that a great deal was being done for the "low-income groups," the public works arm of the

Housing Program helps to conceal the generous manner in which the other arm is serving the real estate interests.

### *Relieving the Home Owner*

In contrast to the relatively small and inactive PWA Housing Division which is doing its best to appear to be clearing slums and rehousing workers of low income, the Administration's agencies involved in salvaging mortgage values are numerous, energetic and powerful. The first of these agencies is the Home Owners Loan Corporation which was set up by an Act of Congress in June 1933; "to save the distressed urban home owner whose property is mortgaged from losing it through foreclosure." For this purpose, it was provided with a fund of \$2,000,000,000. In April 1934, another billion was voted by Congress, making available \$3,000,000,000 in all. The HOLC relieves the distressed home owner in the following manner: First, it gives the mortgage holder (the bank) its good 4% negotiable bonds in exchange for the defaulted mortgage. This old mortgage is then replaced by a new one, the net result of which is that the home owner is now indebted to the HOLC instead of the bank.

John H. Fahey, President of the HOLC, reports that to date about \$3,000,000,000 have been paid out to take over the mortgages on nearly one million small homes, and that "more than 90% of this money has gone to the commercial banks, savings banks, insurance companies, building and loan associations and mortgage companies and has had the effect of strengthening their resources in a very important way."

It is significant that, despite the title of his organization, Mr. Fahey says nothing about the benefits to the home owner. Well, the truth is, there are none. Indeed, if anything, the poor fellow is even worse off than he was before. His old mortgage usually required only the payment of interest with no reduction of principal. The HOLC mortgage, however, involves not only a good sized interest charge, but a regular amortization of the principal. Mathew Napear, Chairman of the Consolidated Home and Farm Owners Mortgage Committee, sent a statement to President Roosevelt on December 3, 1934, saying, "An investigation would show that 70% of the home loans already granted were likely to default due to excessive charges." The

statement also claimed that 5% interest and fifteen-year amortization impose an insufferable burden on many home owners.

Mr. Fahey's answer was prompt. The very next day he said, "A few of the Corporation's borrowers are apparently under the mistaken notion that the HOLC intends to be unduly lenient." Threatening immediate foreclosure, he went on to state that "the HOLC will not permit the mortgagors (home owners) to take unfair advantage of the generosity [!] of the government which has rendered them a great service." Carrying out its threat, the HOLC had, by August 1935, already foreclosed almost a thousand homes. The government, it will be remembered, was much more lenient with big bankers like General Dawes, who defaulted on several millions of dollars borrowed from the RFC.

Representative O'Connor of New York, on the other hand, has "grave doubts" as to the advisability of extending the life and powers of the Corporation, and naively complains that he is "apprehensive that some day we may wake up and find that financial institutions have dipped into the Federal Treasury and unloaded millions of sour mortgages on the Federal Government." Nevertheless, Roosevelt has already signed a bill which expands the funds of the Corporation by \$1,750,000,000.

This addition to HOLC's resources will increase its lending power to \$4,750,000,000. When the program is completed the government will hold a lien on one out of every four or five homes in the country.<sup>11</sup>

This fact becomes meaningful when we realize that 75% of the mortgages on homes in the United States are held by banks, insurance companies, mortgage associations, etc., and that these mortgages constitute the major share of the investment of these institutions. Soon after the crash of 1929, homes were being foreclosed at the rate of 20,000 a month. But what do banks do with great masses of foreclosed homes? Sooner or later, they begin dumping them on the real estate market in order to remain solvent themselves. On a large scale, however, this tends to further demoralize their market. And so, as the crisis deepened, the rate of foreclosure rose until in 1933, when Roosevelt took office, the financial institutions faced widespread collapse.

In this situation, the President could have come to the assistance

of the struggling home owners by insisting upon a moratorium on mortgage payments and foreclosures until the emergency was passed. He did nothing of the kind. We see now that Roosevelt's HOLC, although set up ostensibly to "relieve the distressed home owner," actually relieved the financial institutions. It took over their defaulted mortgages and thus saved a huge portion of their investments and profits. It did more than that. As Mr. Fahey put it in a statement on July 12, 1934, "Since the Home Owners Loan Act was amended, real estate values throughout the country have stopped their downward trend."

Another active "New Deal" agency is the Federal Farm Mortgage Corporation. This corporation was organized to do for the distressed farmer what the HOLC is already doing for his brother in the city. Consequently, it is almost unnecessary to add that the \$2,000,000,000 fund with which it was provided went to bail out the institutions holding defaulted farm mortgages. In theory the FFMC, of course, was going to aid the unfortunate small farmer. In practice, however, it again happened that the banks and the mortgage companies were "re-financed" out of a tight spot and the government became the largest farm mortgagee in the country. The Roosevelt Administration has already proven itself just as hard a creditor as any of the former mortgage holders. But the farmers, through the organization of united action committees, United Farmers League and locals of the Holiday Association, are resisting the efforts of the government to foreclose their homes. Such resistance is beginning to spread to the cities and sooner or later, there will be a reckoning on the government's role in salvaging the investments of the banks at the expense of the distressed home owner.

### *The National (Anti-) Housing Act*

We now come to the Federal Housing Administration, created in June 1934 under the National Housing Act. The first section of this Act is Title I, popularly known as the "renovising" program. Its object was to induce home owners to borrow money for home repairs by means of an intense national advertising campaign. According to Administrator Moffett:

Approximately 16,500,000 buildings throughout the nation are in need of repairs and the country has today a shortage of from 750,000 to

1,500,000 homes. The survey figures show that 5,000,000 homes in the United States lack even the commonest facilities.<sup>12</sup>

In spite of the admitted need, and in spite of the demands of the building materials and construction interests who were also trying to chisel into this government "relief," the repair campaign fizzled. The reason was that loans were made only to those home owners who were good "economic" risks. But these owners had always been in a position to make their own repairs without the help of the FHA, which insisted on charging the heavy interest rate of  $8\frac{1}{2}$  to 9%. Apparently the purpose behind the "renovising" program was to keep the complaining builders and the small dealers in supplies quiet for a while and the rest of us confused. Administrator Moffett, in answering criticisms of the delay in getting the "renovising" program under way, explained that this was only the "emergency" section of the National Housing Act. The main and "long term" thing to be done, he said, "is to rehabilitate a large portion of the \$21,000,000,000 worth of home mortgages now held by financial institutions."

