The Army and Navy departments and the Ford Motor Company, on May 4, 1945, summoned the thousands of workers at the Willow Run Bomber plant to a meeting on the plant grounds. The occasion was the presentation to the workers and the company of the Navy-Army "E" for excellence in production. A heavy bomber had been rolling from the plant every hour for more than a year.

Mr. Henry Ford II took the occasion of this celebration to inform the Willow Run workers that they were no longer needed. The colossal Willow Run plant, whose Liberators had helped shatter the mighty Nazi military machine, was to be abandoned. The word he applied to the plant was "expendable".

This pamphlet takes issue with young Henry Ford. On behalf of the workers at Willow Run, including 11,000 now in the armed forces, it challenges the contention that this powerful $90,000,000 war time unit of destruction cannot also be used as an effective peace-time producer of the goods of plenty.

This survey and its recommendations are a joint product. Like the plan presented by Walter P. Reuther in 1940 which prodded our auto industry into war time production, this program is the common effort of the workers in the industry and the vice-president of the UAW-CIO. Together, Mr. Reuther and Willow Run workers weighed the problem. They assessed the value and the availability of Willow Run and other war time, government-built facilities.

The conclusion is that peace-time America, its workers and consumers, have a definite use for these tremendous new war-time plants and their expensive, ultra-modern equipment. They can also be used to hasten victory against Japan by providing new railroad equipment for our tremendous re-deployment operations.

Concretely, the program calls for the creation of two public authorities, similar to the Tennessee Valley Authority, which will be charged with the fruitful and efficient operation of those facilities which narrow-visioned private industries, aiming at scarcity production, consider "expendable". These Authorities will be dedicated to filling two imperative needs in America—the dire need for modern railroad equipment, and the equally critical need for modern, low-cost housing. The essence of the proposal is contained in the early sections of the program. Section 6, 7 and 8 are supplemental, documenting the need for new departures in meeting our railroad and housing problems.

The workers of Willow Run have a feeling that they voice also the views of the many thousands of workers in other plants now slated for the scrap-heap. They solicit careful reading and open-minded consideration of these problems. They are put forward sincerely in the interests of American workers, American consumers and the national well-being.

BRENDAN SEXTON, President
Willow Run Local 50, UAW-CIO

Ypsilanti, Michigan
July 4, 1945

ARE WAR PLANTS EXPENDABLE?

A Program for the Conversion of Government-owned War Plants to the Mass Production of Modern Railroad Equipment and Low-cost Housing.

By Walter P. Reuther

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Published by Willow Run Local 50, UAW-CIO

YPSILANTI, MICHIGAN

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Are War Plants Expendable?

1—A Program for Mass Production of Housing and Railroad Stock

The fiasco of Willow Run has posed the question: Where do we go from victory?

How will America, in the days immediately ahead, convert the courage and will to win a global war into the intelligence and imagination required to make peace secure?

Shall we "reconvert" to an impossible "normalcy", surrendering again to the old cycle of boom and bust, feast and famine? Or will we press forward in a peacetime offensive against the squalor, unemployment and insecurity which have bred two world wars and can breed a third?

No conclusive answers to these pressing questions have been given in the councils of government. On every hand, there is a disposition to drift into peace without coordination of effort or direction of energies. In such an atmosphere aggressive minorities win selfish victories at the expense of the general welfare.

This policy of drift has culminated in the spectacular case of the Ford Willow Run Bomber plant, which stands, in the summer of 1945, as a colossal $90,000,000 monument to our failure to plan for peace.

ABUNDANCE OR SCARCITY?

It is easy to drift into unemployment and scarcity. Postwar abundance and jobs for all, however, demand concerted effort and planning now. Half-way measures did not meet the problems of war. They will not meet the problems of peace.

There can be no escape from the necessity of taking action on Willow Run, and on the entire sprawling industrial empire of government-built war plants. And there will be no escape from the consequences of our action. Whether we scrap them or use them—or leave them standing as rotting monuments to the philosophy of scarcity and to our fear of abundance—the choice we make will thunder down the years, shaping and shadowing our future for generations.

ions of everyday Americans whose war bond dollars paid to build the vast government-owned war facilities have an equity that must be made secure.

Our soldiers, sailors and marines who have won the victory in Europe and are now being deployed for the final blows against Japanese militarism also have an equity in these plants. They have paid for them with blood.

The use or non-use of these facilities will provide the answer—jobs or unemployment for our returned soldiers and our home-front war workers? These plants must be geared to the needs of the nation and all its people.

For these publicly-owned plants represent an almost incalculable power for good or evil. They can be either millstones around the neck of the nation, or tools in the hands of the people, making and keeping democracy strong.

The impasse at Willow Run has demonstrated that the question of what to do with government plants is no longer an academic one. This giant bomber plant has become, overnight, the touchstone whereby we may judge the degree of our determination to build an economy of full employment here in America.

Mr. J. A. Krug, Chairman of the War Production Board, has urged that we "lift the ceiling on initiative, imagination and resourcefulness—the very qualities the country will need most if we are to have a resilient and expanding economy after the defeat of Japan." Mr. Krug's eloquence has been matched in many wartime statements setting forth the promises of peacetime prosperity. Yet all of these statements, laid end to end, will not bring us to the promised land of opportunity and abundance, if the will to act is lacking.

Willow Run is the test case of our intentions. Talk of "full employment", of "initiative", and of "resourcefulness" will ring hollow as long as plants like Willow Run stand idle. America must make the decision, now, to gear the great government-owned war facilities to the needs of peace.

We need not be baffled or dismayed by the magnitude of this challenge. For there is a peacetime need for these facilities as vast as the needs of war.

As long as millions of American families in cities and on the farms are living in slums and hovels, these plants have a job to do, turning out, by mass-production methods, healthy housing for the common man.

As long as the arteries of commerce are clogged and our whole economy is victimized by the necessity of moving freight in hopelessly antiquated railroad rolling stock, these plants will have a job to do, turning out, by mass-production methods, modern, lightweight railroad equipment.

