

CO-OP CONTACT



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UNITED HOUSING FOUNDATION
COMMUNITY SERVICES, INC.

PEOPLE'S CAPITALISM

NORMAN THOMAS

I had read in my newspaper that the U.S. Information Agency and the Advertising Council had set up in Union Station in Washington an exhibit that shortly will be sent overseas. The exhibit, the article said, is meant to give our overseas neighbors a picture of our social and economic system under the name of "people's capitalism". I resisted the temptation to dismiss people's capitalism as about as phony a name as Russia's "people's democracy" and decided to visit the exhibit when I was in Washington. This I did.

Briefly, its main feature is a display of two allegedly typical worker's houses, one of 1776 and the other of 1956. The ideas that the exhibit seeks to convey are, first, that all workers live as well as the fortunate dwellers in the model house of 1956 with all its gadgets; and, second, that the reason for the improvement since 1776 is "people's capitalism", as exemplified by the U.S. Steel Company and other corporations whose products are represented in the exhibit.

By some irony I had in my briefcase a newspaper of the same date which had advertised this exhibit of "people's capitalism". That newspaper under another heading announced on the basis of an official investigation, that "almost three-fourths of Manhattan's 40,000 residential buildings were substandard and that 22% had violations 'dangerous and prejudicial to life and health.'" It is about time that some of us Americans would stop preening ourselves on what we have



done and consider the horror of our slums in urban and rural areas. We might reflect that the lowest three-tenths get, percentagewise, a smaller proportion of the national income than in 1910. They can't possibly afford the worker's house with all its fine gadgets on exhibit to advertise people's capitalism.

It is even more important for Americans to reflect how we have made as much material progress as we have since 1776. It is not because the competition of private enterprisers for the sake of money reward produced our fine homes and useful gadgets and made us all rich. Actually many of the inventors of the gadgets on exhibit died poor. Even if one allows generous credit to capitalism as it has developed in U.S. Steel, General Electric, etc., one must admit that America was not entirely or chiefly made by the ambition of men to become stockholders in them.

The exhibit wholly neglects to tell our overseas neighbors what the worker has done for himself through his trade unions; the farmer through his organizations; and the consumers through cooperatives. It gives no evidence at all of the state of American culture, its art and literature, which are not the product of these beautiful gadgets on exhibit.

What I should like to see is a far better arranged and more comprehensive exhibit which might tell foreigners and Americans what we owe to pioneer families whose informal but real cooperation took them in wagon trains across the continent to build a nation. That spirit of cooperation is not dead. It works in trade unions and consumer cooperatives. It has compelled the state to take more interest in human welfare and to begin to give the average man a security which had to be forced on our capitalist system. To be honest, this exhibit should tell the world that even under our present system, some 15 million American men and women belong to democratic trade unions; that millions of Americans have established low cost credit unions to establish control over their savings; that some 13 million American families have ownership through their cooperatives in housing developments, food stores, oil wells, feed mills, insurance companies, and many other enterprises. But that isn't what the advertising agencies which invented "people's capitalism", want them to know.

In India I ran across serious minded men who thought India would have to turn communist precisely because only so could she be industrialized and learn to make the gadgets which Americans have. The way Russia and China, many Asians believe, have pulled themselves up by their boot straps is the way other Asian nations must, since they lack the advantages of America, originally a rich almost empty continent for pioneer settlement. If we are to advertise "people's capitalism" only in terms of our national possessions without reference to freedom we shall not win in Asia.

CO-OP NEIGHBORS

Co-operative Spirit in Beautiful Electchester

BEA and JACK MOSS

"Living here is wonderful," says Mrs. Flora Perle of beautiful Electchester in Flushing, Long Island. "It's like a city and country combined." Mr. and Mrs. Sydney Perle were among the first families to move into this \$20 million, 2,100 cooperative apartment project built on what was formerly a famed golf course. Once surrounded by wooded picnic grounds, the development is just a short walk from several parks. It is the "noble dream come true" of the International Brotherhood of Electrical Workers, Local 3.

"You'd be surprised at how friendly people can be," says Mrs. Perle. "In other places you close your door and live for yourself — here you keep your hearts and door open." As each new family moves in, someone already living in Electchester drops by to say "hello" and make friends. The women baby sit for each other and get together in the summer and hire buses to the beach.

"We've had a Mah Jong group for four years now," says Mrs. Perle, with a touch of pride in her voice, "and you'll have to admit it's pretty good when women can stick together for four years." The women have social teas and occasionally take their husbands out for theatre parties. The women do volunteer work for the Heart Fund, Infantile Paralysis and other charitable causes.

