

loans, farm operating loans, for farm ownership loans. These loans benefit thousands of extremely low income families. However we don't have the legal authority to reach, or didn't have to reach all of the very poor.

No. 2, the second statement I would comment there is a tendency, and I have said this earlier, traditionally to be more oriented toward the lower middle class to the poor but not the very poor. Those that have an opportunity with help and supervision and attention to succeed and, a reasonable prospect of repayment. For these poor borrowers we do a very great deal. However, when you get down to those real, bedrock very, very poor in either housing or farm operating loans or any other outside loans, neither legally or organizationally have we been set up to do very much about them.

So, I think that that criticism has much too broad a sweep. It ignores the many things for the poor that we really do. It does have a certain legitimacy in that we have not had the tools, that we lack disposition or willingness. I would remind this committee that the FHA is the successor to the Farm Security Administration. This was one of the great innovative, creative organizations in terms of meeting the problems of the depression—but all of the resources and the full legal capacity have not been available since.

So I would have to say there is an element of truth in the statement where the extremely poor are concerned but the statement in its impact is not accurate in that it fails to recognize the very real contribution being made to all but the very, very poor.

Mr. GOODELL. Are you saying you have been unable to reach the very, very poor in the past because you did not have the legal authority from the Congress under the law to reach them?

Secretary FREEMAN. That is exactly what I am saying.

Mr. GOODELL. Have you sought, or are you now seeking in areas not covered by the OEO, the legal authority to move in this area to meet the needs of the very, very poor in the rural areas?

Secretary FREEMAN. I think the authority is now available to reach the very poor in conjunction with the OEO programs. In combination we now do have tools to reach the very poor.

Mr. GOODELL. In other words, to the extent you have the legal authority now, it is through OEO to reach the very, very poor?

Secretary FREEMAN. Yes.

Mr. GOODELL. You are not seeking, in any other areas not covered today by OEO, the authority to set up your own programs in the Department of Agriculture to reach the very, very poor?

Secretary FREEMAN. No, because I think the programs now, at least to the extent that the Congress is likely to pass them, are before the Congress and are incorporated in the current programs with the amendments now before this committee.

Mr. GOODELL. My own feeling is that you are absolutely right, that you have not had the legal authority in the past. What goes far in trying to reach the very, very poor of the farm areas is that you do now have the authority delegated from OEO.

It would seem to me, however, that this is a primary area of responsibility of the Department of Agriculture. The Department of Agriculture is talking more and more these days about trying to coordinate rural development.