But if that is the case, what was the purpose of gathering all these facts about the miserable conditions of the homes of the nation? As Dr. Ernest Fisher of the Department of Real Estate at the University of Michigan explains it,

The prime use of the Inventory facts by the Federal Housing Administration will be the setting up of an entirely new basis for estimating loan risks. . . . Thus a new day approaches in mortgage lending. A day which will see reduced to cold facts the making of any loan.<sup>13</sup>

A day, in other words, which will eliminate the risks that the lenders have taken in the past.

### *Relieving the Mortgage Companies*

The "long term" activities of the Federal Housing Administration to which Mr. Moffett referred, relate to the re-financing and insuring of "economic" mortgages. We have seen that in the case of defaulted (unprofitable) mortgages, the New Deal unhesitatingly takes them off the hands of the lending institutions through the Home Owners Loan Corporation. But when it comes to "economic" (profitable) mortgages, the Roosevelt Administration leaves the field to the banks. Accordingly, the FHA, unlike the HOLC, does not deal

directly with the individual home owner or home builder. On the contrary, it is one of the 4,000 or more private financial institutions, now approved members of the Administration, which does the lending and makes the profit. The FHA serves merely to put the "economic" stamp on the scheme by guaranteeing its member banks and mortgage companies against loss.<sup>14</sup> After all, having liquidated so much of their frozen assets, the administration very considerably wishes to give the banks an opportunity to invest them in an "economic" manner and without the "guesswork" which, Professor Fisher explained, would be eliminated by the government surveys.

The Federal Housing Administration has still another function, and that is to provide "insurance for loans up to \$10,000,000 each, to private, limited-dividends corporations planning low-rent housing projects." Just what kind of housing is possible under the FHA "economic" scheme is indicated by an account of the first project to be so financed. It is a development involving 276 dwelling units in a suburb of Washington, D. C. The apartments will be very fine, but the "rentals are expected to range from \$37.50 to \$62.50 per month." The only difference between this type of housing project and the seven projects undertaken by the Public Works Administration is that the former is financed entirely by private capital which is insured by the FHA, and the latter, by loans from the PWA. In both types, rents will range between \$8 and \$15 per room per month, or two and three times the amount which even the average employed worker can possibly afford to pay.

In conclusion, it should be noted that the Administration's manipulations of the mortgage market may quite possibly set off a small speculative boom in the building industry. But, as far as the housing question is concerned, the important thing to keep in mind is that *the United States Government is today the largest real-estate interest in the country*. Consequently, it is quite unlikely that it will be willing to compete with itself and upset the realty market through clearing the slums and building low-rental dwellings.

### *Subsistence Homesteads*

There is still another, although relatively minor, phase of the New Deal housing program. This angle of the question is usually referred to by reformers and by officials and interested manufacturers



as the "decentralization of industry," but it is more popularly, and more fittingly known as subsistence farming or homesteading.

Under the present Work Relief program of the Administration, the homesteading idea is to be handled through the Rural Rehabilitation Bureau, headed by Rexford Tugwell. This agency aims to remove destitute rural families and also stricken city families from the relief rolls and place them on a "self-help" or subsistence farm basis. Relief and other forms of public assistance are too expensive for the big taxpayers. They upset the budget. Some other scheme must be devised that will be less of a drain upon the treasury.

In spite of the "back-to-nature" and "home-and-fireside" ballyhoo which surrounds the homesteading schemes, they involve serious, anti-social potentialities.

Under the Rural Rehabilitation Program, subsistence farmers will get home and land from the government and will be obliged to pay back every penny. They will be continuously in debt so that the net result of this scheme will be to force the stricken farmers and slum dwellers to become veritable serfs to the feudal lord in the "decentralized" factory. Industry, of course, is eager to take advantage of the cheap labor which is possible when workers can supplement an otherwise starvation wage with "part-time farming." It is also plain that many industries would be thankful for the government's aid in escaping from large urban centers where labor is organized.

Advocates of the decentralization schemes sometimes talk about curing "social restlessness" through the depopulation of congested slum areas. The transfer of slum dwellers to more pleasant surroundings and better working conditions would, of course, be a desirable social undertaking. But under capitalism this remains a pious wish, motivated by fear of a concentrated proletariat. "The modern metropolis," according to Dr. Gottfried Feder, former Reich Commissioner for Land Settlement, "leads to the accumulation of anti-social elements, becomes the breeding place of Marxist agitation."

The concentration of the working population in crowded city quarters inevitably follows upon the development and concentration of capitalist industry, which must have at hand a large abundance of labor power. If labor becomes "restless," organizes, struggles, this is also an outgrowth of capitalist conditions. But capitalism cannot remove such ingrown "evils" and still remain capitalism. Conse-

quently, the subsistence farm program remains only a plan. For the present, its function, like that of the PWA, is to fool the small farmer and share-cropper into thinking something is being done for him. The latest report of the Subsistence Homesteads Corporation, indicates that at the close of March 1935, only 6,400 homesteads located throughout the country were in course of construction, and only 1,190 homesteaders had been accepted by the Corporation up to April 23.

### *Work Relief and the New Housing Program*

Today, after two years of ballyhoo, it is revealed that the PWA has succeeded in spending only about \$1,000,000,000 or one third of its funds for public works, and that the Housing Division has expended a still smaller fraction of the money available to it. It is significant that, in the face of such a record, the Administration chooses to launch its new \$4,800,000,000 program. Once again the nation is being deluged with propaganda about the vast scope and social promise of the new program—"a final drive to rout the depression." This time \$450,000,000, instead of a mere \$150,000,000, are "earmarked" for housing. And Horatio B. Hackett, Director of the Housing Division, announces that "the entire nation has become 'slum conscious' and the rehabilitation or removal of slums has become miraculously probable."<sup>15</sup>

"Miraculously probable"? Indeed! The American people are surely not that gullible. They are more likely to ask themselves why there is a new program when the old one has scarcely started. And it is much easier to answer this question now that we understand a few things about the Roosevelt Housing Program of the past two years.

