

Date should be January 4, 1938

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# American Housing Co.

530 SOUTH WOOD AVENUE

LINDEN, N. J.

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January 4, 1937.

Mr. Marrimer S. Eccles,  
Federal Reserve Governor,  
Federal Reserve Board,  
Washington, D. C.

Dear Sir:

In your recent address to the American Farm Bureau Federation you were quoted in the press as follows:

"It seems to me that our best hope lies in developing that form of organization for capital and labor which will further the public interest. Thought must be given for the best form of organization that will insure an adequate representation of the public interest involved in price, wage and production. 'The nation must solve these long range problems by hard and realistic thinking.'"

I have done that hard and realistic thinking that you mentioned. I am fully aware of the size of the problems and that Washington is swamped with proposals and plans.

Over a period of time, I have developed, within my mind, "that form of organization that will insure adequately representation of the public interest involved in price, wage and production."

A branch of the organization that must be fostered would deal with the great housing problem, confronting us, and, other branches would deal with the other basic necessities of life. The housing program, which I have worked out in minute detail, could be and should be launched immediately. First, I shall submit the following data in reference to housing.

Much more than has been proposed is essential to lure the required amounts of private capital into housing, if the low cost housing problem is to be solved, in the most effective manner possible and within a short span of time. Even when the National Housing Act is revised and relatively large amounts of capital are attracted to fairly large operating companies, they will only scratch the surface in solving the housing problem. The proposals which have been submitted to Washington by such bodies as: the Committee for Economic Recovery, Real Estate Boards, Chambers of Commerce, builders, material men, fabrication companies and leaders of industry, all bear the ear-marks of ordinary planning. Such planning will not do.

I am not condemning the National Housing Act, for I believe that it has served a useful purpose. I do not deny that some new construction will result. But, the sustained quotas of properly planned lower cost housing, which are essential, will not result, without the introduction of a new force, in our economic system. As you yourself suggested, the key, not only to the housing problem but also to the problem of replacing an existence with a living for our people, must be solved by a new key. The two problems are bound up together, housing being a part of the greater problem. They must be treated accordingly and not left to the whims of a few private investors. The new key is a new type of organization which must be included in our economic structure. Such an organization would not harm existing firms. The present make-up of the building industry absolutely prohibits cutting costs to the bone and yet they must be so cut, if housing is to be one of the vehicles utilized in attaining the principal objective of the masses. Large limited dividend companies cannot sufficiently change the make-up of the building system.

I am not desirous of expressing an ego in connection with this message, or, when I state that I know the lure that will attract more capital into low cost housing and has been hoped for in the most optimistic circles. I also know how to cut the cost of housing to a lower figure than you have ever heard suggested. Bold statements, but I am fully prepared to back them up. The means to these ends are only possible by the synchronization of many ideas, so meshed that the confusion in economic life, which has nearly reached a climax, can be coped with and our economic machine brought under control. Without a governor to balance wages, price and production, new construction is futile.

Kindly understand that there would be little value in writing my ideas. Mr. Ford could not have written his ideas about building his automobile business, but he showed how well he could coordinate ideas and execute them, when he had the chance.

Only two things would be necessary for you to do, if you choose to cooperate with me. One, - give me sufficient time to expound my ideas on a subject that has baffled our best minds for years. Two, - if you are convinced of the soundness of my ideas, it would then be necessary for you to call in five men whom we agree upon. I state with conviction that within sixty days thereafter, low cost housing projects would be in operation, also the new form of organization to which I have referred. You may think, from what I say, that too much speed is indicated, or that my proposals seem naive. Did you ever sponsor anyone and have the satisfaction of seeing him make good? Did you ever take a long shot on a dark horse? Sometimes one comes through better than the favorites which have had more chance.

I have made only three attempts to present my ideas. I recently wired Mr. James Roosevelt and Mr. John L. Lewis, and,

although I have had replies, they are not satisfactory ones. I am ~~wiring~~<sup>writing</sup> you because of your interest in housing; because of your reported views; and because of your position. I erred in judgment when I wired Mr. James Roosevelt. I am going to look, only to you, for cooperation insofar as the Administration is concerned. I may have to deal with Mr. Lewis. I should have mentioned a Republican to whom I chose to write, Mr. Bruce Barton. I did not want to forget the Republicans, especially a man who has sold many ideas.

I am not an alarmist, a crank, a Communist, or Fascist. I am merely a common-sense economist with a thorough knowledge of the pulse of our people; a graduate of Princeton University, and engaged in housing, in order to learn a few things, that are not included in the reports that get to Washington. Some years ago, I set an objective. To find ways and means of solving the problems herein stated. I have trained myself to execute my plan. Up until now, the time has not been propitious to launch it. Now, leaders may say I am too young, at 35 years of age, but that does not deter me one bit. I have more than just the will to go ahead. I have had executive and other experience that few have been privileged to have at my age. Also, I have forced myself for periods of time into seclusion and away from the confused activities of man, so apparent in today's life, in order to think clearly enough to come forth with a new and superior form of organization, which best fits our time and condition.

