

Suburban Steel: The Magnificent Failure of the Lustron Corporation, 1945–1951. *By Douglass Knerr*. Columbus: Ohio State University Press, 2004. x + 248 pp. Index, notes, photographs. Cloth, \$44.95. ISBN: 0-814-20961-0.

Reviewed by Howard R. Stanger

In its brief existence, the Lustron Corporation held the potential to solve two vexing social problems: the lack of moderately priced housing for veterans returning from World War II for and other seekers of the American Dream as embodied by a single-family home in the suburbs; and the absence of a rationalized production process for the manufacture and delivery of prefabricated homes. The inability of the housing industry to provide an ample supply of affordable homes led the federal government to enter into a tenuous partnership with the private sector, and Lustron sat at the intersection of this relationship during the late 1940s. The government's \$40 million commitment to Lustron, according to Douglas Knerr, made it "a useful vantage point from which to assess the interplay of technological and social forces, the influence of economic and political processes, and particularly the role of the federal government in the search for housing solutions" (p. 8). Although Lustron failed, Knerr notes that its story "remains an excellent example of the complex character of interactions between public policy and private industry in the pursuit of social improvement" (p. 3).

Drawing on a wide array of sources—company archives, government studies and hearings, industry and trade publications, the business press, and a careful selection of secondary sources mainly on the history of housing policy—Knerr produces a "what if" account of the Lustron Corporation and fills some of the gap in the literature on housing reform by featuring the activities of business and industry. Knerr introduces the reader to the complex, acronym-filled world of government agencies and housing statutes and policies that emerged during the New Deal and continued in the postwar period.

Knerr locates the possibilities of Lustron's existence in the World War I-era national debates about the nation's housing system. Then, the first interplay of architects, planners, and policymakers converged so as to build housing for defense workers in order to advance the social identity of the working class. While the state's role in the economy

receded at war's end, its involvement left an important legacy—the “articulation of an ideal for American housing: the single-family house situated in a zoned, planned suburban community built by private industry” (p. 28). Crises during the Great Depression and World War II prompted the federal government to participate more actively in housing markets. But the real-estate and building industries opposed government involvement and worried about “creeping socialism.” They saw the (decentralized) housing industry as the last bastion of the spirit of American free enterprise. Nonetheless, improved building materials, attention from important architects and the mass media, and the involvement of nonprofit institutions, universities, and governmental agencies made prefabrication a movement in the 1930s. Still, “it was clear that the private housing market would not and could not provide the energy and resources to drive the development of industrialized housing” (p. 54).

Into this thicket of emerging housing policy under Harry Truman's administration entered Carl G. Strandlund, Lustron's founder. Strandlund was vice president and general manager of the Chicago Vitreous Enamel Products Company, which manufactured enameled steel products that captured the streamlined design aesthetic of the period. In his attempt to secure steel for his company in the mid-1940s, he learned the importance of lobbying and of establishing personal connections with Washington officials. He arrived there at a propitious moment—in the midst of the veterans' housing crisis. Strandlund contended that his company's Lustron division could produce aesthetically pleasing, prefabricated ranch-style homes with flexible interior designs.

Strandlund found support for his plan in veterans' groups, but faced ideological hurdles from the Republican-dominated Congress and skeptical agency heads. After he agreed to scale back his ambitious plans, Strandlund secured a financing package from the Reconstruction Finance Corporation (RFC) in June 1947. After Chicago Vitreous pulled out, fearing entanglement in too much risk, a new Lustron was born in the summer of 1947. Lustron leased the former Curtiss-Wright plant in Columbus, Ohio. The manufacturing process was state-of-the-art, and its scale and scope were unprecedented. By the summer of 1948, the plant's total value had eclipsed the combined investment of the forty next largest prefabricated-housing firms. To ensure uninterrupted production, Lustron negotiated a cooperative labor contract with the American Federation of Labor's

building-trades unions to assuage their fears and suspicions regarding prefabrication. The lofty production goal of 100 houses per day produced by 7,500 workers was not the only challenge: Senate Republicans called for an investigation of RFC lending practices, including its relationship with Lustron.

Lustron countered with an elaborate public-relations and advertising campaign, stressing the high quality and efficiency of its houses. But Lustron and the RFC continued to face intense political oversight that did not subside after Lustron began producing homes (only 2,200 in all). Lustron also experienced a number of costly manufacturing glitches, as well as significant hurdles in the areas of sales, marketing, and finance. Lustron executives organized and reorganized departments and divisions a few times to meet these challenges. Still, political pressures continued, and production and distribution costs lifted the price of its houses out of the middle market. Perpetual capital shortages forced the company to go back to the RFC for additional funds. Each request brought closer scrutiny of both the agency and the company.

Other formidable problems plagued Lustron: layoffs of workers, continued cash shortages, the end of the housing shortage, and the emergence of an alternative business model for realizing scale economies by William Levitt and Sons. Eventually, with its own survival at stake, the RFC took steps to claim its investment in Lustron. It forced Strandlund out and moved toward foreclosure in 1950. The decline of Lustron sadly ended an activist federal housing policy in favor of private solutions. But, according to Knerr, “the firm’s demise can be viewed as more a function of its relationship with the federal government than business shortcomings or market acceptance of its product. The company’s reliance on government capital and association with the crisis atmosphere of the mid-century housing shortage placed it in a political crucible throughout its existence. Lustron’s position reflected conflicts inherent in the process of government entrepreneurship in the social realm” (p. 190).

*Suburban Steel* contributes to the literature on the role of the private sector in housing reform and may also educate policy experts, architects, and others about ways to create a viable public-private partnership. It raises some important questions that could inform policy discussions. For example, would the commitment of additional capital and more time to realize returns enable a hybrid partnership to succeed today? Could there

come a time when the private sector can produce such houses profitably? And what role would government play if the private sector took the lead in this endeavor? Knerr did not address particularly well the issue of the unions' responses to layoffs, nor did he disclose what action, if any, was taken by the city of Columbus to preserve the company. Otherwise, *Suburban Steel* succeeds in laying a foundation for future investigations of the contributions of the private sector's architects, planners, and policymakers to housing policy reforms.

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