THE IMMEDIATE PROBLEM OF REDEPLOYMENT

The war in the Pacific is still to be won. Our prime task is to concentrate on the job of finishing the Japs in the Pacific as soon as possible and with the minimum loss of life. The prime and immediate object of this plan is to speed the day of total victory and the return of our fighting men.

America's production lines have met, and shall continue to meet, the production requirements of our armed forces. The problem—today, tomorrow and in the months ahead—is not production but logistics. The magnitude of the redeployment problem between V-E Day and V-J Day is almost universally underestimated. The Army knows the problem but the American public has not grasped the fact that to speed V-J Day we must mobilize our every resource to win the battle of logistics. The pipelines of supply to our fighting men must not only be kept filled—we must have bigger pipelines, and quick.

This plan proposes to fully mobilize the productive potential of government-owned war plants to win the battle of logistics.

Within 90 days after a "go" signal, the plants now being cut-back and made idle can be turning out rolling stock which will make possible the speedy re-deployment of our armed forces from the European to the Pacific theatres of war. The additional re-deployment burdens being placed on our already inadequate railroad equipment threatens not only to impede the war against Japan. They hold the danger of hopelessly jamming up our railroad arteries with disruptive consequences to shipments of foodstuffs and other essentials of domestic stability and reconversion. This plan proposes that first things be put first. Its first objective is to facilitate redeployment and to meet the unemployment problem during the immediate transition period; and, secondly, it points the way by which we can convert the peoples' productive assets created during the war to provide abundance, opportunity and security for the millions of fighting soldiers and production soldiers whose common efforts will have made victory possible. During the transition period (redeployment and reconversion) as during the war, cost must be subordinate to needs.

ACTION NEEDED NOW

If we can summon the resourcefulness to combine demand and facilities in a production program, we shall solve our redeployment problem and be on the road to abundance and full employment. The following proposals represent the outline of a program to utilize certain government-built war facilities in an attack upon serious defects in two vital sectors of our economy. There may be other uses for these plants. There may be other ways to remedy these defects. The present program is advanced because we cannot afford to wait for the perfect blueprint. Aggressive action is imperative at once if we are to speed the day of total victory and translate the slogan of 60 million jobs into a paycheck for every American able and willing to work.

There will be those who will label this program impracticable; who will assert that wartime producton facilities cannot be converted. A similar cry was raised by spokesmen of the automotive industry in the fall of 1940, when labor called for conversion of that industry to war production. At that time, we heard that only 10-15% of the industry's machinery was convertible. Yet three years later, on November 22, 1943, after our proposal had ostensibly been discredited by a barrage of "expert" criticism, one of the experts, Mr. K. T. Keller, President of the Chrysler Corporation, testified before the Truman Committee of the United States Senate that "around 89%" of Chrysler's machines had been converted to war production—and could be converted back to civilian production.

Others may be critical because this program does not represent a complete plan for renovating our entire economy and guaranteeing full employment. Naturally, we assume that the present proposals can ultimately be effective only as part of a thoroughgoing attack upon the complex problem of unemployment. We are confident that the American people will choose action; that they will not be lulled to sleep by abstract economic theorizing. This program conforms to that practical view: it is concerned less with who owns or operates the government-built plants than with the obvious need to keep them in operation and to keep people employed.

PUBLIC AUTHORITIES PROPOSED

We propose that the Congress set up two public authorities, similar in organization and function to the Tennessee Valley Authority: a Housing Production Authority, and a Railroad Equipment Production Authority.

These public corporations will be authorized to operate government-owned war plants as they become available in a comprehensive program for the manufacture and distribution of low-cost housing and modern railroad rolling stock.

We urge that immediate consideration be given to this program. The redeployment of our forces for prosecution of the war against Japan will severely tax our present railroad equipment. Within 90 days after this program had been authorized, modern railroad cars could be rolling out of the Willow Run plant to expedite the shift of our men and materiel to the Pacific theatre.

THREE OPERATING METHODS

With final victory, we can employ, through this two-fold program, six million people who would be engaged directly and indirectly in the mass production and mass distribution of rolling stock and low-cost housing. We can, by means of this program, meet one-tenth of our national employment budget—sixty million jobs.

The program will be both comprehensive and flexible. There will be three methods of plant operation:

Each of the two authorities will be empowered to:

1) lease plants to private manufacturers, to be operated as part of the program;
2) directly operate government-owned plants;
3) lease plants to workers' producer cooperatives, to be operated as part of the program.

It is conceivable that in the execution of such an over-all production program some plants will be operated directly by one of the two public authorities, some by private management and others by workers cooperatives. Each plant could contribute to the total program as do plants in the B29 heavy bomber program.

The program must meet three minimum requirements:

1) It must establish an equitable wage pattern;
2) It must provide a good, low-cost product;
3) It must operate in a manner to protect the government's investment.

2—Plants Adaptable to Production of Rolling Stock

The sharp tapering off and eventual complete curtailment of war production will leave unparalleled plants and equipment available for integration into a program for mass production of rolling stock for the railroads. Here are some of the facilities which will be available:

A. Airframe and Aircraft Engine Plants. The record of wartime expansion of the aircraft industry is without parallel.

From the 44th peacetime industry in 1939, aircraft became the first wartime industry. Here is the story in figures:

1937. Workers employed	30,000
1940 (Jan.) Workers employed	100,000
1943 (Nov.) Workers employed	2,100,000
1939. Floor space	9,455,000 square feet
1944. Floor space	166,000,000 square feet
Government investment	$3,400,000,000
Number of plants built	521

In 1944, dollar volume of the industry's products was in excess of sixteen billion dollars—*four times* the best pre-war volume of the automotive industry. *In less than five years,* expansion in the aircraft industry was comparable to the growth of the automobile industry *from 1910 to 1925.*

This expansion was financed *over 90 per cent* by the people's dollars.

