

CO-OP CONTACT



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UNITED HOUSING FOUNDATION
COMMUNITY SERVICES, INC.

THE NATIONAL BUDGET AND HOUSING

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The national budget of any country can be looked upon as a barometer. The aspirations, fears and hopes for the future of the nation may be ascertained from studying the budget.

Last month a record peace time budget of nearly seventy-one billion dollars was submitted to the Congress by the President. This impressive document covers the operations of the government from July 1, 1957 to June 30, 1958. It is probably a safe assumption that few of the readers of this publication, if any, are accustomed to handling billions of dollars. Therefore, for clarity we might break the budget down in terms of a dollar. Fifty-nine cents of the dollar is allocated for the military, mutual security program, atomic energy and stock-piling; 10¢ is used to pay interest on debts; 7¢ for veterans; 7¢ for agriculture; 2¢ for debt retirement, and 15¢ for everything else. (Incidentally the total national debt at the end of the 1956-57 fiscal year is estimated at \$270,600,000,000).

The budget, an impressive document, is about the size of a telephone book and contains 1,150 pages (or 143 issues of Co-op Contact). For those interested in big figures, this volume should be scintillating reading.

Our space is limited and only a few observations can be made. Perhaps these observations might be listed in two columns, one headed encouraging and the other headed discouraging.

It is encouraging to note, for example, that the budget for the Department of Health, Education and Welfare, has been increased to three and a half billion dollars. \$451,000,000 has been budgeted for new school construction, this is

part of a program which calls for spending two billion dollars over a four year period. This is at least a start on one of our major social problems. There are many other worthwhile projects in the budget for this department. For example, almost 47 million is budgeted for cancer research; 35 million for mental health research and 33 million for heart research.

Continuing the encouraging aspects of the budget, it is gratifying to note that the REA rural electrical and telephone program was increased slightly over last year's budget; and that work of the T.V.A. will continue and possibly be expanded. Funds for other worthwhile programs are also included in the budget.

Commenting on the budget, Congressman Pains, chairman of the sub-committee on housing of the Banking and Currency Committee said, "The President's housing program is pitifully inadequate". The list of discouraging things about the budget might be headed by that remark. As in the past, the budget calls for the building of 70,000 low cost public housing projects over a period of two years. There are other aspects of the housing budget which are also "pitifully inadequate." With reference to slum clearance, it is pointed out that by the end of 1958, forty-one projects initiated under Title I provisions of the 1949 National Housing Act, will be completed. It is estimated that by the end of 1958, 285 Title I projects will be in progress and plans underway for an additional 246 more. Thus a total of 572 Title I slum clearance projects are envisioned for the future. This program is expected to eventually cost one billion, two hundred million dollars. However, only \$250,000,000 is budgeted for this work in 1958. Considering the urgency of the national housing crisis, this program can be called "too little-too late".

Another part of the administration's housing program calls for increasing interest rates on veterans' mortgages from 4½ to 5%. This would parallel the recent increase of F.H.A. insured mortgages. Savings and loan associations, and savings banks will benefit from this increase. Veterans and other consumers will pay the increased monthly charges which will result from raising the interest rate.

No provision is made in the budget for federal funds to provide low-interest mortgages for limited-profit or non-profit middle-income housing projects. A bill proposing such a program has been introduced in the new Congress.

The housing provisions in the budget are timid and unimaginative. Little from this program can be expected to alleviate the tremendous shortage of adequate housing which exists in the country today. A former President of the United States had said that the ordinary citizen (the consumer) of the country has no one to lobby for him in Washington—except the President. The validity of this observation is apparent from many provisions in the budget. Specifically, the subsidies which the federal government pays to private concerns for steamships and air planes are noted. While \$250,000,000 is allocated for the entire slum clearance program; \$413,000,000 is budgeted for the Civil Aeronautic Administration. While only \$54,000,000 is budgeted for housing poor people; \$120,000,000 is asked for building ships, including two luxury liners. One luxury liner would be built by the United States Lines and the other by the American President Lines.