The PWA, we learned, was merely the scenery behind which the serious activities of the Administration, such as assisting the mortgage institutions, went on. The new program with its schemes for housing and rural rehabilitation has precisely the same purpose. The Work Relief program is designed to "take the government out of relief." In the process, wage scales on the works projects have been set so low as to result in the further reduction of the wages and living standards of those still employed. And that, of course, forces both employed and unemployed workers to live in even worse homes or under more crowded slum conditions in order to be able to meet the rent.

The accelerating drift of workers' families back to the slums is high-lighted by the testimony of Edward Corsi, Director of Home Relief, at an Aldermanic investigation in New York City in May, 1935. Said Mr. Corsi:

The Borough of the Bronx has a case load [families on relief] of 40,000. In 12,831 cases, the client on relief is supplementing his rent allowance. In 2,577 cases, he supplements it by borrowing from friends and relatives. In 3,498 cases, he uses the money given him for food to pay his rent, or the difference in the rent. The result is that because we are on an inadequate rent schedule, we are forcing thousands of people back into unsanitary living conditions.

Another result, not mentioned by Mr. Corsi, is that many formerly unrentable firetrap, slum tenements have taken a new lease on life (and profit) in the past few years. In 1934, New York City alone, through rent checks, paid a \$30,000,000 subsidy to slum landlords. *That is three times the amount spent by the PWA for housing in the entire United States during the same period.*

Slum owners, however, are not satisfied. When a series of fatal fires (a tragic characteristic of the urban slum) caused the newspapers to boil with short-lived indignation, the landlords, according to the *New York Times* of March 5, 1934, answered in traditional fashion:

To comply with regulations covering violation in multiple dwellings of the old type, among which fire-traps have taken a toll of fifteen lives in the last two weeks, would cost the owners upward of \$2,000 [a grossly exaggerated estimate—S. H.] per building, according to Joseph Goldsmith, President of the Council of Real Estate Associations of Greater New York, who declared these owners were in no financial position to undertake such extensive alterations.

In spite of the open and continued defiance of the fire laws by slum owners, who place money above lives, they are each month receiving about \$3,000,000 in rent checks from the city. In this way does the government “rehabilitate the slums.”

*How does the so-called Works Program affect the housing question?*

The obvious answer is that it will have no effect whatsoever. The fact is that the Administration will build little housing for workers, and that includes most professional and white-collar workers, for

the simple reason that it doesn't intend to. We have seen that Roosevelt is primarily concerned with saving the investments of the real-estate institutions and that, in doing so, the government has itself become a tremendous real-property interest.

### *Public Utility Housing*

Today it is a fact that at least half of the American people, the very section which needs new, adequate housing, cannot pay enough in rent to induce the builders, or even the government, to supply the need. That is to say, the rentals which most workers can afford are not sufficient to pay off the cost of new housing construction, maintenance, etc., and, at the same time, provide a profit on the investment. As far as the construction industry is concerned, then, the fundamental factor in the housing question is profit. The bankers and finance capitalists who hold the money bags do not deny that the housing conditions of most Americans are bad. It simply is not profitable to build new housing for people whose incomes are low and uncertain. Furthermore, as we have seen, the real estate market has a "surplus" of dwellings and any amount of new construction would aggravate this condition.

Into this situation come the advocates of Public Utility Housing, the general objectives of which we have already noted.

Their proposal for solving the housing question with the aid of the government is gaining many adherents whose detailed plans are numerous and complex. Let us consider the best known one. It was formulated by a small group of architects and economists and was published in at least two liberal periodicals.<sup>16</sup>

Our authors begin by presenting us with the major considerations of their program. They are: (1) A sanitary, modern dwelling is the right of "the entire population." (2) Such housing is not to consist of isolated homes, but is to be planned and built in terms of whole communities with parks, transportation systems, schools and other services, according to the most advanced technique. (3) In order to do this, it is necessary to build on a huge, nation-wide scale, not only for better planning but for economy. This is to be done with money advanced by the government and at the rate of \$5,000,000,000 per year. (4) Public Utility Housing is to be "not only the major instrument in a large scale public works program, but the very core

of a policy of long term economic planning." As such, it will not only make up the housing shortage, but also provide so much employment as to bring on a period of "new leisure." There are also other items in this plan, such as calling for lower land cost, lower interest rates and higher wages.

Now it is obvious that, compared with the schemes of the New Deal, we are dealing here with a very progressive, and liberal-minded plan. Our authors will have nothing to do with mere "demonstrations" of slum clearance, nor with so-called "model housing" which "is pernicious because it is misleading" and which "does not contain the seeds of a general program." Furthermore, they insist on high standard housing and high wages. Surely no one will deny that these are very desirable objectives. But how are they to be attained?

Our planners, being practical and realistic men, put it directly up to "the government." As the very first and basic condition of their "concrete program," they say:

Before an adequate housing program can be formulated, the government must make a choice. Does it wish to prop up the financial values of real estate . . . in our bankrupt cities? Or does it recognize the physical shortage of dwellings, which exists despite the excess of vacancies, and is it ready to throw all its forces behind a gigantic program of *urban reconstruction and community planning and building*?

