



# CO-OP

# Contact

UNITED HOUSING FOUNDATION • COMMUNITY SERVICES INC.

## THE RECESSION AND HOUSING

A. E. KAZAN  
Executive Vice President  
United Housing Foundation

Both the Administration and the leaders of the Democratic-controlled Congress have introduced housing measures as a way to bolster the faltering economy. Both groups believe that funds put into housing programs will be the quickest method to produce an upturn in the economy.

While both proposals have the same objective, the details are somewhat different. It is not our purpose here to discuss the details of either plan. It is the objective which concerns us. Housing again has become a political football. The programs proposed have not been advocated because there is a great need for housing or slum clearance — but as the most expedient method to combat the recession.

Regardless which plan is adopted, or a compromise between the two, which is most likely, the result will be twofold. More housing will be created and the economy will be given a measure of relief. The nation needs both at the present time.

The need for adequate housing, slum clearance, redevelopment and renewal programs are so obvious, that we find it difficult to understand why such important matters must be tied to emergency measures to combat a recession.

Only on rare occasion has Congress acted on housing legislation because of the urgency of the housing problem. Historically, such programs as public housing, the FHA, veterans' housing, etc., have been initiated to bolster the general economy or some specific segment of it. Public housing programs were initiated primarily to assist the construction industry during the depression; the FHA program was created to assist the bankers. There has never been a comprehensive and coordinated housing program in the United States. Piecemeal methods which have been used have not solved the problems.

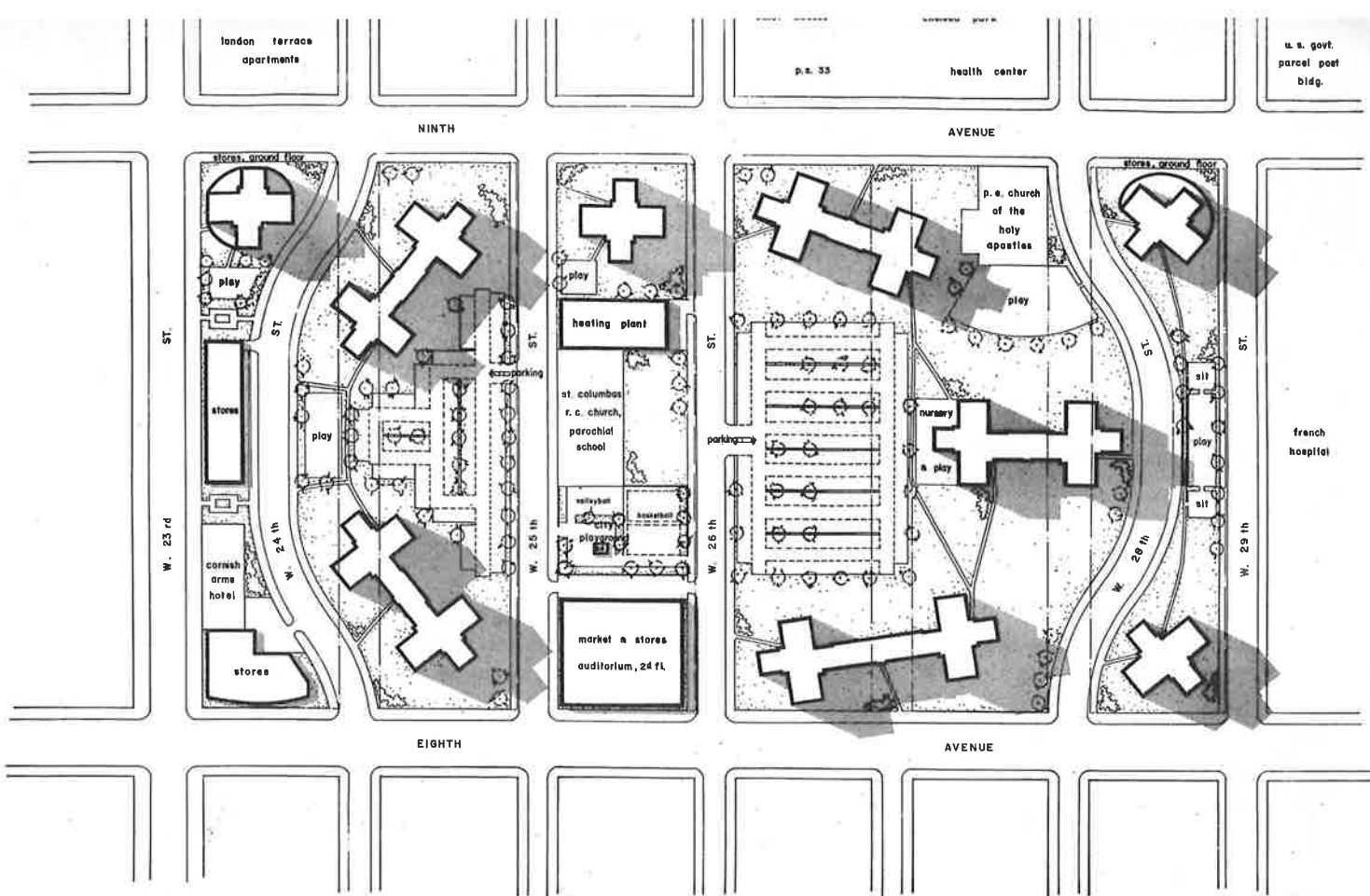
The problems of a comprehensive housing program are complex and costly. They cannot be met by stopgap measures now and again. As long as housing is considered as a stepchild to other programs there is little likelihood that we shall make substantial progress in providing an adequate supply of this basic commodity.

