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Contractors of Geo.  
Publication Plumb  
Article in mrs FOR

② President C. D. Brownell

③ Dick Breckle -

EXCERPTS OF REMARKS OF  
SENATOR HUBERT H. HUMPHREY  
NATIONAL ASSOCIATION OF PLUMBING-HEATING-COOLING CONTRACTORS

④ Raleigh <sup>Buy</sup> <sup>Chad</sup>  
Sorenson  
 Fargo

CHICAGO, ILL.  
MAY 31, 1963

Mr Koepke

Hubert  
Ding

Today, I want to go on record in support of legis-

lation introduced by Senator Pat McNamara, requiring se-  
parate contracts for mechanical specialty work in public  
buildings.

This bill, S. 1556, is sound and fair legislation.

It would bring greater efficiency to the construction of  
public buildings. It would end an all-too-frequent practice  
of "job-shopping." And it would protect the opportunities  
and operations of small contractors who have services to  
offer in the construction or alteration of public buildings.

I commend you and the officers of the National Associa-  
tion of Plumbing-Heating-Cooling Contractors for your support  
of and work for this bill. With your continued efforts  
and support, Senator McNamara's bill will pass.

⑩ Housing & construction in U.S. - Still the  
big need - Urban + Rural - Huge mkt  
We can pay - 11

Right now I turn to a subject which has commanded increasing attention from me in the past two years.

I speak of the Alliance for Progress in Latin America.

Just before I arrived here, a friend warned me that I should not speak about such a "far off subject" (those were his words) before a group of contractors. He suggested that you would not be interested in my comments on housing needs and opportunities in Latin America.

I disagreed. You are not just plumbing, heating or cooling contractors. You are Americans---with a stake in the policies and programs of your nation and the fight for freedom and progress the United States is waging in this Hemisphere.

∠ The Alliance for Progress is a vital and dynamic tool in your Nation's effort to give Latin American nations a real chance for progress, and to give the people

<u>Foreign Aid - Good Security - good business</u>	
<u>Marshall Plan - Europe</u>	✓ <u>FOOD FOR PEACE - <del>was</del></u>
<u>TECH ASSIST - R+4</u>	✓ <u>PEACE CORPS</u>
	✓ <u>ALLIANCE FOR PROG</u>

Alliance — { Education — Agriculture  
Human Skills — Savings — Private Investment  
Agriculture — Land ownership

of Latin America a solid opportunity to build the foundations of freedom.

I believe that you---more than any other group in America---understand the basic importance of housing to a nation's economy, progress and living standards. And I believe that you will grasp the importance of the message and report I offer today.

In less than two years, I have traveled to Latin America three times. I have visited almost every country of Central and South America. And I have concluded that one of the most pressing needs in many Latin American nations today is for new housing programs.

↳ Thanks to your skills and ingenuity, North Americans are the best-housed people in the world. As specialists, you will be interested in the programs designed to provide similar housing for 200 million people South of the border.

We are winning!

-4-

The need for housing in Latin America is so vast that it can scarcely be measured. One figure that has been put forward is the Chase Manhattan Bank's estimate of a need of 12 to 14 million units at a cost of \$10 to \$13 billion. — and they can pay!

Two common misconceptions about Latin America are:

That housing is important for social<sup>a political</sup> reasons, only, and has no economic significance, and,

That there is no capacity in Latin America to save, and that all housing must be government-financed from external sources.

These misconceptions have in the past ~~deterred~~<sup>retarded</sup> the establishment of private savings institutions for housing, have helped prevent the investment of private U. S. capital in housing in Latin America, and have led to defeatist attitudes toward the ability of the peoples of Latin America to house themselves.

The results of the lack of housing in Latin America are widespread unproductivity, social unrest, fertile ground for violent political upheavals, and dissatisfaction with the competitive, free enterprise society which we are attempting to encourage through our program of foreign aid. On those grounds alone, financial assistance for housing is justified. Nevertheless, housing can stand on its own as a means of fostering economic developments.

In the developed countries---social needs aside---home building is an important and integral part of the national economy.

Year after year the relationship between business cycles and the home construction industry has been widely acknowledged. Now, Congress, in the past several Foreign Assistance Acts, has recognized that technical and financial assistance in the field of housing is a proper tool in

economic, as well as social development abroad. A.I.D.,

in formulating its housing policy to carry out Congression-

al intent, has, in effect, recognized that consideration

must be given to housing as necessary for, and complementary

to, industrial and agricultural development. It has ac-

knowledged the urbanization effect of economic development

and the economic waste of the lack of planning, housing's

relation to productivity, housing's contribution to full

employment and housing as a means of encouraging savings.

yes ✓ One of the most persuasive arguments for economic

assistance for housing in the lesser developed countries

is that housing development stimulates industrial and

agricultural development, and the development of roads,

power, railroads, and other tools of progress.

Economic development means new factories and new  
agricultural settlements. New centers of industry require

new housing to shelter the necessary labor force.

Aside from the need to service industrialization, housing is needed to shelter the new town population.

Economic development results inevitably in urbanization and in country-to-town movements. Urbanization increases the need for a greater emphasis on the supply of housing.

~~In addition to a housing supply to attract and retain labor, the condition of existing housing can reduce productivity by affecting the physical health and mental attitude of labor.~~

Housing programs stimulate employment. In developed countries, the home construction industry offers three types of employment. In the United States, for example, each housing unit provides between two and a half and three man years of employment: one man year on the job, one man year in the factories producing building materials, and an additional half to a year in related fields.

In countries which are underdeveloped but which have a formal, organized construction industry, as is the case of so much of Latin America, housing plays as substantial a role in the national economy as in the so-called developed countries. In Chile, for example, construction represents a substantial portion of the entire economy and home construction is the major part of all construction. Some 110,000 persons are engaged in direct construction, with another 150,000 persons occupied in producing building supplies.