We have already seen how the government has chosen. Nevertheless, we will suppose that the Administration does exactly the opposite of what it has done; that is to say, that it "chooses" to undertake such a housing program as we have sketched. Of course, this is a tall, a very tall assumption. Our authors make it easily, because they do not understand the relation between the real estate interests and government. To them "the government" is a sort of free, impartial agent which heretofore has regarded housing as "an incidental art" (!) but which, if convinced that "people generally, and social workers and trade union leaders and consumer groups in particular" really want housing, will give it to them. Our analysis of the PWA Housing Division and the HOLC and the RFC and the FHA, has demonstrated that there is a very close connection between "the government" and the institutions that hold mortgages. *Furthermore, we must remember that today the Government of the United States is itself the largest real-estate interest in the country.* In fact,

for all practical purposes, especially when it comes to choosing between the real estate interests and the needs of "people generally," we have observed that the financial institutions and "the government" are identical. Consider, for example, the Reconstruction Finance Corporation and its chief, Jesse Jones, about whom the *Architectural Forum* for March 1935, says, "As Houston's biggest property owner and one of the heaviest investors in New York real estate, Jones well knows the need of putting the real estate market back on its feet." Is it not exceedingly naive, under these circumstances, to conceive of "the government" as being "wise enough" or "bold enough" to upset realty values; in other words, as being willing to cut its own throat?

"Modern community housing," state the proponents of Public Utility Housing, "is the *complete opposite of almost every item in current realty, banking and building practice.*" Our authors being reasonably intelligent men are aware, of course, that realty and banking, as we know it, cannot be considered apart from the profit system. Do they then propose to do away with profits? Not at all. They propose merely to pass laws limiting usury and "unreasonable" profits which they term "unfair." But do they not see that as long as the profit system exists at all, it is both reasonable and fair, under the rules of the game, to make as much profit as possible? The only way to abolish "unreasonable" profits is to abolish capitalism. But this our friends are not prepared to do.

The program for "modern community housing" involves numerous other contradictions, the chief of which is the notion that socially useful planning is at all possible under capitalism. For example it calls for centralized, nation-wide planning and large scale housing construction at the rate of \$5,000,000,000 annually. This construction is to be done by the government. But since the scheme does not call for the abolition of capitalism and the socialization of industry, the building materials and other equipment going into the projects will be supplied by private manufacturers and dealers. Such a huge, rapid expenditure on the part of the government would send materials and equipment prices sky high. This, in turn, would immediately drive the cost of housing up with the result that the volume of construction produced would be reduced. This means that it would be impossible to plan the program accurately, because no one could

tell how much housing would result from a given amount of money. In England, for example, the much less ambitious "Homes for Heroes" campaign after the War resulted, after only two years, in an increase of the cost of a one-family cottage from £350 to £1250. Perhaps our planners would pass a law to stop this also. Another result of the increased cost of the housing would be increased rents. Experience has taught us that wages never keep apace with inflated prices. In such a situation "the people generally" would be as little able to afford the "modern community housing" envisioned by our authors, as they were the "model" homes of the past.

*Why are our well-meaning housing experts not able to see these simple facts?* In the first place, because they do not understand that "the government" reflects, only in a very remote manner, the will and the needs of the "people generally." The main purpose of capitalist government is to serve the needs of capitalism, and it so happens that adequate workers' housing is not one of these needs. In the second place, because they think of good housing either as an end in itself, or as the *means* to "a sane and durable environment in which generations of men and women can for the first time live in a spacious and humane and orderly life, without a disastrous starvation in all the physical elements that make life worth living." Our authors may tell us that they are housing technicians and, as such, specialists who cannot concern themselves with these larger aspects of the question. If they do, they are either very calculating or totally unrealistic. On the other hand, they may say, "Yes, we agree with you that, in order to obtain good housing for all, it is necessary to abolish capitalism and transform all the means of production into social property. But this is possible only in the distant future, a future which, for all practical purposes is quite out of sight. In the meantime, is it not desirable that we formulate practical, workable plans toward that eventuality?"

The answer to this question brings us to the core of the housing problem. For one thing, we have already seen that the elaborate "plans" which our friends formulate while waiting for capitalism to abolish itself are far from "practical" or "workable," at least in the interests of society as a whole. But even if, by some miracle, every one were decently housed under capitalism, we would not, by that fact alone, have solved the problem of a "spacious and orderly life

without starvation in all the physical elements that make life worth living.”

To see this clearly we must first understand that the relationship that exists between the tenant and the landlord or between the home owner and the mortgage company is of only secondary importance. It does not matter whether the tenant is an industrial worker, a farmer, a small business man or a shop keeper; the vital factor for him is not where or how he lives, but how he makes his living. In other words, the factor which really decides whether most of the American people have “a life worth living” is not the homes they live in; but rather their relationship to the capitalists who own the factories, shops or offices in which they work.

It is quite simple to illustrate this. We have seen that the banks and mortgage companies are very effectively opposed to the construction of low rental housing. Nevertheless, not all capitalists are averse to this idea. Frederick Engels, as far back as 1872 wrote that,

English industrialists . . . had realized that for factory production in the rural districts, expenditure on workers' dwellings was a necessary part of the total investment of capital and a very profitable one, both directly and indirectly. . . . The English factory, mine and foundry owners had had practical experience of the pressure they could exert on striking workers if they were at the same time the landlords of these workers.<sup>17</sup>

Let the American miners and steel workers who live in company houses tell us whether what Engels said in 1872 applies today. From our analysis, can we believe that the government of the United States, or for that matter, any other capitalist administration, would be a different landlord?

Many shrewd industrialists have urged and provided housing, sometimes even relatively good housing, for their workers. Housing, after all, is no longer merely a shelter from the elements; it is also a consumer of services such as electricity and gas and all the equipment and appliances which go with them. The great utility corporations and the appliance manufacturers would not necessarily object to curtailing the profits of the mortgage investment bankers through a low rental housing program. Indeed such a program would doubtlessly be a very desirable one to the utility and industrial capitalists who, if their workers paid less rent, would thereby be able to pay them less wages. This is precisely what has happened every time such



a housing program was even partially achieved in those nations which are held up as examples, and in our little industrial empires, the company towns.

It is plain then that, if our planners really have the interests of the workers at heart, they must also consider other questions besides the mere construction of modern, sanitary dwellings. They must ask themselves, in the first place, whether their housing scheme, as outlined, is at all possible under the present system. And secondly, they must ask what effect an even partial realization of their proposal under capitalism will have upon wages and rent, and whether the lower-income groups will really benefit from such construction.