We need bold and imaginative programs. We must not be content to try "and hold the line". We must be planning now for the needs of communities and families twenty years from now when our population will have increased by fifty million persons. This is not a task for the government alone, nor for private industry alone. The problems are too involved for individual families to cope with. We need programs which will enlist all groups, public and private together, in a cooperative endeavor.

We have to raise our goals, accept the challenges which are ahead and undertake a program which will rebuild America and provide its citizens with decent homes.



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PROPOSED SITE PLAN AND RE

## UNION TO SPON THOUSAN

The International Ladies' Garment Workers' Union officially announced on February 20th its intention to sponsor and participate in the financing of the proposed Penn Station South (Chelsea) cooperative. The cooperative will be called the ILGWU HOUSES Inc.

Plans for this cooperative development were first announced by the Slum Clearance Committee of the City of New York last August. The United Housing Foundation had submitted to Robert Moses, the chairman of the Slum Clearance Committee a proposal for redeveloping the area bounded by Eighth and Ninth Avenues and from Twenty-third to Twenty-ninth Streets. The Committee has recommended this site to the Housing and Home Finance Agency in Washington as a Title I slum clearance development.

Before the cooperative can proceed the development must be approved by the HHFA, the City Planning Commission and the Board of Estimate. In addition the cooperative must be the successful bidder for the site at a public auction. The auction is held under the provisions of the National Housing Act of 1949.

### Thousands Apply

Since last August, when the initial announcement of the proposed cooperative was made, over a thousand persons entered their names on waiting lists to receive applications. When the announcement of the sponsorship was made, the applications office of Community Services Inc., at 530 Grand Street in Manhattan, sent out applications to those who were on the list and gave applications to those who applied in person. In the first few days, over two thousand persons called or visited the office for applications, which are accepted with a five hundred dollar deposit.

The overwhelming demand for applications in the proposed cooperative is indicative of several things. Foremost is the continuing great need for moderate-priced housing. Secondly, it is evidence that people are willing to invest their savings to help themselves. Thirdly, the general public has recognized that the cooperative housing method offers the working man the best opportunity to obtain decent housing at a reasonable price.



ORDERING OF ILGWU HOUSES, INC.

## FOR NEW CO-OP — TERMS APPLY

The ILGWU HOUSES is being headed by Abraham E. Kazan pioneer developer of cooperative housing in New York City. Mr. Kazan is the president of the Amalgamated Housing Corporation in the Bronx, and of the ILGWU Cooperative Village; he is also the executive vice president of the United Housing Foundation, which will promote and coordinate the plans for the new cooperative. Herman J. Jessor is the architect.

