Mr. GOODELL. Have you authority to broaden this loan authority in the FHA program?

Secretary FREEMAN. May I take back the answer in a sense and say we received authority in 1962 to make loans for recreation purposes but not for other nonfarm purposes. I had a farmer give me a haircut 2 weeks ago down in Mississippi. He got an OEO loan to put a barbershop in along with his farm operation, he had 80 acres of land and he was netting about $1,200 a year on the barbershop. I got a free haircut. In this instance we could not have loaned him money to have a barbershop on his farm. We could lend him money under the FHA program to build a house so that he could move out of the shack he was living in. In this case a family living in an incredible shack before is now living in a decent home, has a side business, and their prospects are much improved.

Mr. GOODELL. I would like to give you an opportunity on the record, Mr. Secretary, to reply to some comments and statements that I have before me. One of them is part of a resolution that was passed by the rural community action director with reference to the Department of Agriculture.

Here is a specific quote. The resolution, I believe, passed in February of this year in the rural community action:

> It has become evident that the programs that the USDA and other Federal departments do not really reach the lowest income chronically disadvantaged people in the rural areas.

Then from Mr. George Esser, Jr., executive director of the North Carolina fund:

> It is our observation and experience that agencies of the Department of Agriculture are failing to make the impact that they have the ability to make because they are not reaching out.
>
> By and large the U.S. Department of Agriculture bureaucracy does not believe rural poor can help themselves, those who do believe it cannot communicate effectively with the poor. It is the experience of most persons who have worked with the rural poor that neither the Extension Service nor the Home Demonstration Agency really reach the rural poor.
>
> Both Farmers Home Administration and ASCS county committees are composed by and large by middle-class farmers who share the view of the U.S. Department of Agriculture bureaucracy.
>
> We have seen, for example, loan committees applying stricter standards to small farmers, many of them Negro than they do to middle-class farmers.

Some of what you testified to today would appear to corroborate the basic view of the resolution and Mr. Esser of the North Carolina fund.

I take it you don't entirely agree with him. I take it you would like to answer for the record.

Secretary FREEMAN. I think this is a very legitimate question and it is not a very easy one to answer. Let me say first of all that the emphasis in those statements seems to be on what might be described as the very poor—15 children in a shack living in two rooms with $250 a year income. I must say in all honesty that our programs by and large don't reach those kinds of people.

They should reach them more.

We reach some of them in education and nutrition, we reach them in food. We have not reached them previously in terms of improving their overall economic situation in the way that we should because our FHA programs do require some repayment capacity for housing, recreation