

AFTER THE WAR

Address

By

Chester C. Davis

President, Federal Reserve Bank of St. Louis

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Except in a very general sense, I do not intend to come to grips tonight with your problems as developers, owners, and managers of real estate. I'd just as soon walk in on General Marshall and Admiral King in session with their high command and try to lecture them on the military problems of the African Campaign. You know your business and what the war is doing to it a lot better than I do.

For that matter, I am a little puzzled to know what I am doing up here, anyway. As nearly as I can figure, the invitation was suggested by Paul Porter to Herbert Nelson. If that is correct, it's just another bone to pick with the rent control administrator. My acceptance was another matter; I can only explain it by the well-known fact that citizens of St. Louis are never known to refuse anything a visitor asks of them.

Your profession has this much in common with most other economic groups - if you could count on a future free from booms and depressions, with sustained employment for those who are able to work, you wouldn't need any advice, help, or favors from anybody. You are better off than many because of the start you have made toward the collective study of your problems, and your readiness to work them out together.

Right now our whole economic being is distorted in the convulsions of the world. We are concentrating our national energy in the prosecution of war on land and sea all over the globe. It is necessary and right that we do so even though some of the economic and social consequences are tough to take. But it isn't necessary that, in fighting the military war, we abandon altogether our sense of direction and perspective.

I know that in its present mood the public cheers the man who says "Let's win the war first" to any suggestion of post-war planning. But I am afraid we are over-simplifying the issues when we nail up the "V for Victory" slogan as the sole purpose of our war effort. I dread the growth of the feeling that, with victory, the job is done; that everything will be all right then; that one day the forces on our side will beat down the forces on the other side decisively enough to compel unconditional surrender - period - just that and nothing more.

If this nation and its component elements - groups like these in convention here - are content with that conception of victory, then each favorable turn in the war brings us just that much closer to the day when we will be confronted with problems we are totally unprepared and incompetent to handle. The end of the shooting won't bring the real end of the war; in a sense, it will only mark the real beginning. In the years that follow we will have to determine and carry out our responsibilities in a world organization to promote and safeguard enduring peace; and we will have to learn how to use our human and material resources here at home to secure maximum production and employment.

The shooting war must come to an end comparatively soon - one year, two years, or three years from now. But these other wars, which must be won if military victory is to have meaning and enduring worth, will be going on ten years, fifty years, from now.

Human life in all its phases is dynamic, never static. It is impossible to purchase freedom in perpetuity by a military victory, or to have economic security merely by signing a treaty of peace. They have to be fought for, planned for, and everlastingly worked for.

The very nature of your work and interests places the men in this room in the thick of the fight on the economic front. From your publications and the utterances of your leaders, I know that you are trying to see what is ahead in order that you may plan for it.

I meet a great many men who grow uncomfortable, even hostile, at the mere sound of the word "planning". Some of them think "planning" and the "New Deal" are synonymous terms. But history will never record the period that intervened between the World Wars of 1914 and 1939 as distinguished by overmuch planning. If as a nation we had done more planning, based on a clearer understanding of the nature of our troubles, we would have plowed a straighter furrow than we did, and we would have harvested a better crop.

It's time to bring these considerations to earth here in this room, and apply them to your own problems. The interests of your profession are served best if we can avoid excessive booms and recessions. Sharp swings in the business cycle, ups and downs in employment and national income, can make or ruin you.

By the middle of 1943 our factories and mines will be producing more than twice the volume of goods turned out for the average of the years 1935 to 1939. Two-thirds of that production will be going to war, only one-third left for civilian use at home. Our man power will be fully used, at home and in the armed forces.

At the end of the war we face the enormous responsibility of converting the nation's man power back to production for peace. That job is going to take a lot of planning by the best talent and experience the genius of America can afford. It is sober truth and not cheap flattery to say that

the National Association of Real Estate Boards and its elements are organized and have the talent and experience to make a contribution of profound value to the nation in the trying years ahead of us.

While the war is on, it is not likely that there will be such a flight of funds into real estate as to generate a dangerous boom. Rent control and other restraints will be continued for the duration. The government needs and will strive to get all savings from current income and all available funds invested in its securities to finance the war. On top of the tax rates now authorized, the government will have to borrow five billion dollars or more every month to keep the war going.

Because I am closer to the financial front in this war than I am to its other phases, it would be easy for me to overemphasize the changes and distortions that result from this enormous government borrowing. Few of us, I think, realize its size. Let me make two comparisons to impress you how big it is. During five short months we will raise in this country, by borrowing, more than the nation borrowed to finance its part in World War I. The government borrowed slightly over \$24 billion in 1917, 1918, and 1919. That sum would not finance the cost of the present war on the present scale for four months. In the war against depression from 1933 to 1939, the Federal Government borrowed less than \$21 billion. Three months and a half of war at the present rate swallows up that sum.