### ILGWU Houses — A Cooperative Community

The tentative plans call for a cooperative community of 2,500 families. There will be nine, 20-story apartment buildings, a central power plant, playgrounds, gardens, shopping and parking facilities. Only 2.9 of the 20.72 acre site will be occupied by buildings. The remaining area will be used for gardens, playgrounds, parking, etc.

Apartments will range in size from 2 rooms to 5½

rooms. The 5½ room units include three bedrooms and two bathrooms. The two room unit is a living room-bedroom combination with a kitchenette. The 3½ room unit is a one-bedroom apartment with a living room and a kitchen with a dining area. The 4½ room apartment includes two bedrooms. All apartments will have a central foyer.

### Equity and Carrying Charges

It is estimated that the members' equity in the cooperative will be \$650 per room. The monthly carrying charges are expected to average \$22 or \$23 a room a month.

The ILGWU, which sponsored and is the mortgagee of the 1,672-unit ILGWU Cooperative Village in lower Manhattan, is expected to invest about \$20,000,000 of its pension funds in the mortgage of the cooperative. Other mortgages and the members' equity will cover the \$35,000,000 cost of the development.

## UHF DIRECTOR



PERCY S. BROWN

Percy S. Brown, Vice President and a Director of United Housing Foundation, and Treasurer and a Director of Edward A. Filene Good Will Fund, Inc., has a record of varied service and experience since he was graduated from Rensselaer a half century ago.

From positions as chemist with Western Electric in New York and Chicago, Works Manager of Corona Typewriter Company, and Sales Manager of the Portable Adding Machine Company, he went to Geneva, Switzerland, as Deputy Director of the International Management Institute. There he became associated with the late Edward A. Filene, Boston department store merchant and international figure, while the latter was in Geneva during the summer.

He was associated with Mr. Filene in Boston thereafter until 1930, leaving to become a partner in James O. McKinsey Company (Management Engineers) in Chicago, but returning as technical adviser to Mr. Filene in 1933, which post he held until the latter's death in 1937. He was also Treasurer and a Director of Consumer Distribution Corporation (organized and financed by Mr. Filene for the development of cooperative department stores) and of Good Will Fund, Inc. (which later became Edward A. Filene Good Will Fund, Inc.), and a Trustee of The Twentieth Century Fund (also founded and financed by Mr. Filene).

The Edward A. Filene Good Will Fund, Inc. has been very helpful to a number of housing cooperatives including Hillman Houses, East River Housing Corporation, and Kingsview and others, by assisting with their initial financing. The Fund also helped organize and financially assisted the United Housing Foundation.

Mr. Brown's other activities included The Taylor Society (President), Society for the Advancement of Management (President), Massachusetts Recovery Board (Assistant to the Chief), Council for Cooperative Development (President), Council for Democracy (Treasurer and Director), Medical Administration Service (Advisory Council), as well as a score of similar posts. He was Editor of CONSUMER CO-OPERATIVE LEADERSHIP and MANAGER'S MANUAL FOR COOPERATIVE STORES (1942 and 1945 editions), and co-author of NEXT STEPS FORWARD IN RETAILING (1937). He now lives in New Hampshire, but continues his active interest in many socio-economic causes and projects.

## THE WORK of the UNITED HOUSING FOUNDATION

Approximately half of the readers of CO-OP CONTACT are members of housing cooperatives which make up a part of the membership of the United Housing Foundation; the other half of our readers are subscribers and applicants for future developments. This article, and one on the work of Community Services, Inc., to appear next month, will outline the work of these two organizations.

The job of the United Housing Foundation is to sell — not a product, but an idea. A practical idea designed to improve the economic and social lives of consumers. Specifically, the United Housing Foundation is trying to educate people to understand how they can help themselves, as consumers, by working together.

One of the great common needs of many people today is decent housing. The United Housing Foundation is trying to show people how they can obtain this kind of housing at a reasonable cost through a cooperative effort.

