ploma program, homemaker services program, a preschool program for Indian children, and centers for senior citizens.

Besides the people directly served by these programs, local schools, government, and industry are all involved in this community action.

The rural loans program for individual and cooperatives authorized by the Economic Opportunity Act and administered by USDA's Farmers Home Administration is proving particularly successful. This is the program which is helping Charlie Hamlin, whom I mentioned earlier.

Individual loans up to a maximum of $3,500 are made to finance small businesses and services and to improve low income farms. Between January 1965 and June 30 of this year, 45,000 loans were made to low income rural families and individuals and to 854 cooperatives serving low income rural families.

Almost $83.4 million has been advanced under both credit programs. Slightly over 10 percent went to cooperatives.

Of the loans to individuals, a little over half financed investments in farming. The remainder provided capital for some 350 different types of nonfarm enterprises—including commercial fishing, small retail stores and service outlets in rural communities, handling and hauling timber and farm machinery repair, and production of handicrafts.

Of the 854 cooperatives, four out of five are made up of small farmers who have joined together to purchase machinery, such as a cotton picker or combine that they could not afford individually.

Rural loans are concentrated heavily in the Southern States and in Puerto Rico. In the South, 44 percent of the borrowers are Negroes. Nationwide, 5 percent are Indians.

Four of every five borrowers had family living incomes of less than $3,000 before they received their loans. When family size as well as income is considered, 90 percent of the borrowers again had incomes at or below the poverty level.

The average borrower family spent only $1,700 a year on living expenses. Slightly over 11 percent of borrower families were receiving public assistance when they obtained a loan. Less than one-third of the borrowers had gone to high school.

These loans are an important weapon in the war on poverty. In a Mississippi rural community 2 weeks ago I talked with a Negro mechanic. He had been supporting his family by repairing cars and farm machinery under a shade tree in his backyard, using poor, worn out equipment and tools.

No one would lend him the money to set up a real garage. In February 1966 he was given an EO loan of $1,850 and in March 1966 a subsequent loan of $650. He used the money to build a farm machinery repair shop and buy a lift, generators, testing devices, and other tools. His payments on interest and principal total $190 a year. Last year his net income increased by $1,295.

The repayment record of borrowers, both individuals and cooperatives, is remarkable in the light of their of their extreme low income situation. In the individual program, at the close of 1966, 82 percent of principal due had been paid. Some borrowers were paying ahead of schedule—advance payments totaled $1.4 million.