which was signed by President Johnson on August 26, 1965. However, inasmuch as EDA is the successor agency to the Area Redevelopment Administration, a short history of the ARA program is included here:

ARA program—1961–1964.—The Area Redevelopment Act was passed in May 1961, and ARA received its budget and got into operation in the fall of that year.

The act was not an anti-recessionary measure, but was a first attempt at a long-range recovery measure intended to combine local initiative with a program of (1) long-term, low-interest business loans; (2) loans and grants for public facilities to improve the opportunities for new employment; (3) technical assistance to remove obstacles to economic progress; (4) worker retraining; and (5) general information and research on the nature, causes, and cures of chronic unemployment and underemployment.

Industrial and commercial loans, the core of the ARA program, were limited to 65 percent of the cost of any project, and required subordinate community investment of 10 percent, which could not be repaid until the Federal loan had been fully repaid. The entrepreneur could invest as little as 5 percent of the cost of the project. However, no project could be approved until the eligible "redevelopment area" submitted an overall economic development program (the so-called OEDP), setting forth the long-range economic goals of the area, and the project was required to be consistent with the criteria set forth in the OEDP. In addition, because of the small scale of the new program, public facility loans and grants were administratively limited to projects which were directly related to identifiable new industrial or commercial employment.

Total funds authorized for the 4 years of the program were $100 million for urban business loans, $100 million for rural business loans, $100 million for public facility loans, $75 million for public facility grants, and $4.5 million annually for technical assistance. The worker retraining ($4.5 million annually) and retraining subsistence ($10 million annually) programs were handled by the Department of Labor in cooperation with the Departments of Commerce and Health, Education, and Welfare.

The initial obstacles to the success of the ARA program were many: Lack of existing economic development committees or organizations to prepare OEDP's or to develop projects, lack of readily available managerial talent or investment capital, the inability of local communities to raise the required 10 percent investments, the many complexities of the Area Redevelopment Act itself (which made it difficult to understand), and the resulting organizational and administrative difficulties in operating the program largely through the use of delegate Federal agencies. The agency also ran out of grant funds during the first 2 years of its existence, a factor which prevented the full utilization of its public facility loan funds. A bill to provide additional funds, passed by the Senate on June 26, 1963, after a narrow previous defeat in the House, failed of reconsideration in the House prior to the adjournment of the 88th Congress.