

arbitrary action by Government to set the levels of prices and wages. The approach we propose stands on such middle ground and relies not upon the coercion of Government compulsion but upon the moral leverage of enlightened public opinion which, in a free society, must be the repository of authority in the broad area where private power and public responsibility must be equated and harmonized if freedom is to survive.

The establishment of the Cabinet Committee on Price Stability announced by the President indicates the administration's recognition that more effective means have to be found of curbing unjustifiable price increases. We urge this committee to recommend to the Cabinet Committee that it give serious consideration to the establishment of a Price-Wage Review Board and Office of Consumer Counsel.

MEASURES TO MEET HOUSING NEEDS

As indicated previously, the causes of our housing problem are multifarious, and there is no single, simple solution to them. A variety of selective measures are required. We need tax legislation designed to deter those who speculate in land and thereby drive up land prices or who milk slum properties for maximum profits without bothering even to keep them in a decent state of repair. We need to sweep away the multitude of local building codes, many of them obsolescent, which help to prevent the use of new methods, materials, and technologies in the building industry, and replace them with a national performance standards code—making allowance for regional climatic variations. And we need a new approach to the financing of housing, which for many families represents the major stumbling block in the way of getting a good home in a good neighborhood. In particular, we need to safeguard the availability of adequate mortgage funds at reasonable interest rates even when it becomes advisable to restrict the flow of credit to other sectors of the economy.

The Council of Economic Advisers has recognized the importance of providing adequate funds to finance housing. One of the reasons it gives in support of the proposed tax increase, in fact, is that, if the anticipated budget deficit is financed through borrowing, it will dry up the money market to the extent that the housing industry will be stifled for lack of mortgage money.

Again, we see the blunt instrument approach at work. Implicitly, the Council recognizes that all demands for credit do not have the same social utility or urgency as housing, and that the market cannot be relied upon to channel the flow of available credit in accordance with social considerations. The Council stops there, however. It seems to assume that nothing can be done to protect housing against competing demands for credit for purposes of far lesser utility or urgency—inventory, stock market or land speculation, for example, or disproportionate fixed business investment (in anticipation of the future growth of markets) which could be deferred until credit becomes more readily available. That assumption, obviously, is false. It is not beyond the imagination of the Council to devise, or the ability of the Government and the Federal Reserve Board to apply, selective measures to direct the flow of credit to where it will do the most good. What is required for the selective approach is an order of national priorities—on which housing would rank very close to the top. Given