Recreational activities for the men include a fishing club, chess club and



TV club. The Perle's two children, Arlene 12½, and Michael, 10 have a wide range of activities available to them, too. There are Cub Scout, Boy Scout, Brownies and Girl Scout Groups. There's a "Little League" baseball team, which Michael will join this year, and each of the four sections of the Electchester development has its own football team. Every section has a recreation room and Mrs. Perle, a "den Mother," spends two nights a week in it with the children.

"When we moved in, people told us we should have bought our own home instead, with the down payment — now they beg me to try to get an apartment for them," says Mrs. Perle, who works in the office of one of the building sections. There is a waiting list of about 2,000 families for Electchester apartments. "We really like it here," says Mr. Perle, a cab driver, "You have to live with it to appreciate it. It's a wonderful thing because it teaches people to live cooperatively — to work together."

SPEAKING FRANKLY

TAX EXEMPTION

A. E. KAZAN

The term "tax exemption" has been greatly misunderstood by many people. The general impression is that organizations which have been granted tax exemption do not pay taxes on their property — this is not true at all.

Tax exemption must be considered as a part of the entire critical problem of housing in the City of New York. Housing which the average family can afford, is not being built today, and that is why we have a serious housing problem. Construction costs are at an all time high, and private builders cannot make a profit building housing which the average wage earner can afford. It is absurd to think that housing which is being offered at \$40 to \$50 a room is "middle income housing", yet that is what is being done. At those prices a family which needs a two bedroom apartment must pay \$160 to \$200 a month rent. Obviously a family with an income of \$80 to \$100 a week can not pay that kind of rent.

As a result of this situation, the average family must resign themselves to either living in apartments which are substandard or are verging on that classification, or moving out of the city. In the past few years thousands of the city's middle income families have been forced to move from the city because of the lack of decent housing. The city has recognized the seriousness of this situation. In fact it has been forced to build "middle income" housing projects in an effort to alleviate the problem.

Another part of the city's housing program has been to grant "tax exemptions" to those who are willing to build housing which will rent at a reasonable cost. In granting tax exemption the city sets the maximum rents which may be charged in developments receiving the assistance. "Tax exemption" does not mean that the city exempts the property from taxes, as paradoxical as that statement seems. *The city continues to receive from the redevelopment company the same taxes it had received from the property, prior to its being redeveloped.* The tax exemption is granted on the *improvements* to the property for a period of time, usually twenty-five years. The company which builds the new housing will pay the city each year the full taxes on the assessed value of the property before it was acquired for redevelopment.

In reality, the city benefits because it is assured that the taxes on the property will be paid. In many cases the city has been collecting little or nothing on much of the property which now is granted tax exemption, because of tax delinquency. Much of the property granted tax exemption has been deteriorating

to a point where it could not be assessed at a lower rate. By having this property developed by private capital the city is assured of a regular tax income during the period of the exemption and may look forward to a time when it will receive a much higher tax income from the same property.

The city's program of tax exemption has had the following results:

1. Moderate priced housing for lower and middle income families has been built.
2. The city has been guaranteed for a number of years to receive income from property which had been deteriorating in value, and which often has been tax delinquent.

3. The city will receive a much higher income from this property in future years.
4. The cost of city maintenance of fire, police, sanitation and other services are reduced when slums are eliminated and the area is redeveloped.
5. It has reduced the need for the city to build public housing, at least by the number of units private capital has built.

The city has adopted a wise policy in granting tax exemption to those who will build housing which most wage earners can afford. This policy has been one of vision and foresight. We hope the city will continue this policy for we have a long way to go before adequate housing is provided for the many who are in need of it.

CARE FOOD CRUSADE

The CARE Food Crusade is endeavoring to raise funds to ship 44 million pounds of United States agricultural surplus to the needy in about a dozen countries throughout the world. The Food Crusade actually helps twice — it reduces the surplus which has a depressing influence upon American agriculture, and at the same time, makes maximum constructive use of those foods where they are needed most.

One dollar contributed to the Food Crusade provides \$7 worth of food — 22 pounds — delivered to people who are hungry in remote areas of the world. Send your dollar to CARE, 660 First Avenue, New York 16, New York.

CO-OP HOUSING NEWS

AMALGAMATED HOUSING (Bronx):

The Van Cortlandt Cooperative Federal Credit Union, made up of 717 members of this cooperative, recently celebrated its 20th birthday with a program of speakers and entertainment. Since its organization in 1936, above 3,000 loans have been made, amounting to \$1,500,000. There were only two bad debts in all that time, these amounted to only \$98.36. The organization has assets of \$271,494.

ELECTCHESTER (Flushing):

Construction will soon start on a half acre, New York City Department of Parks playground. The land for this playground was donated to the city by the co-op.

Income tax hints were featured in the February issue of the ELECTCHESTER BEACON, and cooperators were reminded to deduct the interest and taxes that are included in their monthly carrying charges.