UHF is a membership organization comprised of many existing housing cooperatives, labor unions, fraternal, neighborhood and civic organizations. The housing cooperatives which are members of the United Housing Foundation all adhere to the same principles and are at the present time providing homes for over 10,000 families. The other membership organizations, unions, etc., have recognized the advantages of cooperative housing and are interested in promoting and developing more cooperative communities. Through the UHF, these non-profit organizations are unselfishly trying to help people understand how they can work together through cooperatives to help themselves.

The success of the existing housing cooperatives offers ample evidence that the cooperative idea is sound and practical. The New York Times reported recently that cooperative members save themselves 40% to 60% in rent. Some members have lived in cooperatives for ten, twenty, and thirty years, and their savings have been substantial. They also know that not one member has ever lost a dollar of his equity investment in these organizations. These cooperatives are proof that people can, by working with each other, own and democratically control housing which benefits them economically and socially.

The primary task of the United Housing Foundation is to tell the story of how cooperative housing benefits people. Once they know the facts, it is up to them to decide if they wish to join a cooperative. The story is told in a variety of ways by general publicity of the newspapers, radio and television; by publication of leaflets and pamphlets; by meetings of groups of people, and by correspondence.

The organization also assists those who become interested

*Continued on page 8*

# Illiteracy Is A Greater Threat Than Sputniks\*

By MURRAY D. LINCOLN

President

The Cooperative League of the U.S.A.

Ever since the first Sputnik burst from Earth and settled into its orbit, our system of education in America has been taking a lot of knocks. It's as thorough-going a flop, the critics say, as was the first attempt to launch our own Sputnik.

I say such charges are unfair. It's completely unreasonable to indict our education system on the strength of Russia's success in scoring a "first" in space. To belittle what our schools have done is to ignore the hundreds of brilliant inventions and scientific achievements that Americans have been responsible for.

The crying need in education, I think, isn't the machinery that will produce scientists who can put moons in the sky. What education needs most, in simple terms, is a good spreading around.

This is particularly true if democracy is to win acceptance among peoples in the underdeveloped countries of the world, as well as among people now under communist or other totalitarian domination. Democracy, more than any other form of government, calls for a literate population.

Citizens who would function effectively in a democracy must possess facts about many things and many people. They must think clearly and independently about the issues that come before them, and they cannot do this unless they have developed the art of communication to at least a functional level.

Education and literacy so vital to the proper workings of democracy, have obvious ties to standard of living, too. The relationship has been clearly shown in studies made in the U.S. The studies spell it out this way: where illiteracy levels are high, per capita income levels are low. The same inverse relationship applies to average wages, savings, insurance holdings, and retail sales.

Illiteracy is a threat to democracy for a number of other serious reasons. Not only does illiteracy make it more difficult for democracy to have its story understood around the world, but it also poses a difficult problem in our national defense effort. Modern equipment and training procedures require higher levels of intelligence than ever, if they're to be properly used and carried out. Reading and writing skills that just "get by" aren't enough.

If you'll recall, there was great public dismay at the number of our young men who had to be rejected from military service in World War II., because they were physically deficient. Equally appalling to me is this fact: nearly three-quarters of a million men, equivalent to about 60 Army divisions, were rejected because they were educationally unfit. And a large number of men, educationally under par, were kept in uniform only because the Army undertook to give them some schooling. While others were shouldering rifles,

these men were making their way through basic training with primers and spelling books.

If illiteracy is a problem here in America, imagine what a headache it must be to heads of government in other countries, particularly in Africa and Asia. On those continents, the extent of illiteracy runs to around 70 to 80 percent. Under such conditions, how in the world can a government effectively make its policies and programs known to its people? How can people unable to read and write ever become fully aware of their importance as human beings and citizens of a state?

These questions have troubled me for many years. That is why, when the chairmanship of the National Commission for Adult Literacy was offered me recently, I readily accepted. The Commission has set out on a campaign to alert the American public to the need for action in the field of adult education.

