

would like now to recognize the chairman of the full Committee on Banking and Currency, the Honorable Wright Patman of Texas.

Mr. PATMAN. Chairman Barrett, H.R. 12341, the demonstration cities bill, is another bold and imaginative proposal in keeping with the landmark pieces of housing legislation that this committee has reported to the floor of the House of Representatives in recent years. I take great pride in sponsoring this administration bill.

I am convinced that this bill is an important and essential supplement to the Housing and Urban Development Act which we passed in the first session of this Congress.

The Demonstration Cities Act will show not just a few cities but all cities, large and small, can rebuild and restore their blighted neighborhoods. What we learn in the cities where the demonstrations take place will point the way to all other cities in search of solutions. The proposal offers a wide variety of new tools to attack the problem of central cities, and there will be great flexibility in the program. These demonstrations will be carried out and largely completed over a 6-year span, but long before that period ends we will be learning new techniques and new solutions from these pilot cities.

This program puts new tools and new powers in the grasp of local leadership and private initiative. Solutions will be shaped by local officials, with a minimum of Federal direction and a maximum of Federal assistance.

This program will, more than any other, call into play the creative federalism which the President first described in his Great Society address.

The major objective in the proposed Urban Development Act is to bring into physical being the needed projects planned for metropolitan areas. New grants are proposed to assist in planned metropolitan development. But this is not money for planning. It is money to help communities pay for the facilities they need—water and sewer systems, highways, mass transit, airports, parks and open space, and the like.

These grants would be made to cities that work together to plan for the orderly growth of their entire urban area.

Another section of this act would attack the problem of urban sprawl by permitting FHA to insure mortgages for privately financed land development. This program would make it feasible at long last to open up new outlying areas to well-planned large new communities in which both small and large builders could offer housing and facilities for families of all income groups.

To make these new proposals work, of course, it will take large-scale financing through both the Federal Government and private lenders. As we well know, housing and urban development take tremendous capital outlays. This means that billions of dollars must be borrowed every year just to keep up with the most minimal needs of this area. And virtually all of this money comes out of the private money market.

Therefore, when we consider any housing bill or urban development bill, such as the one before us today, we must take into consideration the conditions of the money market. No program is affected more than housing by the changes in interest rates and the availability of credit. Money and the cost of money are integral parts of housing. There can be no escape from this fact.