

March 12, 1937

Mr. Allie S. Freed, Chairman
Committee for Economic and Social Progress
730 Fifth Avenue
New York, New York

Hear Mr. Freed:

I think that most everyone will agree that the building of cheap, up-to-date small homes, properly located is one of the great needs of the future. It is important, however, that this building take place in the right volume in such a way as to promote economic balance. It would be a sad thing indeed if we should build 800,000 houses a year for the next five years and then suddenly sink back to building 100,000 a year.

It is exceedingly important that the building be financed out of real savings, thrift accounts, insurance company money, etc., and that it not be financed out of an expanding bank debt circulating as bank credit.

Yes, the building of the right number of houses, of the right kind, in the right place, at the right time is one of the fundamentals of a continuing prosperity.

At the moment, we in the Department of Agriculture are not so very directly involved because it appears that the building activities of Rural Resettlement in the future will not be very great.

I had not felt that Arthurdale was an outstanding example of what might be accomplished. There are other

Resettlement projects that seem to me to be on a somewhat more sound basis. If you wish to discuss this kind of thing in detail, I would like to put you in touch with Milo Perkins of the Resettlement Administration.

Insofar as the federal government has to do with housing, I trust that it can put its greatest effort behind the movement in times of depression and a very much less effort in time of prosperity. If the government is going to furnish money either directly or indirectly for housing in any large volume, it seems to me that provision should be made to be sure that housing activity is properly related to the stage of the business cycle.

Rural housing should not be under the same agencies that have to do with city housing because the principles involved are so much different.

Sincerely yours,

~~Secretary's File Room~~
(Signed)

H Wallace