### *"Demonstration" Housing*

Many "solutions" for the housing question today are not as broad in scope nor as romantic as the one we have just studied. Precisely because these schemes are less visionary they frequently are utilized by the government and by big business as "demonstrations" of what a benevolent capitalism will do for its workers. We will cite here only one example of this kind of "workers' housing"; the Carl Mackley Houses in Philadelphia. This is the recently finished PWA project promoted by the officials of the American Federation of Hosiery Workers, a union of workers in the full-fashioned hosiery industry.

It was the declared intention of the sponsors of the project to make this community of 284 apartments available to the average union hosiery worker and his family, many of whom, a union survey of 1,400 members showed, "were paying more rent than seemed necessary" and for whom the "cost of running a home had become too much." This average union worker earns about \$30 per week when he is working. He usually lives in a small house, the total monthly rent of which is about \$40 and frequently, two or more families live together in order to pay this housing cost. When the development was opened in January 1935 with a great amount of ballyhoo, the rents, in spite of the promises, were \$10 to \$20 higher than even the average employed hosiery worker could possibly afford. The result is that today less than half of the tenants of the Carl Mackley Houses are hosiery workers, and many of these are officials of the union or can pay the rent only because several members of the family are working. This in the name of Carl Mackley, the

worker-hero who was shot down in the Philadelphia hosiery strike in 1930!

In view of what has already been said about PWA housing in the early part of this pamphlet, the reader will not be surprised at the above. The Carl Mackley Houses is described here in order to point out the harmful results of a growing tendency on the part of many labor leaders, and certain housing experts who are close to the labor movement, to take opportunistic advantage of the current interest in workers' housing. The promotion, on the part of these interested individuals, of such "low-rental" housing projects, as the Carl Mackley and the various cooperative ventures in New York City, can result only in misleading workers into believing that they are actually going to be decently housed through these schemes, or worse yet, that through the building of "model" developments they are making a step toward better conditions of life. It is significant of the opportunism of these labor leaders and their willingness to collaborate with the bankers and industrialists, that their utopian schemes avoid any real and effective struggle to better the existing housing conditions of the workers. Instead of fighting for lower rents and interest rates, and for better sanitation and the elimination of fire-trap conditions, these leaders are content to divert the rising protest of the slum dweller and the distressed homeowner into the safe channel of "model" housing. In this they are ably assisted by the Housing Division of the PWA, by numerous social workers, liberals and housing experts. Of course, some of these good people are not aware of the fact that the result of all this ballyhoo is to conceal the anti-labor activities of the government and, more importantly, to becloud the real issue; namely, that in order to clear the slums and win decent housing for all it is necessary to eliminate capitalism, which produced and reproduces the social evils we face on all sides.

### *European "Models"*

The more liberal reformers and experts are fond of saying, "Europe did it—why can't we?" It was the fashion, for example, before Hitler and fascism came to these countries, to refer to them as shining examples of how to solve the housing question. The famed Karl Marx Apartments in Vienna were last year riddled by shells and the housing societies and the municipal developments of

Berlin, Frankfort and other cities have been vitiated by the Nazis. The point to be emphasized, however, is that even in the heyday of their glory, these "examples" were far short of what the professional housing reformers made them out to be.

It is true that Social-Democratic Germany built perhaps three million dwellings between 1919 and the present; it is also true, and our liberals seldom tell us this, that the great majority of workers benefited very little from all this activity. In spite of the usual promises and the laws "limiting" profits, the rents were too high for the lower income groups. And contrary to popular impression, only 10% of this housing was constructed by public bodies. The balance consisted of dwellings promoted by building societies and by private speculators who received liberal subsidies from the government in the form of generous mortgages at low interest. As a result of the speculative boom, initiated by Socialists in the name of workers' housing, rents rose to a point where new apartments stood vacant for lack of tenants with ability to pay.

This condition of producing homes without regard for the rents—reports Dr. Fleischmann, ex-Berlin housing official—collapsed in 1929. As one apartment after another was left unoccupied and bankrupt, it was foreclosed by the holders of the first mortgages—private capital. Thus all the public capital which had been invested was lost and its intended benefits absorbed by private enterprise.

In 1933 the Nazis finished the job.

One would naturally suppose that the Social-Democratic experts would today begin to suspect that a change, more sweeping than patchwork reformism, was essential to a real program. Not at all. A number of émigré German housing experts are even now in the United States attempting to promote similar "experiments" here. But we have already seen from our analysis of the native variety what such schemes amount to.

From the point of view of workers and also many small shopkeepers and professionals, the Social-Democratic housing of Germany and Austria gave them very little. True, the great municipal housing projects in Vienna, Frankfort and the other cities did manage to provide higher standard dwellings for the better paid workers and municipal employees. But by helping to create a sort of "aristocracy of labor" these housing schemes were material factors in weakening

the workers' front against fascism. It was Otto Bauer, leading Viennese Socialist, who argued after the war that a housing program would serve to ease "social restlessness" and dissuade the workers from doing anything rash like deciding to run the government themselves; in other words, dissuading them from doing the one thing which could give them decent homes. It was Bauer, also, who urged the objecting taxpayers and industrialists to agree to these concessions on the ground that they would improve business. The low wages which followed the slightly reduced rents in Vienna, did indeed help to accomplish this to some degree.

Scandinavian cities are often brought forward as examples of what progressive government can do in the way of housing. Stockholm, in particular, has been receiving a good deal of praise and attention in this respect. As recently as May 19, 1935, the *New York Times* carried a feature article entitled "Stockholm Plan Urged for Model Housing Here." Little need be said of this "plan" except that since the city of Stockholm, although nominally Socialist, conducts its business on strictly capitalist lines, only the better paid worker and municipal employees were selected as good enough "risks." And, with rising costs and unemployment, many of these are unable today to meet the payments on their homes. It is a common sight on the outskirts of Stockholm to see the "*Till Salu*" (For Sale) signs on these little dwellings. Furthermore, it is not generally known that most of these "suburban cottages" consist only of a living room, also used for sleeping, a kitchen and a bath. Since 1930, 72% of the dwellings built for "the poor" in that city are of this low-standard type. So much for the Stockholm plan.