In that regard, the problem is all the more complicated because the Average American doesn't realize there *is* a problem. Few of us, in our comings and goings, run into people who can't read or write. Yet the figures show that in 1950 there were more than three and one half million Americans who couldn't handle those two of our traditional Three R's, even by minimum standards. More disturbing are other figures which indicate that one out of every ten adults in the U.S. is "functionally illiterate." By accepted definition, these people have not acquired the "knowledge and skills in reading and writing which enable them to engage effectively in all those activities in which literacy is normally assumed in their culture or group." A person who is functionally illiterate can't do much more than read and write his own name and a few simple sentences.

As serious as I believe the situation to be in the United States, again it is as nothing compared to the world-wide problem. Think of it — 700 million people in this world who cannot write their own name or read the simplest newspaper story. To my mind, these millions deserve at least as much of our concern as does outer space. These are the people whose lives we would enrich through aid and self-help programs. How can we hope to be successful if the people we want to win as friends are so unlettered that they can't distinguish between free world self-help programs and communist aid-with-strings attached?

A national program to eliminate illiteracy could give us some important "know-how" in attacking the problem throughout the world. And an effective world-wide program, initiated by the United States, would, I'm sure, give needed emphasis to the human and social aspects of our aid programs. In fact, it could very likely do a better job of building faith in our democratic motives than all our economic and military aid plans put together.

\*Reprinted from MINUTES magazine of Nationwide Insurance Co.

# ANNUAL MEETINGS

The first three months of the year is annual meeting time for most corporations. The annual meeting is the time when stockholders hear reports on how their business was run during the previous year and what the plans are for the future. Most corporate meetings run as smoothly as a well-oiled precision machine. It is a rare occasion when some obstreperous stockholder questions the policies or program presented by the Board of Directors or the management. Such occurrences are so rare that if a non-conforming stockholder voices his opinion at an annual meeting of a large corporation, the fact is usually reported with glee in some of the daily newspapers.

The dullness of the usual corporate meeting arises from the voting policies of private-profit corporations. Each stockholder votes according to the number of shares he owns. Usually the directors own shares or have proxies for a large percentage of the votes cast. Unless a person likes to talk just to hear himself talk — and of course, there are many such people — there is little reason for a stockholder to express his opinion. Under this system of voting, it is the number of shares that are important, not individuals.

The opposite is true in a cooperative organization — people, not shares, are important. Each cooperative stockholder has one vote regardless of the number of shares he may own. Each member must exercise his own voting privileges and responsibilities, as proxy voting is not permitted.

Cooperatives are not generally faced with the same problems corporations have regarding attendance at annual meetings. The membership of a cooperative, except for large regional wholesalers, are usually located in a relatively small area, (this is particularly true of housing cooperatives). On the other hand, the stockholders of commercial organizations may be scattered throughout the 48 states.

Because the membership of cooperatives are therefore concentrated, attendance at annual meetings is apt to be relatively good. Some cooperatives, particularly those with thousands of members, are finding this a problem. Usually both adult members of the family like to attend the annual meetings together, even though only one is the official stockholder. As cooperatives are "the family business", it is ideal when a meeting place can be found large enough to accom-

modate all who wish to attend. Unfortunately, however, because of their size, some cooperatives have had to restrict the meetings to official stockholders only. A few cooperatives, where the membership is very large, have had to give up the annual meetings. This arrangement becomes necessary because meetings with large numbers of people often become unwieldy and difficult to conduct efficiently.

The annual meeting should be conducted in a manner which permits questions and intelligent discussions by all the stockholders. When a meeting is too large, the handling of questions and discussions becomes very difficult if not impossible.

In a cooperative where each member has an equal vote and the members democratically control the organization, there is good reason why many members may wish to express their opinions on issues which arise. In most organizations, however, the great majority of people will vote on issues after hearing the pros and cons without actively participating in the discussion. This is particularly true in large meetings. The larger the meeting, the smaller the actual participation on the part of the stockholders. The smaller the meeting, the more likely that more people will participate in the discussion and questioning leading to a decision.