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CONSUMER OWNED ELECTRICAL PLANTS

Recently there has been a considerable discussion about conjunctional billing. Cooperatives and many other organizations are going to be hit hard if the New York State Public Service Commission permits the Consolidated Edison Company to discontinue their policy of conjunctional billing. This policy permits a customer having several buildings in an area to combine all the services used; as rates are based on quantity, the customer pays a lower rate on the increased volume.

If conjunctional billing is discontinued, it will mean much higher electrical rates for all those now being billed under this system. It will also result in increased utility costs for hundreds of thousands of tenants. The consumer is always the one who must pay the ultimate cost.

Under the provisions of conjunctional billing, the customer (the cooperative) may not sub-meter the electricity to the ultimate consumer. Thus, the cooperative must divide the total bill by the number of rooms in the development and charge a flat rate per room to cover the cost of utilities.

The inequity in this system is that each cooperators must pay his share of the total bill regardless of whether he uses the services or not. For example, if a family goes away in the summer and uses no electricity for two months, they must pay the flat rate anyway. One family may be very conservative on the amount of electricity that they consume; yet they must pay the full flat rate, which has to be set high enough to cover the cost of those who waste electric power. It would be a much more equitable arrangement for each family to pay for utilities they actually use.

If conjunctional billing is dropped some organizations might tell the electric utility company to put in their own meters and bill each tenant directly. This would mean that each customer would pay a higher rate than he does under the flat rate system. But each consumer would be paying for the service actually used.

Other organizations are considering far-reaching plans which would have a profound effect on electrical power distribution in the New York area, and which would mean equitable savings to many thousands of consumers. These organizations are considering the building of their own electrical plants on a cooperative basis.

This idea is not new, even to New York City. For many years the Amalgamated Housing Corporation in the Bronx generated and distributed their own electrical power. There are nearly a thousand REA Co-ops throughout the rural areas of the country who are doing the same thing. These co-ops have surmounted much greater problems than would face compact communities in one area.

Many of the larger cooperatives in the New York area have the capacity which would enable them to economically generate their own power. Such an arrangement would permit the cooperative to "sell" the service to individual cooperators at cost. The consumer would be paying for what he actually used. As the generating plants would be consumer-owned by their customers, it would be a non-profit enterprise. The consumer would really benefit.

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HOUSING FOR THE AGED A Popular Topic

"Everyone is against sin but not much is done about it", is an old and well known saying. As this is a theological question we would not venture an opinion on its validity. Another slogan which is becoming more and more popular is "housing for the aged". Here again almost everyone is for it, but little is being done about it.

Currently the topic of housing for the aged is as popular as the slogan "housing for veterans" was after the last war. Perhaps, before we go further, we should state for the record, that we are for housing for the aged, we are for housing for veterans; we are for decent reasonably priced housing for *everybody*.

Perhaps one reason why we have made so little progress in housing from the time when President Roosevelt stated that one third of the nation was inadequately housed, is that we have put too much emphasis on housing for special groups. We have a national housing shortage, which is everybody's problem. Housing for the so-called "middle-income group" is not going to provide housing for those too rich, or those too poor to fall into this nebulous category. Yet the poor, and even the well-to-do, need housing. Housing for the aged is not going to provide living accommodations for young married couples just starting housekeeping. Are they less important than our senior citizens? Likewise, the group of people who are middle-aged. Should they not be entitled to decent places to live?

We believe when housing programs are being planned by cooperatives, private profit developers and state agencies, the complete picture must be kept in mind. Following this reasoning the recent report that New York State wants to finance fifty million dollars worth of housing for the aged seems to us another plan to cope with but a small sector of the whole program.

"Housing for the aged" is as nondescript a term as "middle income housing". Who are the *aged*? Are men and women automatically aged when they reach their 65th year? Many of the sexagenarians we know cannot be classified as aged. On the other hand, some of our "middle-aged" contemporaries better fit the description. What determines aged? Some bureaucrat undoubtedly has

written a fifty page directive establishing an age which would qualify people for *housing for the aged*. From past experience this directive will also pontificate many other requirements which the aged applicant would have to fulfill before he could qualify for this special kind of housing.