### *The English Example*

England, it seems, is enjoying a building boom.

London.—On almost every road leading out of London one passes long rows of houses. . . . All the trappings of a building boom are there. . . . If the new houses were sturdily built, there might be less harm in such a nation-wide wave of installment buying. But evidence accumulates that the bulk of the new houses are ugly and badly planned and that thousands of them are being built of shoddy material.

Even more disturbing is the greed of speculators who have huddled new houses together on the least possible amount of land. . . .

In short, England is repeating many of the worst blunders made in the United States during the years of unrestrained individualism before

1929. She may some day regret her own building boom, even though it keeps 425,000 men busy in constructional trades today and has increased the profits of auxiliary industries by 87% in the past year.<sup>19</sup>

We have already referred to the "Homes-for-Heroes" campaign which was initiated after the war. Between 1919 and March 31, 1934, there were constructed in England and Wales 1,160,294 "assisted" dwellings (that is, more or less subsidized by the government) in the name of low-rental housing and slum clearance. Commenting on this figure, the Detroit City Plan Commission says:

Although many authorities in England contend that houses should be erected for the low-wage earners to rent at 5s. to 7s. 6d. *per apartment*, very few structures of that kind have been provided. The "uneconomic" tenant is still forced to live in the slums because most of the buildings constructed in London are averaging 5s. per week *per room* which is not very far from the \$6 per room per month which we are trying to attain in this country. *It must be admitted that all efforts have failed to take care of the low-income group.*<sup>20</sup>

The latest housing law in England is designed to "solve" the housing question and put an end to the slums. Of course it won't, any more than such legislation has in the past. But even "liberal" governments find it periodically necessary to renew election promises in order to convince their constituents that they are on the job. It is a significant fact, however, that in those few instances where slums have been cleared, it turns out that a great harm has been done to the unfortunate workers who were moved to the new "model" housing developments. A report<sup>21</sup> was recently made by Dr. C. G. M. McGonigle, the Medical Officer of Health of Stockton, where a slum clearance project had actually been carried out. To the surprise of this official, he found that the infant mortality rate and the general health of the workers who had been transferred became much worse in their new "model" environment than they had been in the slums.

As a matter of fact there was nothing surprising about this at all. The workers who had paid 5 shillings a week for their slum dwellings had to pay 10 shillings a week for the new "demonstration" apartments. "Consequently," concludes Dr. McGonigle, "there was less money to spend for food" and the "rehabilitated" families became even less nourished than before. Here we have a striking example of the fact that better housing is not the cure which reformers claim it is. Social workers have long maintained that such social evils as

tuberculosis, malnutrition, prostitution, crime and juvenile delinquency, are a direct result of the slum. Certain housing experts, not wishing to go that far, have also been neatly avoiding the issue by referring to these evils as "corollaries" of the slum. Neither is true, as the Stockton case clearly shows, because the real factor is poverty; and that, of course, means capitalism.

The philanthropists and professional reformers may talk their heads off about better housing and slum clearance. Occasionally some foul-smelling hovels are cleared out, as in the case recently of Knickerbocker Village, a high rental "slum clearance" project in New York City, which replaced the notorious East Side "Lung Block." In the process, it was shown that the former occupants simply moved into adjoining slums. Engels points out that:

The infamous holes and cellars in which the capitalist mode of production confines our workers night after night, are not abolished; they are merely shifted elsewhere! The same economic necessity which produced them in the first place, produces them in the next place also. As long as the capitalist mode of production continues to exist, it is folly to hope for an isolated solution of the housing question or of any other social question affecting the fate of the workers. The solution lies in the abolition of the capitalist mode of production and the appropriation of all the means of life and labour by the working class itself.<sup>22</sup>

### *Factory-Made Housing*

The final housing panacea which we shall study in this pamphlet is known variously as "pre-fabricated housing," "mass-produced housing," "factory-made housing," etc. In the limitless potentialities of mass-production methods, the more romantic engineers saw the answer not only to the housing question but to other social problems also.

This trouble-saving solution of the world's problems, by means of machine power and production methods, is typical of the "Technocracy" bubbles with which engineers have been toying. These bubbles have been punctured one-by-one by the reality of the billions of dollars invested in precisely those antiquated buildings and plant equipment, in taxes and mortgages and in the speculative value of land which our engineers hoped to eliminate.

We know that decent workers' housing is both necessary and technically possible in the United States today. But we also know that

such housing hinges on a complete social and economic solution. In the same way, the mass produced housing envisioned by our engineers is dependent upon a stable, mass purchasing power. That is to say, the efficiencies and economies of the mass production of good housing depend on great masses of steadily employed workers being able to pay for them. And that is exactly what we see is impossible under capitalism.

### *Housing for Negroes*

The question of housing for Negroes presents a number of special problems. Because of a vicious and deep-rooted system of discrimination and Jim-Crowism, the Negro worker is even more exploited and more wretchedly housed than his white brother. The miserable shacks in which Negro share-croppers and workers live in the South are familiar to everyone. In the North, conditions, even in the big cities like Philadelphia and New York, are no better. In Harlem, for example, recent investigations revealed shockingly low standards and a degree of overcrowding which is scarcely believable. In some sections the density per acre is over 600 as compared with a city average of 266 persons per acre. This is due not only to segregation, but also to the necessity for the "doubling-up" of families in order to pay the rent. The survey also discloses that rents run, in many cases, "to 40% of the average income," which means that many families are paying more than half their income for rent. Reformers, both white and colored, have tried to whitewash these facts by promoting a few Jim-Crow apartment houses such as the Dunbar Apartments in Harlem. As usual, high rentals restrict the occupancy to the "upper-crust"—the shopkeepers, the professions and the clergy.

