

The poverty problem in rural areas involves two classes of people. First, are adults who are so advanced in age, so physically incapacitated, or so limited in educational background and basic industrial aptitudes as to be beyond any realistic hope of rehabilitation. No one likes to admit that such unemployables exist, but their existence is an irrefutable fact of our times. And no poverty program, local or national, can hope to succeed unless it recognizes that, as respects these people, the emphasis must be on ministering to their basic human needs, not on rehabilitation or retraining. There is a relief problem for which Federal, State and local programs already exist. These programs should be strengthened and improved rather than duplicated by new programs.

The second group consists of boys and girls and those adults who are young enough to be trained, and basically competent enough to take their places in a competitive, industrialized society. These are the people on whose education, training and rehabilitation the resources and efforts of the poverty program should be concentrated. We must see that they are made literate and that they receive such additional academic and vocational training, and fundamental work experience, as will qualify them for useful and productive employment. While their education and training should be primarily attuned to the requirements of their local economy, nevertheless it should not be overlooked that mobility of workers and trainees must also be encouraged if they are to achieve maximum usefulness to themselves and the national economy.

Since the training or retraining of people for nonexistent job opportunities will only increase their frustration and, in the long run, defeat the purposes of the proposed legislation, we must recognize that an enlargement of job opportunities is indispensable to any permanent solution. In my opinion, the creation of new job opportunities is and should continue to be the responsibility of the private sector of the economy. The role of the Government should be to provide suitable incentives for, and to eliminate unwarranted barriers to, such expansion. However, it may be necessary for the Federal Government to provide some financial assistance to individuals and local businesses in rural areas. For example a man who has the desire and ability to successfully farm, or to engage in farm-oriented activities, should not be precluded from doing so merely because he lacks capital and credit resources.

The pending bill specifies that grants to low-income families shall not exceed \$1,500 and that loans to such families shall not exceed \$2,500 in the aggregate at any one time, and that such loans shall not be made if the family is qualified to obtain funds by loan under other Federal programs. These provisions should be strictly adhered to to avoid the creation of another perpetual welfare program.

It is noted that under the proposed bill, grants could be made to low-income farm families to enable them to "participate in cooperative associations, or to finance nonagricultural enterprises." In my opinion, it would be inequitable for the Federal Government, through such grants, to assist individuals or groups to set up nonagricultural or cooperative enterprises which would compete with existing businesses, offering the same services without governmental subsidy.

Likewise, I question the necessity of direct loans from the Federal Government to individuals, families or cooperatives. In my opinion, if the loans are justified, they should be made through existing banking and financial institutions with Federal assistance limited to loan guarantees in necessary and appropriate situations. We have had experience with such Federal guarantees in the past, and there is no reason to suppose that they would not work in this instance, thereby obviating the possibility of the Federal Government becoming further involved in competition with the private sector of the economy.

A bill aimed at eliminating poverty certainly should not become the vehicle for expanding the number and activities of tax exempt and governmentally subsidized cooperatives. A cooperative should have some justification for existence beyond the mere avoidance of taxes and the utilization of Government subsidies. Certainly, the Government should not be put in the posture of favoring one type of business organization over another; and the proposed legislation should be modified to eliminate such discrimination.

Finally, I would question the wisdom and desirability of programs looking toward the acquisition of rural real estate which will be subdivided and resold, with the aid of Federal financing, to persons desiring such lands for occupancy as family-size farms. Post-Civil War history in the South showed that even the gift of "40 acres and a mule" provided no assurance of freedom from poverty and despair. Family-size farms are disappearing in this country because such