Is special housing for aged people socially and financially practical? We think not. While a group of older persons, like any other group, have special interests and requirements, would not projects exclusively for one group be establishing ghettos? Would not such a project, while solving one problem, be creating many others? A normal community is comprised of a homogeneous group including people of all ages. Segregating one group from another, regardless of the reason, is abnormal and breaks down the normal patterns of society.

In addition to segregating our senior citizens, such specialized housing would not be financially sound. What bank or insurance company would provide a mortgage to a private developer to build housing for a group of people whose age range starts at 65? Some might argue because private developers will not build such housing the State must. That is a limited view of the whole problem.

The proper solution for providing housing for the aged is to build housing for everybody and incorporate units for older people in these projects. This must be a comprehensive program including public, private and cooperative housing, so people of all economic incomes can be accommodated. The program must be undertaken with the support of many groups.

A national housing program would of course involve governmental participation at national, state and local level. Such participation should be limited to the government providing low interest financing when other financing is lacking. The program should not become entangled in bureaucratic red tape. Banks, which have experience in such matters, should be entrusted by the government to supervise the plans and construction.

Self-help cooperative housing developments open to all, regardless of age, color, creed, etc., provide a method whereby people who need housing can join together, invest their funds and build good housing at a reasonable price. This is the best method for many people to obtain housing. We realize that cooperatives are limited; the investment is too high for those with limited incomes. Those with high incomes can afford private luxury housing. But for those with moderate incomes cooperative housing is the best solution.

A comprehensive housing program, we believe, is superior to attacking the housing program on a piece meal basis.

1,500 FAMILIES APPLY FOR NEW CO-OP PROJECT, IN TWO WEEKS

During the first two weeks in January, over fifteen hundred families have requested applications in a proposed new cooperative development. The central application office of Community Services Inc., at 530 Grand Street in Manhattan, has been deluged with requests for applications.

A. E. Kazan, president of Community Services, Inc., reported that there are now about five thousand applications on file for future projects. He said, "without any publicity we have received these thousands of applications. While it is gratifying to see the confidence which the people have in the work we are doing, at the same time it is alarming to know that there are so many families lacking decent places to live at the present time."

Scores of letters are received every week which beg for special consideration for apartments. Commenting on

these letters, Mr. Kazan said, "I wish every city, state and federal official concerned with housing, and the officials of banks and insurance companies, could read these pitiful appeals. If they read these letters day after day, as we do, I believe the housing program in this city would be accelerated. It is a terrible experience to be unable to help these people who so desperately need apartments now." He continued, "it is a time consuming job to rebuild a section of a city; we are moving as rapidly as we can. However, when federal and city funds are involved, as they are in Title I projects, it takes a great deal of time. These applications show that there are thousands of families able and willing to pool their savings to help build their own housing. This is the best form of private enterprise. It is a demonstration that people can by a cooperative effort help themselves."

REFLECTIONS ON A CLASSIC

Editor of Co-op Contact

With the exception of poetry and the Biblical testaments there are few books which people often reread for inspiration. When "*On Being Human*" by Dr. Ashley Montagu was published in 1950 a reviewer for the Chicago Daily News said, "If enough people were to read it, it could change the world. In this sense, ON BEING HUMAN is possibly the most important book of its kind which the modern era has produced." It is a book which can be reread with beneficial rewards periodically.

Since the early days of the Industrial Revolution and certainly in the scientific age in which we live, scholars who deal with abstractions feel that they are on much safer ground when they can cite scientific data to uphold their theories. Strangely this applies even to modern theologians and artists.

The "dog-eat-dog" philosophy of the competitive system has, to a great de-

gree, been based on the theories of the biologist Charles Darwin as written in his "*Origin of Species*" published in 1895. From the time when the theories of Adam Smith and Herbert Spencer were promulgated to when John D. Rockefeller said, "The growth of a large business is merely a survival of the fittest", Darwin's theories were used as biological proof to justify ruthless competition.

