

We can sit here and pass what we consider to be great housing bills. We can congratulate ourselves on a job well done. But, if at the same time we allow the money needed to finance these programs to be priced out of the reach of millions of low-income and middle-income Americans—then what have we really accomplished?

It is tragic that today interest costs are the biggest single factor—the biggest single cost—in housing. Today, a \$20,000 home mortgage will require \$20,881 in interest charges over the life of the 30-year loan. This means that the money—the interest—is worth more than all the lumber, the glass, the plumbing, the woodwork, the craftsmanship, the land, and everything else that goes into a house.

So let us not take a “head in the sand attitude” that interest rates and housing are separate subjects. If we are really serious about providing housing and urban development then we also must be serious about holding down interest rates.

Dr. Weaver, this is the first time you have appeared before the committee since you were named Secretary of the new Department of Housing and Urban Development. I want to congratulate you on your appointment.

Unhappily, I realize that one of your first actions as Secretary was to approve the order raising the interest rate by one-fourth of 1 percent on FHA mortgages. As I said at the time, I regard this increase as highly regrettable. I realize, Dr. Weaver, that this was forced on you by the fact that the Federal Reserve Board, acting in defiance of the President and the Congress, raised the discount rate to banks on December 6. I realize that you had little choice; in effect, Federal Reserve Board Chairman William McChesney Martin served as Secretary of your Department insofar as the increase in FHA interest rates is concerned.

Of course, I have made no secret of the fact that I disapprove strongly of the Federal Reserve dictating policy to the Secretary of Housing and Urban Development or to any other part of the executive or legislative branches of this Government. This is poor public policy which can lead to the destruction of many of the great housing and urban development programs which your Department will administer.

Dr. Weaver, I want to emphasize my concern over what rising interest rates are doing to these programs. I want to urge you very strongly to take an active part in doing everything possible to keep down interest rates. As I have noted earlier, the cost of money is now becoming the dominant factor in all housing. Therefore, I hope you will be a crusader against any effort to price money—and thereby housing—out of the reach of the people who need housing, slum clearance, and urban development programs the most.

As you know, the Full Employment Act of 1946 instructs the Federal Reserve Board to coordinate its policies with the administration. However, the current Chairman of that Board has chosen to ignore the law, and he apparently has no intention of coordinating with the Secretary of Housing and Urban Development or any other person in the executive or legislative branch.

I hope, Dr. Weaver, that you will take concrete steps to see that your Department is represented on the councils that are involved in setting monetary policy. You must insist that the housing programs be con-