To receive such a communication may seem strange, but I am very direct in my dealings and I cannot afford to beat around the bush to see our leaders. The subject matter is either worth distressing, or it is not.

The attack on living cost must start, through new and better methods, in order that the attack on wages can be relaxed, so that a

boomerang can be prevented. The gap between big business and the Government must be closed. A dividing line must be staked out between the field of private enterprise and between the Government in private business. The curtain must be drawn on hit and miss attempts to replace an existence with a living. The masses are crying out for a sustained drive in this direction - a march of volunteers who will centralize their thoughts, energy, action and money on the best method to lick the problem of gaining, for all our people, abundance in the basic necessities of life - namely; food, clothing, shelter and medical attention.

Although the Administration could act as sponsor, there is the alternative of having no direct connection with the plan. I contend that the announcing of the proposed Manifesto, would be widely acclaimed and that the results could be a great monument to the Administration. The Doctrines I have in mind can be as important to the United States as the doctrines of Marx <sup>ARE</sup> ~~is~~ to Russia.

I make the following assertions with the full realization of their boldness. -----That ample funds (hugh) for the organization can be secured; that the organization will insure, barring, War, that which the masses in this country demand - a living. That the organization will serve as the needed governor on our economic machinery; insuring a sustained rising standard of living and preventing serious dislocation within our economic system which we had continuously experienced. That the organization, although developed along new lines, definitely follows American principals. That the organization, because of its nature and the popular support which it could command would stop strikes by capital and balance any attempts on the part of big business to advocate "aristocratic anarchy". That the organization is so planned that there can be no question of its

immediate acceptance by capital and labor. That the organization would serve as the best supplementary force in our economic structure in view of the times and conditions, and would be an important factor in helping to preserve our capitalistic system. That the organization would bridge the gap between capital, labor and the Government. That the organization, because of its peculiar make-up, would allow for continuity in carrying out its basic ideas and would not be hampered by politics, legislation, bankers, and policies, all of which usually cause backing and filling in connection with present day organizations.

I realize that the presentation of this material causes a reader to be skeptical of the claims and the writer. But, think of those who have already demonstrated special ability in the field of technological improvements. Think of our record of whipping up a great War time spirit and the mobilizing of three million men. Because the World, has been to a great degree, economically illiterate, opens the way for development of skill in the direction of human relations. It is high time that such skill should be uncovered. Recently brain trusters and armchair economists have played a part in our transition period.

The next period will be one when, either, saviors of our capital system appear or leaders who can persuade the masses to follow them, while they supplant the present system, with a new one. The later has already happened in Europe. May I remind you of your own words as reported from your Farm Bureau speech. The basic problems "must be successfully met if we are to preserve our capitalistic system".

Short-sighted leaders may believe: that there is no hurry to find a great supplementary benevolent force to inject into our

economic system; that there is no panacea for our problems; that no saviors are needed; that Laws, on the other hand, can bring about the needed adjustment; that adoption of ideas from time to time can mend the weaknesses of the structure. A positive way to find out if there is any need to hurry, is for our leaders to step down and work with the masses as I did. The pulse of the masses is never felt as well by present day leaders as those of tomorrow, because those presently in the seat of power have indirect contact, while future leaders have direct contact with the masses. You know that, if capital and labor enjoys a great degree of prosperity, and they probably will- gain some measure of false prosperity, then they are both too stubborn to deal with. What would happen then is any man's guess. Now, since capital and labor are both open for a plan, which would make agreement possible on solution, it is the duty of political leaders and others, to search for coordinators of the ideas which would make social betterment possible. When these coordinators are discovered the public further expects today's leaders to give every possible cooperation. If the ideas of these coordinators are proven sound, then, in that case, the public further expects from today's leaders help in the form of launching the plans.

From now on, "political parties and industrialists are going to be judged by their social results". But if the procedure which I just mentioned is not followed, there are only two alternatives. One, - the advancing of plans through the medium of labor leaders, or through leaders of specially organized groups, and, in both cases, economic strife is an attendant factor.

If for no other reason than there is the barest possible chance that I can do what I claim, you should, for the sake of millions



of worn Americans, give me the chance to talk with you.

I respectfully request your reply, but out of respect for one who has worked hard and long on life's GREAT JOB, I trust that you do not write and merely thank me for the data.

Yours very truly,

*Robert G. Wallace*

President,  
American Housing Company.

RGW/EH

January 11, 1938.

Mr. Robert G. Wallace, President,  
American Housing Company,  
530 South Wood Avenue,  
Linden, New Jersey.

Dear Mr. Wallace:

Chairman Eccles requested me to acknowledge receipt of your letter of January 4th in regard to your housing program. Although you state there would be little value in writing your ideas, could you not outline them sufficiently so that he might have some idea of the lines along which you are thinking before undertaking to arrange for an appointment and discussion with you.

As you are doubtless aware, so many proposals are sent here that it is impossible to ascertain which of them would require a personal discussion such as you suggest, without at least having some advance idea of their purport and scope.

Sincerely yours,

Elliott Thurston,  
Special Assistant  
to the Chairman.

ET:b