Some cooperators rejoice that Kropotkin and Allee found through biological studies that there is sound scientific evidence that the dominating force between animals, including man, is cooperation. And it is because of this cooperation, rather than because of competition, that man has survived. If you trace this kind of scientific evidence back far enough you come to the theories of a Greek philosopher named Empedocles who lived in the fifth century B.C.

Montagu's contribution to the literature of the cooperative movement is his synthesizing and applying cold scientific facts to the working relationships between people.

Dr. Montagu is head of the Department of Anthropology at Rutgers University. He says in his introduction, "What I have done in this book is to integrate some of the important findings of a number of scientists and have worked out their significance for the understanding of life and the nature of man." The findings of Dr. W. C. Allee, professor of Biology and Zoology, in the first section of this book, are of particular importance. As a suggestion it might be well for the layman reading this book, to start with the second section entitled "What Is The Nature of Human Nature?" and having read through the rest of the book go back and read the first section. It is when Montagu applies the scientific information to human problems that he is the most brilliant.

In his concluding chapter Dr. Montagu says: "The motives of human beings everywhere are human, *not* economic. They are made to become economic only in societies in which moneytheism is the prevailing religion. If, then, we would establish a world of humanity, we must educate human motivations in terms of humanity and not of economics. We must remove economics as the dominant motive from human relations and make human relations the dominant motive in economics.

"Let no one be deceived. Unless Western man is able to release himself from the degrading tyranny of his enslavement to the religion of economics, he is as certainly doomed to self-destruction as all the portents indicate. Man cannot live by bread alone. Physiologically, biologically, psychologically, and socially, he can retain his health and flourish only in love of, and cooperation with, his fellow man."

Montagu contends that through education we can teach young people the true value of cooperation and cooperative effort; and that if such an educational program is successful we shall be able to build a better and happier world — a world dedicated to the principles of cooperation and the Brotherhood of Man.

THE NATIONAL BUDGET

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These ships built at great expense to the taxpayers are for the enjoyment of relatively few of the population and the profit from their operations goes to privately owned corporations.

It is recognized that it is necessary for the government to grant some subsidies. However, should not the taxpayer's funds be used to promote the general welfare, rather than for the advantage of private corporations? For example, it is contemplating increasing first-class postal rates from 3¢ to 5¢, this would affect everyone. Yet no mention is made of increasing the rates on second-class mail. Newspapers and magazines are mailed under this classification. In 1955, it was estimated that the Post Office Department ran a deficit of \$249,000,000 in this department. (The first-class department usually runs in the black). So one department will increase its rates to pay for the deficit of another department. In 1955, the following magazines were subsidized by the postal departments by the amounts indicated:

Saturday Evening Post	\$6,069,000
Readers Digest	4,809,000
Colliers	3,177,000
Life	9,494,000
Look	3,482,000

Total: \$27,031,000

The budget affects the lives of every citizen. This record peace-time budget will cost every man, woman and child, \$416, only a minor part of which will be used for constructive programs. It would of course be reckless to speculate with the security of the country in times like these. Yet, all would wish that it would be possible to curtail some of the spending on programs which can only lead to total destruction. Perhaps some day as much money can be spent for education, housing and health programs as is spent on guided missiles.

CONSUMER OWNED ELECTRICAL PLANTS

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Building a generating plant is expensive, but that does not make it impossible, as has already been proven. Some plants could be financed by the consumers who will be using the services, making an investment which would pay a reasonable interest. Other plants might be financed by long-term loans from banks, insurance companies, labor unions, etc.

Every family is dependent on electrical power. It is a necessity of modern living. In many places this commodity is considered so vital that it is publicly owned and operated. In the metropolitan area of New York, almost all electrical power is generated by private utility monopolies. If cooperatives enter this field on a large enough scale, for the first time the monopoly will be challenged. Consumers everywhere may benefit.