ILGWU COOPERATIVE VILLAGE

(Lower East Side):

Construction is underway on a 13,000 square foot cooperative supermarket which will serve the 2,700 members of the Cooperative Village, Amalgamated Dwellings and Hillman cooperatives in this area. The cooperative will be a part of a twelve store shopping center adjoining the housing developments.

An auditorium which will seat a thousand people is planned for the second floor of the building.

QUEENSVIEW (Long Island City):

Cooperators have loaned over \$2,000 to help launch a companion project Queensview West for 364

families adjacent to the existing cooperative.

BEECH HILLS (Douglaston):

Reported substantial savings in insurance cost last year. Much of the cooperative's insurance was turned over to the Insurance Department of Community Services, Inc. Substantial reductions have been realized on liability and other hazard insurance.

FRANCONIA VILLAGE (Flushing):

"Incinerator Don'ts" issued by the New York City Commissioner of Air Pollution Control were reprinted in a recent issue of the FRANCONIA VILLAGER. Noting that certain materials always produced dense smoke and excessive fly ash, and sometimes caused explosions, cooperators were urged not to put the following into incinerators:

Waste rags, paint cans, pressurized containers, rugs, excelsior, straw, flour, old shoes, linoleum, rubber, carpet sweepings, floor scrapings and cardboard containers.

HILLTOP VILLAGE (Queens):

Conferences have been held with representatives of Play Schools Association, Inc. and the United Housing Foundation relative to establishing an after school program for Hilltop children.

KNOLLS I (Bronx):

The success of a trial lecture series this winter has encouraged the Community Council to plan a subscription series for 1956-57 on cultural subjects. The charge for the series of 4 lectures will be \$2.00.

THE OBJECTIVE

HAROLD OSTROFF*

Too often cooperators lose sight of the purpose for which their cooperative was organized. This failing particularly applies to housing cooperatives. The objective of a housing cooperative is quite simple. It is to provide good housing at the lowest possible cost. The tenants of a cooperative by investing in shares become the member-owners. They collectively own their cooperative, and it is run democratically. If the organization, after it has paid all of its bills, has a surplus, this will be returned to the members in the form of a rent rebate. Cooperative housing is as simple as that — almost.

The democratic nature of a cooperative sometimes presents problems. Seldom do two or three members of the same family agree on everything. A "cooperative family" which contains hundreds and in some cases thousands of families, often finds that making democracy work is a difficult task. Yet, cooperatives have been successful because of their democratic nature — not in spite of it.

Many of the problems which arise in well established cooperatives stem from the fact that the members have lost sight of the objective of the organization. This is especially true after the cooperative has "settled down", and the need for housing seems to have been provided. At this time it is natural for the members to develop many other interests. Some of these interests are within the cooperative, and some are outside of it. In many instances the cooperative method may be applied to many of these activities. As the interests of each member of the family may differ, before long each person may be engaged in many other activities.

Because of the close proximity of their outside interests with their housing development, the various activities tend to become identified in the members' minds as being a part of the program of the housing cooperative. The hobby club, the glee club, the painting class, the music group, the credit union, the nursery school and countless other activities which are by-products of housing all become identified as a part of the actual business of the housing cooperative.

The manager of the cooperative becomes involved with these organizations. He is besieged by committees for space to hold meetings, if the space is available, it is expected that the cooperative will supply the facilities and equipment necessary for the meetings. Requests are made for a porter to set up the chairs — and to clean up afterward. The manager is asked for help in having announcements

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of meetings put under the doors of the members — after they have been run off on the mimeograph machine in the office. These and other requests and demands are made upon the housing cooperative by many of the community organizations.

In order to achieve the objective of maintaining the carrying charges as low as possible for all of the members, the budget of the house does not include funds for the costs of community programs. When the house incurs expenses for these activities it is reflected in the costs of operation of the cooperative. It is not fair or right for all the cooperators to have to pay for programs which are of benefit to only some of the members.

It is recognized that many of these community programs provide worthwhile and beneficial services to the participants, and have become of great importance in the people's lives. Those who enjoy and participate in the various activities should be the ones to pay for them. Activities other than housing are only incidental to the purpose for which the cooperative was erected. It is not right for all of the members to pay for programs which are of benefit and interest to only some of the members.

Community activities should be encouraged to become self-supporting independent organizations within the community. Both the activities and the cooperatives will prosper from such an arrangement.

- The May issue of CO-OP CONTACT will include
- an interview with Mrs. Franklin D. Roosevelt.
 - a report on the membership meeting of the United Housing Foundation.
 - a review of housing legislation by Phillip I. Blumberg, Esq.
 - other interesting articles.