Let us not delude ourselves with the complacent belief that the war-swollen facilities of the aviation industry will be needed wholly—or even in large part—to equip commercial airlines in the immediate postwar years. At peak production, the Willow Run plant alone *in two weeks* produced more (and heavier) planes than were in use *on all major U. S. commercial airlines combined* before the war.

The most optimistic estimates indicate that approximately 250,000 workers may possibly be employed in the industry in peacetime. If these new facilities are not used 1,850,000 must seek employment elsewhere.

Airframe plants such as Willow Run can be used for fabrication and final assembly in this program.

Aircraft engine plants contain the most modern cutting tool machine equipment. Such machinery can be re-tooled for the machining of the smaller functional parts needed in the railroad equipment production program.

Government-owned plants such as those operated by Studebaker in South Bend, Chicago and Fort Wayne, which employed over 20,000 workers at peak production, are now completely shut down. They can be drawn into this program.

B. Aluminum and Magnesium Plants. Before the war, "private" enterprise in the aluminum and magnesium industries was so private that two companies—Dow Chemical in magnesium, Aluminum Company of America (ALCOA) in aluminum—completely dominated production. An ALCOA vice-president, under cross-examination during trial of his company for violation of the anti-trust laws, admitted that

ALCOA's total output of aluminum in 1939 was only 327 million pounds. Under stress of war, the Federal Government was forced to move in, break the monopoly, and expand production. A total of $760,000,000 of public money built nine plants with a productive capacity of 1,200,000,000 pounds of aluminum, and forty-five fabricating plants. The people, through their government, now control 70 per cent of the aluminum industry!

Here are the figures on magnesium, from testimony of Dr. Dow of Dow Chemical:

Magnesium production, 1941	32.5 million pounds
Industry's estimated present capacity	600.0 million pounds
Capacity already idle	85 per cent
Stock pile on hand	100 million pounds
Government expansion cost	$453 million

All production in 1941 came from Dow. Dr. Dow says we must "quickly return to a free competitive society on the American ideal." Evidence is mounting that we are quickly returning"—lay-offs have been severe in both aluminum and magnesium. In other words, workers in these industries have no stake in private enterprise. Dr. Dow says he is "guessing" that demand for magnesium five years after the war will be 63 million pounds. Dr. Dow regards it as "unthinkable" that the government should continue to own and to operate magnesium facilities. He proposes that this basic industry return to monopoly and scarcity, so that its present 600 million pound annual production capacity can be squeezed into a 63 million pounds high-profit market.

As a nation, we permitted American monopolies with their international agreements to strangulate the healthy development of vital segments of our economy. Monopoly and cartel managers, operating on the basis of low volume in production and high volume in profits, jeopardized our national security in war. Let us not grant them a further opportunity to jeopardize our fight to win the peace and create 60 million jobs. The people of America, through their war bond purchases, have invested over a billion dollars in plants to produce aluminum and magnesium for the requirements of war. We propose, through this program, that the people's investment be protected and that these plants continue to produce at capacity, giving work to Americans who need jobs and making the things Americans need in peace. The mass production of light-weight, stream-lined rolling stock would usefully absorb a substantial portion of our aluminum and magnesium production.

C. Electrical Equipment Industry. This industry has been expanded tremendously in order to meet the demand for elec-

trical equipment and fractional horsepower motors for the airplane program, especially the heavy bomber program. Such plants can manufacture the electrical equipment required for the railroad equipment production program.

Here is an indication of the tremendous capacity of the electrical industry which was necessary to meet wartime production requirements: A government official declared recently that a 25 per cent reduction in the heavy bomber program would release sufficient electrical facilities in that portion of the industry manufacturing fractional horsepower motors to permit manufacture of the required motors for production of more washing machines, refrigerators, sweepers and other appliances than were made in any one peacetime year!

D. Tank Plants. Current cutbacks in tank production, and further cutbacks to come, will release tank production facilities for this program. Heavy equipment used in the machining and manufacturing of tank parts can be re-tooled for the machining and manufacturing of large, heavy functional parts of the railroad program.

E. Roller and Ball Bearing Facilities. The anti-friction bearing industry has been expanded tremendously to meet war needs, and can be called upon to produce the roller and ball bearings for our railroad equipment program.

F. Forge and Foundry Industry. Forge and foundry facilities, both in steel and in light metals, can be converted to production of forgings and castings required in the railroad program. Most of these facilities have been supplying the heavy steel forgings for our tank program and heavy mechanized equipment, as well as for our heavy artillery and gun program. Forge and foundry plants working in light metals have been supplying forgings and castings needed in the aircraft program.

G. Plants Making Heavy Artillery Guns and Shells. As this program is cut back, certain portions of the tool machine equipment in these plants can be utilized in the railroad equipment program.

The government-owned plants and facilities listed above have the required floor space, the necessary machinery, equipment and manpower to do this job. If re-tooled, and properly organized and integrated into an over-all production program such as we propose, we can replace the nation's antiquated rolling stock with modern, lightweight, streamlined, efficient equipment.

Immediate mass-production of such equipment will aid greatly in prosecution of the war against Japan, as well as prepare the basis for a healthier postwar economy. No other

segment of our economy has lagged so far behind the march of technology as has the railroad industry. Modern, streamlined equipment built on a mass-production basis and utilizing light metals and alloys with roller and ball bearings, will considerably reduce the weight of rolling stock and permit drastic reduction in freight rates in the post-war period. Our whole economy will thereby be stimulated.

A country like ours, proud of its B29 technology and efficiency, should not be forced to keep in operation rolling stock that saw its best days before the dust of the last covered wagons had fairly settled over the Western plains.

We must become as conscious of the payload in rail carriers as we are in air transport, for the basic idea is the same. *It costs just as much to haul a ton of freight car as it does to haul a ton of freight.* We cannot continue to tolerate a situation in which our entire economy is being penalized by the burden of moving tons of dead freight cars only to protect millions of dollars in dead investments.

DISPOSITION OF THE PRODUCT

The Railroad Equipment Authority will set production goals consistent with the requirements of the industry and with the national employment level.