The real danger zone will be reached after the war. Assuming that the war continues through 1944, the nation's money supply will probably be three times as large then as it was at the start of 1940. The people will be starved for housing, famished for goods that could not be provided while

war was on. Savings represented by holdings of government bonds will be enormous. A chance for speculative profit might touch the spark to the powder magazine. The magnitude of the war distortions creates a dangerous early post-war situation which, if not handled, could make the post-war boom of the early 'twenties seem like a mere flurry.

I do not believe, however, that we will turn over and go to sleep this time when the war ends. Restraints must be continued during the dangerous period immediately following peace. During that period, the problem will be one of transition and adjustment of labor from war to peace production. The real challenge of unemployment will come afterward.

If we are to manage ourselves even fairly well during the years of threatened boom and depression after the war, we are going to need teamwork of the highest order on the part of the leaders of private industry, of labor, and the national, state, and municipal governments. It is encouraging that so many great leaders of private business are planning now to provide maximum employment in their fields when the post-war vacuum has been filled and we settle down once more to the job of making a peacetime economy work.

Only by advance planning and close teamwork, to my way of thinking, will we be able to avoid hastily applied doles, and costly and inefficient "made work" of no lasting economic or social value. Say what you will, no matter what administration may be in power when general unemployment threatens in the future, the central government will be compelled to cope with it. When the time arrives for the government to supplement the efforts of private industry to provide full employment, its projects should be so planned that every government dollar spent will stimulate the maximum possible activity in private enterprise.

The housing field is one that promises most fruitful and lasting results for the exercise of teamwork on the part of the real estate and construction industries with the national, state, and municipal governments.

The housing shortage at the close of the war will be so great that, if national income can be maintained at a high level, it would take ten years of building at the highest rate of annual construction ever reached in this country to fill it. That peak was in 1925 when 900,000 new dwelling units were built.

The challenge that confronts real estate planners, if that job is to be well done, is stupendous and breath-taking. Our cities have never adjusted themselves to the automobile, let alone prepared themselves for the coming day of air travel. Every city has vast, blighted, close-in areas, incapable of yielding revenues that pay taxes. The very physical design of our cities, with their little rectangular blocks, is made obsolete by modern transportation.

These are problems which local groups must face and handle. National concern over unemployment may lead to intervention by the Federal Government to stimulate city rebuilding, but only local initiative and leadership can give it proper direction.

Community self-analysis, stimulated by groups like yours, is needed now if never before. Post-war demands to put men and materials to work rebuilding our cities cannot find us seeking postponement because we are not ready. On the other hand, it would be inexcusable if a tragic need forces us again to plunge into unplanned public and private "made work" to give employment.

To prepare for that day, state laws defining city powers need to be rewritten; out-of-date and even vicious municipal building codes repealed or modified; and the construction industry and building labor unions need to clear off the barnacles and get ready to do a real job.

War stimulates invention. No one can say what changes and improvements in home construction will be available if the building industry is free and willing to apply them.

Nothing would help more than a radical change in the basic philosophy of the labor unions in the building trades. It would alter the whole outlook for building if the trade unions would set for their goal a high annual income for each worker, earned by continuous employment turning out the maximum number of houses, instead of striving for the highest possible hourly wage for the minimum possible output.

If we are fair, we must admit that labor did not originate this mistaken policy of scarcity to force high unit prices or wages. But if we are to have the high rate of production and employment that our resources, our man power, and our ability to consume all justify for the United States, both employers of labor and the labor unions will have to throw that old policy overboard and start fresh on a new track.

I have said many times that the United States will not end this war bankrupt in spite of the fact that our public debt may be \$200,000,000,000 or more if the war outlasts 1944. We will still have our capacity to produce; our bountiful natural resources; a larger army of trained technicians, mechanics, and factory workers than we ever had before; and the finest diversified factory plant the world has ever known. These are the elements of real wealth,

and we shall not have expended them. Our job will be to learn how to use them at peace to produce the high and rising standard of living for all the people, which their continuous full employment would supply.

I do not think any one man knows how to do that today. We are going to tackle the job together. I have faith that the genius of America can work out the blue prints, and develop the know-how to apply them. The men in this room, and your associates who have been in session here this week, can contribute enormously. Your responsibility to take the lead in your field is very great. I want to urge just one thing in conclusion! As we sit down with other groups to consider these common problems, we will have many adjustments to make, many differences to settle. Let's work them out with decent respect for the other man's position, and with the good humor that generally has characterized our social and economic evolution. Let's save our bitterness and last-ditch fighting for the enemies on the outside. God knows we still have plenty of them out there.

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