A complete solution of the housing question as well as the other special problems affecting the Negro, must wait for a more enlightened social and economic system than we have today. In the meantime, however, the Negro worker, with the help of organized white labor, can win better housing conditions at the present time in the same manner that better working conditions are being achieved through the unity of black and white workers.

### *Housing in the U.S.S.R.*

In sharp contrast to the hollowness and contradictions involved in the housing "solutions" we have thus far examined, is the experi-

ence of the Soviet Union. The October Revolution eliminated at one stroke, the main factors which cause inadequate and sub-standard workers' housing, and which operate in capitalist countries to prevent this condition from being changed. When the Bolsheviks took power in 1917, they abolished the private ownership of housing, with the result that workers had access to all the houses there were. They abolished the private ownership of the means of production so that not only were workers saved from robbery by the landlord but from exploitation by the employer. The establishment of the Union of Socialist Soviet Republics made possible, for the first time in the world, a sweeping demolition of slums, and a comprehensive re-planning of existing cities.

This is not to say that the U.S.S.R. has already achieved the millennium in housing. In 1917, the Bolsheviks inherited the worst possible housing conditions, not only in the villages, but in the towns and cities. Add to this the ravages of long years of civil war, the armed intervention and destruction by foreign powers, and the almost total cessation of building for about ten years and you have a partial picture of what the young Soviet State had to cope with.

In spite of these tremendous handicaps, a great deal was accomplished. From 1917 to 1928 about 100,000,000 square feet of housing had been constructed. But in the First Five Year Plan (1928-1933) over 300,000,000 square feet was produced. The Second Five Year Plan calls for double that, or 640,000,000 square feet, and already it is evident that this quota will be more than fulfilled. Moreover, Soviet housing and city planning are conceived entirely in relation to their value to the masses of people. Soviet designers never think of housing without also considering it in terms of community life, of nurseries, of playgrounds, of schools and workers' clubs. There is no profit in the Soviet Union and so the architects are free to design in the most progressive manner. There is no private ownership and so it is possible to have a central plan, a Five Year Plan, under which housing ideals, which are mere dreams in our country, are carried forward to reality.

One of the first steps taken by the Central Committee of the Communist Party was the re-distribution of the existing housing space. While entire worker families lived in a single room or hovel, the Czarist aristocracy and the business men and merchants enjoyed



large apartments and great private town houses and palaces. A more equitable distribution of the available space was the first undertaking in the Soviet housing program.

We may take Moscow as an example of what Soviet engineers and architects were able to do. A key plan of the city was drawn with all the desired changes indicated—a new street here, a park there, an entire community with factories, homes, schools, transit systems—everything was set down on the plan. Those buildings, especially the worst slums, which were in the way of the plan, were cleared out—no landowners to impede the process by holding out for high prices. Those buildings which were not in the way were retained and repaired. As any tourist will testify, Moscow is alive with activity, with new construction, with slum clearance, housing, subways. The same is true all over the Soviet Union. All existing cities and towns, which have an economic and social value, are being re-planned and re-built.

From the viewpoint of housing, however, the most significant contribution of the Soviet system is the planning of the completely new industrial towns—hundreds of them. Consider the case of Makayevka, a new city in the Donbas coal basin. First a plan was made showing the natural resources of the region; then a study of the weather conditions and the drainage of the land to determine the best place for the mines, the factories and the homes and parks; then highways and railroads. Finally the plan of construction was drawn up for a ten year period. So many workers the first year, so many houses, so many parks, so many bus lines. So many for the second year and the third and so on. Everything planned, nothing left to chance, to speculators, to profit.

A distinguishing feature of Soviet housing is its high standards. By that is meant not only bathrooms and refrigerators. Americans, who have the price, enjoy better kitchens and bathroom facilities than the average Soviet worker. By standards we mean many other things; for example, the nurseries where infants are cared for while mothers go to school or to work or to the theatre, and the kindergartens, the community centers, the social and cultural environment. And most important, we mean the standard of *security*. The Soviet worker is not in constant danger of eviction because he hasn't the rent; or the interest payment. Rents in the Soviet Union are based

essentially on income; if you earn less you pay less for the same dwelling. Furthermore, rents are never more than 10% of income and offer a striking comparison with rents in the slums of capitalist cities which usually are 20 to 25% of the income, and even higher. Soviet housing is part of the social insurance system, so that the worker who is ill or injured, or too old does not lose his home. Another excellent feature is the administration of this housing by tenant committees. To us, in the United States, the experience of the Soviet Union serves not only as an example of what has been achieved there but, more significantly, what it will be possible to achieve in our own industrially superior country when the workers are in control.

#### SUMMARY

Let us review briefly the main aspects of our discussion of the housing question.

(1) The recent government surveys show that most workers and farmers and great numbers of small home owners live in sub-standard housing. The current interest in the question is significant because it coincides with the present crisis of capitalism, with unemployment and a growing unrest on the part of the workers.

(2) The Administration, for two years, has made elaborate promises to clear slums and construct new, low-rental housing as a "means to recovery." These promises were not carried out and served only to spread the illusion of social accomplishment while the government gave billions to the banks and mortgage companies and raised the profits of big business, all at the expense of the living conditions of the workers and farmers.

Very effective in spreading this illusion of accomplishment are the occasional minor differences which President Roosevelt has with the organized manufacturers, the bankers or even the Chamber of Commerce of the United States. But in all such cases, it is a matter of method and not of principle which is involved. The President, as we have seen, works in the general interest of the industrialists and bankers, but some of them want even more action from him. Roosevelt, the shrewd politician, however, prefers to assume the role of "friend of the forgotten man."

(3) The "liberal" solutions to the housing question, including the European examples, are equally misleading. The liberal experts and

the reformers would have us believe that it is possible to attain a comprehensive and adequate housing without a fundamental alteration of society. But it is important to note that these reform programs are brought forward in increasing numbers precisely at a time when the capitalist system is in its greatest crisis and is daily proving itself inimical to a real housing program.