The Authority will contract for the total production of the plants participating in this program, and will make this equipment available to all railroads on the following basis:

1) to be purchased by the roads at a price in keeping with the prices of competitive business;
2) to be leased to the roads in keeping with the precedent by which they now rent Pullman coaches from the Pullman Co., but under terms that will provide incentives for efficient operation.

During the redeployment crisis, it may be that the Army will prefer to buy such cars and pay the railroads a fee for moving them on their rights-of-way. It is essential not to confuse Emergency measures needed to speed Redeployment with long-term, post-V-Day plans to achieve full employment.

For the duration, cars built with aluminum might possibly be a higher cost product. The Defense Plant Corporation is in any case absorbing losses of unprecedented and immeasurable magnitude for every day its aluminum plants are shut down. It can, therefore, afford to absorb any deficit involved in selling or leasing emergency improvised cars to the railroads at going rates.

The act of Congress creating the Authority will provide that all operators will purchase or lease rolling stock as it be-

comes available, until such time as all obsolete stock has been replaced and the roads are abreast of our advanced technology. Operators will be granted trade-in credits on obsolescent rolling stock turned over to the Authority, just as automobile owners get a trade-in allowance when they buy a new car.

Re-Built Equipment Will Aid Backward Areas. Rolling stock which is not as efficient as that made possible by our advanced technology, but which is not wholly obsolete, can be rebuilt and reconditioned. This rolling stock will be offered to economically backward regions such as China and South America, through mutual aid or reciprocal trade agreements. Such rebuilt equipment, while not meeting the requirements of our economy, will be economically efficient in comparatively backward economies, permitting the development of these countries and the exploitation of their natural resources.

During the war we have, to a large extent, dissipated many of our material resources. In the postwar period, if we hope to obtain such resources from economically backward areas, we must be prepared to assist in developing their transportation systems and economies.

We shall thus place a powerful mechanism at work in the service of the acknowledged truth that economic security, no less than peace, is indivisible. By this means, we shall take a long stride forward in eliminating the distinction between have and have-not nations. By such concrete action, we shall give evidence of our determination to strike off the economic shackles which keep vast areas of the world in colonial bondage.

Most important from the point of view of intelligent self-interest, by lifting the backward areas of the world out of economic peonage we shall create an unprecedented demand for the products of American assembly lines.

3—Housing: Cadillac Homes at Ford Prices

The Housing Production Authority will make a survey of government-owned plants and facilities for the purpose of determining the extent to which these facilities are adaptable to the mass production of prefabricated, low-cost modern housing. The program will include production of complete houses, including all fixtures, complete bathroom, kitchen, garbage disposal and air conditioning units, electric dish washers and other appliances. Special units will be sold as part of the completed house or separately, as the buyer wishes.

Commission of Architects and Technicians. The Authority will organize a commission of outstanding architects, designers, city planners and other technicians to assure the full

use of our advanced technology in the production of homes. The commission will recommend designs, materials, construction methods, appliances. Houses will be designed and constructed from a functional point of view, and will provide the greatest possible variety in floor plan and exterior design. In cooperation with state and local authorities, the commission will also take steps to revise archaic building codes which obstruct modern housing programs.

America's greatest postwar need and its greatest source of postwar employment is housing. A nation that has spent billions to bomb homes must have the courage and imagination to spend billions to build homes.

Plants Adaptable to Mass-Production of Housing. The chief fabricating and assembly plants in the housing program will be the government-owned airframe plants, which are ideally constructed and strategically located throughout the country near large urban centers. Government-owned plants in the aircraft engine, electrical equipment, foundry and light metal industries, as well as various miscellaneous facilities, will be organized as feeder plants for manufacture of electrical equipment, plumbing and special units. Plants making building materials will also be integrated into this program.

The Market for Low-Cost Housing. Private builders have never found it profitable to build homes for the millions of America's low-income families. It has been said that they have traditionally built homes at Buick and Cadillac prices, whereas the great masses of Americans need homes at Ford or Chevrolet prices. Mass-production of modern housing will open this vast potential market and for the first time will place decent housing within the economic grasp of millions of Americans, just as the mass-production of cars has placed modern transportation within their reach.

Compare the advanced engineering, the new materials, the efficient production techniques, that make possible our B29 super-fortress program—compare these with the antiquated engineering, old materials and costly construction methods of our housing industry. The implication is obvious:

If we apply the know-how currently used in production of the B29 bomber to mass-production of housing, we can make available a better, healthier and more attractive home for the common man. We can provide Cadillac homes at Ford prices.

Thomas S. Holden, president of F. W. Dodge Corporation, a construction statistical organization, has pointed out that building costs generally have risen more than 30% since 1939—making a $5,000 prewar house cost between $6,500 and $7,000 now. How many of the millions of American families living in

slums and sub-standard homes could afford a $5,000 house in 1939? How many of them can afford to buy one now—for $7,000? Yet, mass-production can give Americans a better house—*for $2,500*—than the $7,000 house Mr. Holden speaks of. And for $3,000 the mass-production house will come fully equipped with an electric stove, a dishwashing machine, a garbage disposal unit, a refrigerator and an air conditioning unit! Moreover, these units and appliances will not be stuck at random in various corners of an already-built house; they will be built into the house in the process of construction, to meet the latest standards of convenience and efficiency.

