mortgage lending institutions into other forms of credit. Without its fair share of available credit, the homebuilding industry cannot rebuild American cities, cannot adequately provide for proper community growth, and, most important of all, it cannot continue to provide good homes for American families at reasonable prices.

As a result of our industry's difficulties in the recurrent tight money crises of the 1950's, we urged at that time that housing be given a voice in the councils of those who set national policy which determine the allocation of credit resources. We were among the early advocates of a Cabinet status for housing to provide that voice. Nothing in the recent actions which have so seriously affected mortgage credit affords any basis for confidence that the bitter lessons of the first two postwar decades have been heeded or, for that matter, even thoroughly understood.

As I am sure the committee understands, our enthusiasm for the pending legislation—which can have little significant effect for at least several years—is somewhat tempered by our very real concern that, under current money conditions, the present productive capacity of our industry will be sharply curtailed. We may not even be able to continue to provide homes in the volume produced during the past 10 years, much less increase our production to meet changing conditions in our society. Our comments on these bills are made, therefore, with the reservation that the problems of basic mortgage finance now confronting our industry are of immediate and vital importance. We are urgently concerned.

DEMONSTRATION CITIES ACT (H.R. 12341)

NAHB supports this bill because it recognizes the need for a start toward a coordinated approach which would rehabilitate people as well as structures. This seems to us entirely logical.

Certainly, it is simple commonsense to attempt to demonstrate that focusing upon a blighted area, in coordinated fashion, the vast variety of available Federal aids, rather than scattering them in a "shotgun" approach, will accomplish more for slum areas than the people who live in them.

There is some reason to contend that success in this aspect of the program may very well substantially reduce the necessity for large public housing and urban renewal programs. A higher level of education, and consequent higher earning power and employment and other opportunities provided by the Federal programs coordinated under the bill, should inevitably be reflected in ability to obtain better living quarters and in increased pride in maintaining them in good condition.

With respect to the criteria established in the act for the type of housing program required to qualify for assistance under this bill, we particularly applaud those provisions which would give priority to good design, the maintenance of natural historical and cultural characteristics, use of new and improved technology and design, and the use of cost reduction techniques (sec. 4(c) (2) and (3)). A substantial part of the budget and energies of our association for some years have been directed toward cost reduction and the improvement of technology, design and environment. We believe it highly desirable that all Federal housing efforts be required to work toward these ends.