(4) We see then that a housing program cannot be an end in itself. Moreover, it cannot be the "means" to the end of a better life for workers and farmers. Our analysis leads us to the conclusion, that even if better housing for workers were possible of achievement under capitalism, it would not basically affect their general living conditions, their health, and their general security, because it would not change their status as exploited workers.

(5) Therefore, the only solution of the housing question, as well as all other social and economic questions, which would benefit the masses of people is the appropriation of all the social means of life and labor by the workers themselves.

### *What Is to Be Done?*

At this point, the question is naturally asked, "If decent housing for all depends on the abolition of capitalism, must those of us who are interested in this question wait until that happens? Is there not something to be done in the meantime?"

Of course there is. In the first place, we know that despite the reformers, capitalism will not abolish itself. It will be necessary for the workers and poor farmers themselves to take over the means of production. But in order to do that they must become strong through trade union and other forms of organization, and through the daily struggle to defend their living standards and their rights as human beings. Thus every advance of the workers is also a step toward better housing. All those who sincerely desire better housing for the masses of people must identify themselves through action with the labor movement. They must join the campaign for an adequate system of social insurance and they must help to build a labor party dedicated to these ends.

Our analysis has exposed the fallacy of "planning" under capitalism. We would be guilty of the same shopworn utopianism, or even of a sort of radical opportunism, were we to attempt to formu-

late any sort of comprehensive program for workers' housing at the present time. It is likewise impossible to draw up the precise plans and specifications of what such a program would look like after capitalism is eliminated. In this connection, we have done a great deal when we reveal the inadequacies and the inequalities of the present system and the possibilities of the future Workers' State. We should be satisfied to outline these possibilities in terms of the existing productive forces of the country which even today are sufficient to supply everybody with a more adequate living, including decent housing, and to indicate the conditions under which these forces can be set free.

### *Immediate Steps*

Most of the housing programs we have considered, the PWA plan, the liberal schemes and the others, all claim that one of the main, if not the main, objectives of their program is better housing for the lower income groups. Yet our analysis demonstrates that the very nature of these programs is such that the new housing they sponsor will not achieve the stated objective. It is extremely significant that, without exception, these so-called better housing schemes avoid certain very direct and simple methods which would at least partially improve the housing conditions of the people they profess to wish to aid. These methods have the virtue of being immediate and really practicable; they would help the housing conditions of the masses *right now*.

(1) The first practical activity is *the organization of tenants and destitute home owners on a protective basis*. Campaigns could be conducted for the elimination of some of the worst evils of the slums, such as fire hazards, lack of adequate sanitation, lack of parks and playgrounds and so on. In the larger urban centers and even in suburban and rural communities, tenants and home owners, if sufficiently organized, locally, could win a more secure tenure of their homes. They could prevent evictions, and force landlords and mortgagees to recognize grievance committees, and grant moratoriums and reductions in connection with rent and interest payments. Such activities have excellent precedent in the successful struggles of united action committees to prevent the eviction of stricken farmers and in the growing number of urban rent strikes in protest against

high rents, evictions, inadequate service and lack of repairs. In the face of the strong possibility that the HOLC will begin to foreclose against destitute home owners on a large scale it is of extreme importance that they be organized in militant protective groups.

(2) Another immediate and useful activity would involve the very significant cooperation of technical workers, in (a) *the analysis of existing housing standards and the outlining of better standards* (space, light, air, etc.) in accordance with our present knowledge of progressive hygiene and construction technique, and (b) *local inventories of all the available space suitable for housing and the use to which it is being put*. This would serve to show very clearly how unequally this space is distributed to the various income groups. It could also serve as a basis for the demands that appropriate, idle or vacant space be utilized to house unemployed workers and workers from the relief rolls who would otherwise be forced to live in the worst possible quarters.

(3) Since the slum dwellers and small home owners are largely workers or farmers, these direct activities for better housing conditions will inevitably link themselves up with the broader struggles for better living conditions in general. *Housing demands, including demands for lower rent scales, can become planks in the programs of local labor candidates for political office* and can be integrated with the actions of organizations of construction technicians and workers in the building trades.

(4) Above all, a campaign can be waged to establish *housing as a part of state and federal social insurance*, so that tenure will be secure in the event of unemployment, illness or old age.

### *Principles of a Genuine Housing Program*

The above are the immediate steps which can win a measure of housing decency for workers at the present time. We might conclude this pamphlet with a few thoughts concerning what naive technicians call the "long time program." We have seen how in Europe, a number of capitalist nations initiated so-called workers' housing programs out of fear of the organized working class. These schemes, particularly in Germany, Austria and England, invariably set off speculative building booms which gave large profits to bankers and private builders. In each case, the housing turned out to be too expensive

for the average worker and served also to do him harm in a number of other ways. In order that this may not easily happen in the United States, and in order that new housing shall really be "low rental" and not a delusion and a snare, it is important that we use the understanding resulting from our study of the housing question, to formulate a number of terms or conditions under which a program of construction may be carried out.

(1) In the first place, to insure control and avoid speculation, it is essential that the entire program should be in the form of high standard public works. This includes the financing, the land involved in the projects, the manufacturing of the building materials and equipment, and the construction of the housing itself.

(2) All wages paid in connection with this program should be at full union rates.

(3) In order to insure tenure, rentals should be based on ability to pay, rather than on the cost of construction, but in no case more than one-fifth of income. Tenants who become unemployed should have to pay no rent during the period of unemployment, unless they are receiving unemployment insurance.

(4) Of course, the best way to guarantee security is to make housing a part of a real social insurance program.

(5) The cost of such housing shall be made a general charge upon industry and government, without contributions by workers or farmers directly or indirectly (e.g. through sales taxes), and without increased taxes on small home owners. Sufficient funds can be raised through increased taxation of corporation incomes, the higher incomes of individuals, inheritances and gifts and other available sources.

(6) Finally, in order to eliminate the usual forms of present day corruption, the determination of standards and the administration of the finished housing must be entirely in the hands of committees elected by the tenants.

These conditions will obviously not be won by "putting it up to the government." Better housing will be achieved in the same manner that workers have made other gains, and that is by organizing and fighting for them.

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