Does this seem fantastic, visionary? Consider the vast savings in time, labor and money made possible by technological improvements in automobile manufacture. For instance, the one-piece stamping of the underbody of a car has rendered unnecessary the building and assembling of some thirty parts. Estimated saving: 50 hours per car. Another example: The one-piece stamping of a body top has made possible a total saving of 53 hours in the building and assembly of some 50 eliminated parts. In 1935, one plant eliminated roughly 25 parts in the making of a car door, reducing operations to machine welding a single outside panel and a single inside panel together. In 1929, labor cost per door was estimated at $4; in 1935, that cost had been reduced, by the improved technique, to 15 cents!*

The following figures show labor costs of one body plant in the manufacture of one body in 1929, as compared with costs in 1935 for equivalent operations or similar operations corresponding to the eliminated operation:

Operation	1929 Cost	1935 Cost
Body framing	$ 3.00	$ .30
Hand finishing body frames of wood before paneling	3.00	.20
Roof assembly complete in wood	.70	.25
Hanging on door	.60	
Hanging four doors		.09
Trimming the body	12.00	4.00

The above figures on increased labor productivity for the period 1929-1935 will be dwarfed by phenomenal gains, as yet only partially revealed, in labor productivity which have resulted from the accelerated technological progress and industrial expansion during the war years. Clearly, the true

*Figures cited are from Appendix B, Preliminary Report on Study of Regularization of Employment and Improvement of Labor Conditions in the Automobile Industry; Research and Planning Division, N.R.A., January 23, 1935

visionaries are those who think that the triumphant march of technology can be stopped short of revolutionizing the building industry!

It should be emphasized that our slum problem is rural as much as urban. The median value of all owner-occupied farm homes in 1940 was $1,028. In the North it was $1,450; in the West, $1,084; and in the South, $600! In five southern and two mountain states, the median value of owner-occupied farmhouses was less than $500!

The Housing Production Authority will sell houses to individual home-seekers, at a price that will permit a small return on the government's investment. The Authority will, in addition, develop low-cost housing projects, in cooperation with federal, state and municipal agencies.

The present Federal Housing Authority, while it has been restricted in its program, has nevertheless made a vital contribution to the general welfare of the American people. The proposed Housing Production Authority shall be authorized to follow the practice of FHA in letting contracts to private builders in keeping with standards that will protect the public interest.

4—Financing the Authorities

Financing of the operations of the Housing and Railroad authorities will present no problem. As in the case of the TVA, the Housing Authority and the Railroad Authority will derive their funds from Congressional appropriation, from the sale of bonds and from the sale of their products. Immediate working capital may come from direct government advances, from government payment for work in progress, or by government guarantee of loans made in the private money markets—all practices followed during the war, when about half the expansion in business assets was financed by the government.

There is no reason why the Authorities may not obtain loans from the Reconstruction Finance Corporation, with favorable amortization terms. The public interest will be paramount; financial means will be subordinated to the acknowledged end, expressed in the law creating the Authorities, of keeping the plants in operation, keeping the workers employed, and contributing, through manufacture of useful products, to the health of the economy as a whole.

President Roosevelt, in his message to Congress of January 6, 1945, pointed out that the TVA had been constructed at a cost of approximately $750,000,000—the cost of waging World War II for less than 4 days.

5. Willow Run—A Proposal for Immediate Action

We cannot drift into full employment. Nor can we afford to wait until the perfect plan for Utopia has been formulated. Neither can we ride off in all directions at once, trusting that the individual actions of separate industrialists thinking in terms of single corporations will add up to jobs and opportunity for all. We must contrive, with the resources at hand, to start moving at once in the direction of full employment and security.

American workers and returning servicemen will not be impressed by academic discussions of economic theory, or by endless debate on the question of ownership of industry. They want action, results—jobs. If private management will operate government-owned plants and provide jobs, workers and veterans say good—go to it. But if private management lacks the initiative or confidence to undertake this responsibility, and if the Government hesitates directly to operate these plants, an alternative solution must be found. The challenge to provide full-time employment must be met, and the time to begin is now.

In this spirit, the workers of Willow Run plant, as represented by Bomber Local 50, UAW-CIO, advance the specific offer to organize a workers' producer cooperative at Willow Run, for the manufacture of prefabricated low-cost housing and modern lightweight railroad rolling stock, under the program outlined. They are prepared, in addition, in conjunction with other civic-minded groups, to organize housing cooperatives in the various metropolitan centers to market as large a portion of the total production of Willow Run as possible.

After the plant is in operation, producing rolling stock and housing, they will explore the possibility of undertaking production of farm equipment and household appliances. Retail sales will be through existing distributors and local retailers. In addition new marketing outlets will be developed through the growing chain of farm cooperatives and city consumer cooperatives. Operating expenses will include payments to government for use of facilities. Plants which private management now seeks to obtain for a few cents on the dollar will, under this program, bring a substantial return to the government on its investment.

THE PEOPLE'S EQUITY

This is a concrete proposal. In the first report of the Director of War Mobilization and Reconversion, submitted in January, 1945, it was estimated that about three-fourths of a total expansion of twenty billion dollars in new and expanded plant since July, 1940, has been financed by the government. Those billions represent the savings of Americans, their purchases of bonds. The people have an equity in this fabulous wartime industrial El Dorado. The men in service have placed their trust in those in charge of the Home Front to protect their equity in these plants. To the men in the service this equity stands as an insurance policy against another day of apple-selling for veterans. They are determined that their investment shall pay off. The dividends they seek are those of security, expansion and full employment. The pay-off must *not* be the lay-off.

Henry Ford II has stated that Willow Run is a casualty of war, "expendable as a battleship." That is one man's opinion, and in expressing it Mr. Ford has unwittingly exposed his mental blinders. The workers of Willow Run know that their plant can be a productive tool in peace as it has been a weapon in war.

Mr. Ford's defeatism in the matter of Willow Run is characteristic of an approach which puts money first, men and materials second. Too many of the men who are continually boasting of their ability to meet payrolls are disposed to meet them only at their convenience, on their own terms. At other times, they renounce their responsibility to employ. They then close factory gates and throw idle millions on the community.

This capricious behavior strikes at the very survival of our democratic way of life, and Americans are coming to reject it. The war has taught them that men and materials come first, money second. They are learning, too, that political democracy cannot for long survive without economic democracy. While industrial managers are viewing "surplus" war plants as a threat to accustomed habits in a scarcity economy, the men and women who have manned our wartime assembly lines regard these plants as a promise and an opportunity.