Chile

There is no lack of a market for housing in Latin America. Housing itself is needed, and the ability to pay for housing does exist---provided long term mortgage money is made available. The essential requirement is long term credit, a commodity that is lacking in most less developed countries. The need is largely for local

Housing  
mkt

currency, not foreign exchange, because abundant labor exists in most less developed countries, and local materials are used most of the time.

Long term credit is the key ~~to a solution to a large~~ part ~~of the problem~~.

Credit

Also, we cannot expect, with U. S. resources alone, to solve Latin America's housing problem. Thus, A.I.D. has concentrated on helping the governments and peoples of Latin America create savings institutions whose sole function is the accumulation of the savings of the many and the channeling of those savings into housing. We have utilized the advice and counsel of public-spirited U. S. savings and loan officials, many known to you, to advise such countries as Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Jamaica, Nicaragua, Panama, Peru, Uruguay and Venezuela.

Their efforts have already resulted in the creation of home savings institutions in Chile, the Dominican Republic, Ecuador, Peru and Venezuela and the prospects of similar legislation in Argentina, Colombia, El Salvador and Panama.

The success of home savings plans, however, requires the impetus of initial capital. Without it, the slow rate of savings accumulation at the beginning will delay the flow of mortgage loan funds and enthusiasm for saving will wane. Even in the United States, in the early days of federal savings and loan associations, governmental participation was deemed essential to support initial saving and permit early lending.

Therefore, we have been providing "seed" capital loans for savings and loan institutions initiated with our technical assistance. "Seed" capital loans have been made to savings and loan systems in Chile (\$5 million plus a \$5 million grant and \$1.5 million of P.L. 480 funds),

Dominican Republic (\$2 million), Ecuador (\$5 million), Peru (\$9.5 million) and Venezuela (\$10 million). Other such loans are contemplated for Argentina and Colombia. These loans are being funnelled into the savings and loan system through forms of Federal Home Loan Bank Boards. Generally, these loans are matched by funds of the country involved.

These systems and loans are already bearing fruit. In Chile, as of October, 1962, there were 20 private savings and loan associations with 19,000 savers and approximately \$16,000,000 in savings. An additional \$35,000,000 of savings has been accumulated in the savings department of the Banco del Estado. Some 2000 loans had been approved for a total of \$20,000,000 on an average of approximately \$7,000 per loan. In Chile, we suggested a linkage of savings and loans to a wage index to offset inflation.

This has been a prime factor in increasing savings and is a technique we are hopeful of introducing throughout Latin America.

In addition to these "seed" capital loans, we have also made loans for direct government action: \$12 million to Colombia primarily for aiding self-help projects, \$400,000 for a union project in Honduras, \$2.5 million to Panama's Banco de Ahorros for relending purposes, \$5 million to the Mendoza Foundation of Venezuela and \$30 million for slum clearance in Venezuela. Consideration is also being given to housing loans for Jamaica and Uruguay. This means that, to date, over \$100 million of A.I.D. funds have been committed or under serious consideration for housing in Latin America. Add to this U. S. funds in the amount of \$150 million transferred to the Inter-American Development Bank for housing loans and you have

\$250 million of U. S. funds being channelled into the home construction and home financing industry in Latin America.

Another form of assistance is the all risk investment guarantee which authorizes A.I.D. to guarantee \$240 million of U. S. capital invested abroad, against virtually any risk, with \$60 million of this \$240 million specifically earmarked for housing in Latin America. A subsidiary of Carl M. Loeb, Rhoades and Company of New York is making the first housing loan to be guaranteed under this program.

*Investment Guarantee*

There is a proposal known as S.582 to create an International Home Loan Bank within the Federal Home Loan Bank Board. This bill, introduced by Senators Smathers and Sparkman, with a similar bill proposed by Senator Dirksen, and by Representative Wright Patman in the House

would authorize domestic savings and loan institutions  
to invest up to one per cent of their assets in  
an International Home Loan Bank which, in turn, could then  
invest in foreign mutual thrift and home financing institu-  
tions and foreign home loan banks. This would provide  
a potential \$800 million for investment in housing abroad.

Recently Senator Sparkman said of this proposal that "a  
good base can be laid for favorable consideration of the  
International Home Loan Bank during the coming Congress."

I fully support this bill.

I have been particularly interested in the use of  
housing cooperatives as a mean of providing less expensive,  
better maintained and better constructed housing. I am  
glad to see that my efforts in that direction are beginning  
to bear fruit. AID has enlisted the efforts of two organiza-  
tions to help develop the housing cooperative movement in

Latin America, the Foundation for Cooperative Housing and the American Institute for Free Labor Development. The FCH has sent teams of cooperative housing experts to Colombia, Ecuador, Honduras, and Venezuela, and is preparing to send other teams to Peru and Bolivia. As a result of an excellent report by David L. Krooth, an old friend of mine who has long fought for housing in this country, recommending the creation of a Central Housing Cooperative Institute for Honduras, I understand that assistance may be provided toward development of such an Institute. Also, a study is to be made of the feasibility of a Central American Housing Cooperative Institute. The AIFLD, in its turn, is helping develop a union housing project for A.I.D. in Honduras and is studying the possibility of similar union-oriented housing projects elsewhere throughout Latin America. The AFL-CIO is investigating,

too, the possibility of lending union pension funds to union-sponsored housing cooperatives in Latin America.

The importance of housing to a national economy was recognized by the Congress of the United States in 1949 when it declared our national policy at home to be:

"The production of housing is sufficient volume to enable the housing industry to make its full contribution to an economy of maximum employment and purchasing power."

This same policy should prevail for Latin America.

END



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