Meetings should be conducted so that it is possible for all who wish to speak to be heard before a decision is reached. This can most effectively be done in smaller meetings. In most organizations, and cooperatives are no exception, there are a small number of vocal individuals who have something to say on almost every issue. The same people can be expected to be heard from, no matter what the subject is, at every meeting. Generally, these people are opposed to whatever is presented. Often, the small but vocal group is a disrupting influence at most meetings. People get tired of listening to the same people all the time. One of the common complaints of annual meetings is that too much time is wasted by having to listen to the same arguments repeated over and over by many speakers. If, however, the chairman of the meeting should attempt to limit the discussion, he is accused of being a dictator.

These are some of the problems of bigness in democratic organizations. When organizations get too big, democratic procedures may have to be modified. The pure democracy



STOCKHOLDERS' MEETING — EAST RIVER HOUSING CORPORATION

concept of the New England town-meeting government is ideal, and works well if the town is small. But larger towns and cities have found it necessary to modify the democratic process to rely on representative type democracy rather than pure democracy.

The bigness of many European cooperatives, and a few in the United States, has necessitated giving up the annual meeting. In its place, sectional membership meetings are held and all members are invited to attend these meetings. These meetings are small enough so that all who attend can actively participate. These sectional meetings elect delegates to attend a "congress" or central meeting. These delegates formulate the policies and perform the functions of the annual meeting.

This representative type democracy may not be as ideal as pure democracy because the ultimate decision cannot be exercised directly by the member. However, such a method does allow the member to participate more fully in his sectional meeting than he could hope to do in his very large annual meeting. Cooperatives which have operated under this

kind of administering are enthusiastic over the results which have improved the members' understanding of their cooperative.

Where this type of representative democracy is not possible, some cooperatives have found that annual meetings may be improved by the holding of pre-annual meetings or information meetings. In a cooperative where there are a thousand members, the informational meetings are divided so that groups of 250 are invited to attend each meeting. The topics which are discussed at the annual meeting are discussed fully at these preliminary meetings, theoretically, at least eliminating the necessity of going into some of the details at the annual meeting.

Cooperative annual meetings are important. These are occasions when the consumer-owners exercise the control of their businesses. Every annual meeting should be a time when the membership, individually and collectively, demonstrate that consumers have the ability to accept the necessary responsibilities to conduct their own businesses in an orderly intelligent manner.

Continued from page 4

by referring them to a group already in the process of starting a cooperative, or by assisting them to organize their own cooperative under the sponsorship of the UHF. Providing the technical assistance in such matters as the legal and financial aspects of organizing a cooperative is an important function of the United Housing Foundation.

In addition to assistance for individuals, United works with labor unions and other groups to develop an understanding of how they can promote the advantages of cooperation among their own membership.

Within the limits of its budget, United does research to determine where a cooperative housing development might be most effective, and on other specific problems regarding housing.

Finally, the United Housing Foundation is interested in expanding the advantages of cooperative effort into other fields for the benefit of its own members and present or potential cooperators. Membership meetings and publications are used to exchange ideas among member cooperatives. This objective will be discussed in more detail when we consider the work of Community Services, Inc., in our next issue.

The work of the UHF is a cooperative undertaking. Without the support of its members, United could not exist. In spite of the desperate need for moderate-priced housing, the United Housing Foundation is a unique organization in the field of housing. It is the only non-profit membership organization working to help consumers obtain decent housing. The UHF stands ready and tries to assist all those who are willing to try to help themselves.

## Progress Report

### Park-Reservoir — 275 Units

Complete occupancy of this cooperative was recently accomplished. This is the first cooperative to be completed under the Mitchell-Lama Law.

### James Peter Warbasse — 5100 Units

A hearing on this proposed cooperative was held before the City Planning Commission in February. The Commission is expected to announce its decision shortly.

Applications are still being accepted for this development. Additional applicants' informational meetings will be called soon.

### Seward Park — 1728 Units

Apartment selection is proceeding rapidly; approximately one-third of the units have been subscribed. Applicants are being called in order of the account numbers.

Relocation work is proceeding and the old buildings, as they become vacant, are being demolished.

*Next issue of CONTACT will include reports on the National Cooperative Housing Conference and the Canadian Labor Conference on Cooperative Housing.*

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