STATUS IN A DEMOCRACY

The opportunity is easily defined: opportunity for employment. The ultimate promise lies beyond mere employment, in an industrial democracy in which workers will be people, not so many "hands" punching timeclocks or so many robots going through the motions of production without a sense of creating or belonging. Workers crave status, a status of dignity, worthy of free men. They see the promise of such status in an economy of security and abundance, made possible by the full utilization of men and machines. If the promise proves a mirage, beware; our free way of life is not perpetually guaranteed against the shocks of frustration and despair.

Development of effectively functioning joint labor-management production committees is an indispensable first step toward realization of the promise. Operating at all levels of production, these committees would provide practical machinery for release of the pent-up creative genius of the American worker at machine, bench and assembly line. The wartime committees, most of which are now defunct, were "production" committees in name only; they failed almost completely, with their innocuous "suggestion boxes", to tap the tremendous reservoir of skills and aptitudes lying dormant at the shop level. Giving labor status and a sense of genuine participation in the productive process will not only increase output; we shall thereby add substance and strength to our whole concept of democracy.

WHEN THE BOYS COME HOME

On the fighting fronts of the world, there are 11,000 U. S. servicemen with re-employment rights in the Willow Run plant. All the paper super-seniority which the managerial brain can devise cannot give those veterans jobs and security at Willow Run if the plant is scrapped or left empty and idle. There can be no security anywhere for the returning veteran, despite the extensive self-serving publicity of anti-union employers, if scarcity economics makes outcasts of millions of workers whose demand in the market keeps the assembly lines moving.

Several large corporations in the automobile and aircraft industries are planning a return to "business as usual"—with unemployment as usual. They have proposed that the UAW-CIO modify its basic seniority agreements to provide for the replacement of hundreds of thousands of war workers by returning service men. No one can disagree that this time the GI *must not* come back to sell apples. This time there must be a job for him, and at decent pay.

However, we cannot save our democracy, and win the peace, if the GI can get a job only by laying off his dad or his older brother or his neighbor who was Johnnie Doughboy in 1918. American democracy cannot live with its people thus divided. The answer to the problem of postwar employment is not the fighting soldier against the production soldier.

There had better be, there must be, a job for every American able and willing to work. That is the challenge of the peace.

Seniority amid unemployment is a method of dividing scarcity, a knife for cutting the pie. It's not the sharpness of the knife that counts ultimately, it's the size of the pie. To assert or to admit that some must go without is a confession of the failure of private enterprise.

We had better plan for a bigger pie, enough for all. Workers must not be pitted against veterans in a suicidal struggle in which all will go down to defeat. It should be possible for all to participate in the rewards of making economic democracy work within the framework of the political forms we cherish.

6—Crisis on the Home Front: Railroads

Creation of Housing and Railroad Authorities similar to the TVA is important not only because government-owned facilities are adaptable to manufacture of rolling stock and housing, for which there is a great potential market. Such authorities are needed because immediate and aggressive federal action in these two sectors is essential as part of a coordinated attack on widespread restrictive practices throughout the economy. These practices, resulting from a desire to protect vested interests in scarcity, or from efforts to achieve a measure of security in unstable industries, represent the chief obstacles to attainment of domestic and international economic security. Fundamental changes in both the railroad and construction industries are imperative. The Housing and Railroad Authorities will provide the administrative machinery to effect those changes, and to assure that they will be made in the public interest. Those who would protect free enterprise must realize that too often it has been neither free nor enterprising. The railroad and construction industries are flagrant examples of areas in which these celebrated virtues, freedom and enterprise, either have not prevailed or have been perverted to license and piracy.

It is common knowledge that the railroad companies have made vast war profits. Of these unprecedented earnings, they have retained over 75 per cent, paying out less than 25 per cent in dividends before reserves. Commenting upon recent studies of corporate cash balances, the April, 1945 number of *Fortune* has this to say of the railroads: "Railroads and other companies with no physical conversion problem, and hence with less need for reconversion capital, have, ironically, done best of all. Not only has the long-term balance sheet of railroads been greatly aided by a radical scaling down of bonded indebtedness, but railroads as a whole have enough cash and government security—some $3 billion—to cover *all* current liabilities with money to spare . . ." (Italics are Fortune's)

In hearings before the Interstate Commerce Commission in November, 1944, one government official testified that rail earnings were being held "at shocking levels in the face of the fact that the country is engaged in a terrible war."

The I. C. C. has recently (May 19, 1945) ruled that present rate differentials of the roads are "unreasonable and unduly

pl dicial" and gave the carriers ninety days to submit proposals for effecting a uniform method of freight classification for the entire country. Governor Arnall of Georgia has charged in a letter to President Truman that the railroads are seeking to evade the Commission's ruling.

TWO DECADES BEHIND

Since their heyday in the last century, the railroads have vigorously fought against public regulation. With increasing competition from other carriers in recent years, the rails have added to their campaign against public regulation an equally determined drive to force government regulation of their competitors. Through the Association of American Railroads they have waged an unceasing and heavily-financed lobbying offensive in Washington, reinforced by newspaper advertising and other "educational" publicity. In the words of T.N.E.C. Monograph #26, *Economic Power and Political Pressures,* "While paying lip service to the principle of public regulation, the railways and electric utilities have done everything in their power to avoid it, or at least to control it in their own interest."

Jesse Jones, former Secretary of Commerce, and a respected figure of the conservative business community, stated in 1935 during hearings of the Senate Committee on Interstate Commerce: "I have long been of the opinion that the railroads are dominated by the bankers." Whatever the value of Mr. Jones' opinion, extensive hearings before the Committee brought forth rather startling testimony regarding mergers, reorganizations and other manipulations conceived in the minds of our more imaginative financiers.

In Monograph #21, *Competition and Monopoly in American Industry,* (1941), the T.N.E.C. drew upon reports of the I.C.C. for the following description of restrictive practices of the Pullman Company: "... despite its loss of traffic to other carriers, its declining revenues, its large reserve of idle cars and its high percentage of unused capacity, Pullman made little effort to improve its technology until well into the thirties. Even today the character of the service offered on the great majority of its cars is identical with that provided two decades ago. And the company has shown no disposition to recover its former share of the market by lowering its rates. In 1937, when its rates were at the highest point in history, it applied to the Interstate Commerce Commission for a further increase of 10 per cent which was granted in 1938.

