

NEXT STEPS IN HOUSING PROGRAM

I- Costs Must Be Lowered

The Housing Program is in grave danger of bogging down unless positive and vigorous steps are taken to ensure cost reductions.

II- Monopoly Elements In Building Field

Costs in the competitive portions of the building industry are coming down. Positive action, however, is vitally necessary to secure cost reductions in the more important monopolistic parts of the field.

Monopolistic elements in the building field can be roughly divided into those that are national, as in the case of many building materials, and those that are local, as in the case of labor unions and local collusive practices.

National monopoly situations can be only dealt with by Washington. Local monopolies must be handled primarily locally, with possibly aid from the Department of Justice in breaking up collusive local policies which are in restraint of trade.

III- Materials Prices

Material costs accounted for about 75 per cent of the rise in construction costs last winter and spring. (See table.) Many material prices not only are higher than in 1929 but exhibit almost unmistakeable evidence of being rigidly controlled. A few illustrations follow.

The price of plaster is 77 per cent higher than in 1929 and has not varied since February 1934. The chief constituent is gypsum, about 80 per cent of the output of which is controlled by the United States Gypsum Company. Prepared roofing shingles are 33 per cent higher in price than in 1929.

Structural steel is 17 per cent higher in price than in 1929. Cast iron soil pipe is 44 per cent above 1929. As a result of advances in prices it is now estimated that United States Steel Corporation has lowered its break-even point to approximately 40 per cent of capacity operations.

The price of cement is 4 per cent above 1929 and has not varied since April 1935.

Coal stoves are 21 per cent higher in price than in 1929.

The possibilities for success in securing lower prices are indicated by the private statement of one of the leading manufacturers of heating equipment that he would meet the prices quoted by any mail order house. There is pressure by buyers for a reduction in steel prices. Delay in bringing about reductions makes for uncertainty and postponement of building.

#### IV- Freight Rates

An advance in freight rates on building materials would be in complete conflict with the housing program, and should be avoided at all costs. A vigorous building revival, through its stimulation of traffic, would provide the solution of the acute railroad problem.

V- Controlled prices of materials and equipment can be lowered only through vigorous leadership by the Administration and the coordinated use of all the Government's powers and influences in this field.

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It is, therefore, respectfully suggested that the drive for lower prices should be made the responsibility of an aggressive and informed man such as, for example, General R. E. Wood.

PERCENT OF RISE IN COMBINED COST OF LABOR AND MATERIALS DUE TO MATERIALS

June 1936 - June 1937

Indianapolis, Ind.	217
St. Louis, Mo.	117
Oshkosh, Wis.	114
Providence, R.I.	103
Nashville, Tenn.	101
Tampa, Fla.	94
Milwaukee, Wis.	89
Newark, N.J.	88
Wichita, Kans.	87
Grand Rapids, Mich.	84
Richmond, Va.	76
Cleveland, Ohio	76
Los Angeles, Calif.	75
Chicago, Ill.	74
New Orleans, La.	74
Portland, Ore.	69
Boston, Mass.	66
Houston, Tex.	62
St. Paul, Minn.	61
Albany, N.Y.	57
Birmingham, Ala.	56
Pittsburgh, Pa.	55
Philadelphia, Pa.	53
Detroit, Mich.	53
Spokane, Wash.	36

Source: Federal Home Loan Bank Board

WHOLESALE PRICES OF BUILDING MATERIALS AND HOUSEFURNISHING GOODS

	<u>Percentage change from May 1937 to November 1937</u>
<u>Building materials</u>	-3.6
Plumbing and heating	+1.1
Structural steel	.0
Cement	.0
Brick and tile	-2.2
Paint and paint materials	-2.6
Other building materials	-2.6
Lumber	-8.0
 <u>Housefurnishing goods</u>	 +1.2
Furnishing	+2.5
Furniture	-0.1

Source: Bureau of Labor Statistics

BUILDING MATERIALS AND HOUSEFURNISHING GOODS FOR WHICH  
WHOLESALE PRICES REMAINED UNCHANGED FROM  
MAY 1937 TO OCTOBER 1937

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Building materials

Blocks, concrete  
Brick, fire clay  
    paving  
    silica  
Tile, drain  
    roofing  
Cement  
Lath, Douglas fir  
Lumber, cedar  
    chestnut  
    cypress  
    maple  
    white pine  
Shingles, cedar  
    cypress  
Paint, prepared, enamel  
    outside, white  
    porch and deck  
    roof and barn  
    varnish, floor  
Paint materials, barytes  
    butyle acetate  
    bone black  
    carbon black  
    lamp black  
    prussian blue  
    chrome green  
    chrome yellow  
    ethyl acetate  
    putty  
    whiting  
Structural steel  
Asphalt  
Plaster board  
Wall board  
Plate glass  
Pipe, sewer  
Plaster  
Slate  
Crushed stone  
Tar

BUILDING MATERIALS AND HOUSEFURNISHING GOODS FOR WHICH  
WHOLESALE PRICES REMAINED UNCHANGED FROM  
MAY 1937 TO OCTOBER 1937

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Housefurnishing goods

Blankets, cotton warp  
    wool  
Comforters  
Cutlery  
Floor coverings, felt base  
    lineoleum  
Irons, electric, nonautomatic  
Ironers, electric  
Oilcloth  
Sewing machines  
Shades, window  
Stoves, coal  
    electric  
Dinner sets  
Nappies, glass  
Pitchers, glass  
Vacuum cleaners  
Washing machines  
Mattresses  
Kitchen, cabinets  
    chairs  
    refrigerators, electric  
    tables  
Living room, chairs  
    davenports  
    tables  
Office chairs and desks

Source: Bureau of Labor Statistics