THE PULLMAN DICTATORSHIP

"Pullman's reluctance to adapt itself to changing conditions may be attributed largely to two facts. The first is the fact that the present level of rates is sufficiently high to enable

the company to break even or, more usually, to make a profit while operating at but a fraction of full capacity. The second is the fact that the company's contractual arrangements with the railroads are such as to compel these carriers to assume a major part of the risks involved in fluctuations in the volume of Pullman traffic. In 1933 when its actual revenues were only 38 per cent of its potential revenues the company just about broke even, its net income in that year standing at $8,500. In 1937, when its cars operated at less than 35 per cent of full capacity, the company made more than $4,000,000. Pullman's contracts with the railroads are so drawn that the company collects some form of payment from the roads for the operation of each car that yields it less than a stated sum per annum, and makes some form of payment to the roads for the operation of each car that yields more than a stated sum or produces a profit. The company is thus protected against loss when traffic declines and forced to share its profits when traffic increases. Its incentive to attract additional business either by increasing efficiency, cutting costs, and reducing rates, or by improving the quality of its service is weakened accordingly. In eight of the years in the decade from 1929 to 1939 when railroad followed railroad into bankruptcy and receivership, Pullman made a profit . . .

"... The Department of Justice now charges, in a complaint filed in an anti-trust suit on July 12, 1940, that the company has taken advantage of its position to impose onerous provisions on the roads, requiring them to purchase its services and equipment exclusively, preventing them from obtaining light-weight, high-speed, streamlined equipment, supplying them with antiquated equipment, and forcing them to pay a large part of the costs involved in its modernization."

After consideration of these findings, it should be obvious that without decisive federal action, these bottlenecks of inertia and vested interest cannot be broken.

TO BREAK THE MONOPOLY

Thurman Arnold has stated that the railroads have opposed other potentially cheaper modes of transportation because they see such competition as a threat to their "$26,000,000,000 in railway capital investment", since they would be forced to substitute new lightweight equipment for obsolete rolling stock.

In the face of such monopolistic abuses, government regulation in the past has proved unsatisfactory. Mordecai Ezekiel, Department of Agriculture economist, explains the failure in this manner: "Both legislative drafts and court decisions have so emphasized the protection of owners of the property that the broader public interest in the functioning of the industry so as to be most conducive to increased and maintained national income as a whole all too frequently has been lost sight of."

Mr. Ezekiel says of the railroads in another context: "They are used to government regulation and control. They are used to advance negotiation and planning of rates, services, and wages. But what they are not used to is planning the volume of traffic those rates will produce. They are not used to thinking of their wage rate, and investment policies in relation to the welfare of the country as a whole."

The Railroad Authority we propose, moving boldly into the center of the industry, may flutter the dovecotes of a minority of investors, but it will break the deadlock of monopoly and inadequate public regulation. A technical staff in the employ of the Authority, as engineering personnel are employed by the TVA, will encourage and accelerate the tempo of technological development in the industry, guiding the introduction of new discoveries in design, materials, construction and safety devices.

Such a positive corrective force will ramify into every area of the economy.

7—Crisis on the Home Front: Housing

Construction is the flywheel of our economy, yet there is probably no other industry which stands in more urgent need of stabilization and fundamental reorganization. In no other sector of our economy is there such a vicious circle of collusion and restriction, in which all members of the industry are caught, from the original factors of materials to the home-buyer. All responsible groups and individuals seriously concerned with the prospects of achieving full employment in peace are inevitably drawn to an investigation of the building industry, and some have come to the conclusion that in its present state it can hardly be called an industry at all. There are almost no large concerns. Building is a strictly local activity, its methods primitive in relation to advances which have been made elsewhere. Manufacturers, dealers, contractors, sub-contractors, unions, real estate brokers, all have resigned themselves to the unstable environment in which they find themselves, and all have taken steps to contribute to the instability by deals and agreements which tend to give them a precarious livelihood at the expense of the industry and the general community. All argue, and correctly, that if merely one interest in the welter of interests should succumb to public spirit and reduce prices, that interest would merely doom itself to extinction without appreciably affecting the others. No better proof can be offered that "industrial self-regulation" is a will-o'-the-wisp.

Both the Twentieth Century Fund and the National Planning Association have recently made studies of the construction industry and offered proposals for its stabilization.

Beardsley Ruml has repeatedly called for a thorough Congressional investigation and has suggested that the industry possibly should have "a quasi-public utility status."

A VAST MARKET IGNORED

There are two certainties: Private builders have traditionally ignored the vast potential market in houses for low-income families, because their high unit costs have made it impossible for them to realize a profit in such construction. And only government action can be powerful and determined enough to break through the logjam of interests and initiate a program which will affect the industry as a whole, bringing home-ownership within reach of all of our people, and setting in motion forces which will ultimately enable us to control the construction cycle.

In striving to bring modern shelter to the lowest-income groups, the Authority will run head-on into the complex of ingrained habits that have made the building industry the American economy's problem child. Financing of home ownership has been facilitated in recent years through FHA and HOLC programs, but great hazards remain. The Authority will have to devise an improved system of long-term financing. It will be wise, in addition, to work out a re-sale program, in which the re-sale price of homes will be guaranteed, in order that home ownership will be a more liquid investment, and will not commit families to permanent residence in a community.

The Twentieth Century Fund's Housing Committee has recommended the utilization of "various forms of public activity and public aid in a comprehensive attack on the housing problem" and has urged that "public activity be designed so far as possible to the end of reduced costs and more efficient forms of industrial operation." One of the chief purposes of the Housing Authority will be the development of federal low-cost housing projects.

A GAUGE FOR THE INDUSTRY

It is important to observe that the Authority which is here proposed will, like the Tennessee Valley Authority, be able to act as a gigantic yardstick by which the efficiency of older methods will be measured. The Authority certainly need not tolerate the exploitation of its activities and services by any vested interests in the construction field. It will command such a vast segment of the industry, that it will be in a position to force costs down and rationalize not only manufacturing but distribution. If, during the initial phase of operation, it is necessary to subsidize low-cost housing projects, it should be remembered that by modern standards, civilized man has as much right to a national minimum in housing, food and

clothing as he is acknowledged to have to a minimum in education. Moreover, the Housing Authority will be implementing a national policy according to which the construction industry will be declared "affected with a public interest" just as clearly as currently recognized utilities. It will be deemed just as important to the general welfare to develop the homes in which Americans live as to develop the river valleys in which those homes are built.

The Blitz cleared Europe's slums. We have been spared the human toll of that cruel cleansing process. Let us summon the resourcefulness to wipe out our slums and blighted areas by a voluntary campaign of city planning. We cannot "modernize" our slums by patching up rows of houses or building an oasis of new homes in a desert of cold-water flats. Our task is no less than that of re-building entire cities. Given the will to act, mass-production enables us to meet that challenge.

8—The People's Investment in Production Facilities

The first report of the Director of War Mobilization and Reconversion stated: "Since July 1940, more than $20,000,000,000 has been invested in new or expanded industrial plant. About three-fourths of this expansion has been financed by the Government. Government facilities, including about $1,000,000,000 of work still to be done, are distributed as follows:

Aircraft	$3,350,000,000
Shipways	2,195,000,000
Ordnance	5,159,000,000
Iron and steel	1,352,000,000
Nonferrous metals	1,200,000,000
Chemicals	768,000,000
Synthetic rubber	692,000,000
100-octane gasoline	203,000,000
Machinery and machine tools	803,000,000
Other industrial plants	356,000,000
Total	$16,078,000,000"

The people, through their Government, now own roughly 20% of the nation's industrial plant. It is visionary to expect that this government-owned plant can be disposed of in such a manner as to favor small business. One-third of the total cost is said to be in plants costing $50,000,000 or more each. One "restricted" government document states that of 4,803 new plants authorized between July 1940 and May 1944, 338, or 7% of the total number, cost $10,000,000 or more each and accounted for 77% of the total cost of new plant.

THE INDUSTRIES WE BUILT

Government-owned facilities are concentrated in the heavy and basic industries. Public enterprise has built and now controls:

- 10% of the nation's steel capacity
- 50% of the nation's capacity to build machine tools
- 70% of the nation's aluminum capacity
- 90% of facilities for producing synthetic rubber
- 90% of aircraft production facilities
- 90% of shipbuilding and repair facilities
- 96% of the nation's magnesium capacity

What this expansion has meant in terms of the economy as a whole is suggested by the following figures, derived largely from Department of Commerce estimates and published by the National Planning Association in its study, "National Budgets for Full Employment." Shown are the figures for Gross National Product, Government expenditures, business capital expenditures and, finally, individual expenditures for consumer goods and services. Totals represent billions of dollars and are adjusted to 1941 price levels:

Year	Total	Government	Business	Individuals
1937	90.0	13.6	12.9	63.5
1938	84.7	15.3	8.5	60.9
1939	94.4	16.3	12.1	66.0
1940	102.2	16.9	15.9	69.4
1941	119.6	26.0	19.0	74.6
1942	141.1	60.0	7.5	73.6
1943	165.4	87.4	2.2	75.8
1944	171.2	93.2	2.0	76.0

Here is astounding evidence of America's capacity to produce. Unlike England, the Soviet Union, and the Axis countries, the United States was able to super-impose a war economy upon a peace economy without vital impairment of the peace economy. More than that, the last column shows consumer expenditures rising during the war years, despite inconveniences and spot shortages. One is staggered by the thought of what this plant and these skills could accomplish if turned to full peacetime production.

While campaigning for Vice President during the last election, President Truman went into every major industrial area in the country and repeatedly said:

"If you want these Government plants to stay open after the war; if you don't want the vested interests to shut them down, re-elect the Democrats."

The people did—what now!

THE WAR-TIME EXPANSION

At this writing, no study is available which attempts to correlate production increases with facilities expansion. The two following tables may serve further to emphasize the war-time growth of the economy and the contribution made by public enterprise to that end. They are taken from an article in the October 1944 number of *Survey of Current Business* written by D. Stevens Wilson, National Economics Unit, Bureau of Foreign and Domestic Commerce.

Expenditures for New Construction, and for Machinery and Equipment: War and Pre-War

(Billions of Dollars)

	January 1937 to June 1940	July 1940 to December 1943
Total	39.6	86.5
Construction	20.1	36.5
Machinery and Equipment	19.5	50.0
Public	7.6	53.0
Construction	7.6	23.8
Machinery and Equipment	(1)	29.2
Private	32.0	33.5
Construction	12.5	12.7
Machinery and Equipment	(1)19.5	20.8

(1) Pre-war public expenditures for machinery and equipment were small and cannot be separated from private expenditures.

Source: U. S. Department of Commerce and War Production Board.

Publicly Financed Capital Expenditures: War and Pre-War

(Billions of Dollars)

	January 1937 to June 1940	July 1940 to December 1943
Total	7.6	53.0
Military and naval construction	.3	9.6
Housing	.3	1.9
Public works and public buildings	6.9	5.4
Ships and boats (noncombat)		9.1
Motor vehicles (noncombat)		6.3
Aircraft (noncombat)		2.0
Miscellaneous machinery and equipment		5.0
Manufacturing facilities		13.7
Ordnance		4.8
Aircraft		2.8
Shipbuilding		1.9
Steel, iron and nonferrous metals		2.3
Chemical, petroleum and coal products		1.3
Machinery and miscellaneous industries		.7

Aircraft production facilities, as we have seen, constitute the greatest source of capacity and equipment adaptable to the program outlined in these pages. The following list of plants has been taken from Senate Report No. 199, Part 2, *War Plants Disposal: Aircraft Plants:*