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# PEGS FOR RURAL PROGRESS

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AMS

*Rural Areas Development Handbook*

ARS

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ARA

SBA

HHFA

INTERIOR

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PRIVATE

DEFENSE

AGRICULTURE HANDBOOK NO. 229

## FOREWORD

With the complexities and special problems of urban living, with the huge public and social costs of overcoming the problems of large-scale urban population growth, and the implications of nuclear, chemical, and biological war, it would seem sensible to direct National policy toward the maintenance of population in rural areas. In fact, these serious social and economic problems of large urban concentrations would justify renewed emphasis on the stream of thought popularized by Thomas Jefferson that rural America might be a good place sociologically for a sizable share of our population to live and work.

The job of selecting and building new industry to provide productive employment for surplus farm population is complicated and difficult. It involves many talents inside and outside of agriculture.

The Secretary of Agriculture committed all the USDA agencies, along with their many resources, including loans, technical help, education and leadership, toward a revitalized program for support of State, area, and local organizations to help them solve their own problems.

The Secretary directed that arrangements be made to package USDA services on an area-by-area basis. Each agency has been directed and encouraged to pool its technical and financial programs along economic area lines to bring maximum support to local and private efforts in rural areas for more rapid economic development—for a rural renewal of job opportunities, industry, and resources use.

What one individual or one business or one county might not be able to do alone, all of the people of a trade or labor market area might be able to do in a concerted and coordinated way.

John A. Baker, Director,  
Agricultural Credit.

# **Pegs for Rural Progress**

## **Rural Areas Development Handbook**

### **RURAL AREAS DEVELOPMENT**

#### **What RAD Is**

RAD is a coordinated program designed to help rural areas make better use of all available public and private facilities to promote better utilization of human and natural resources that are available in rural areas. The emphasis will be on, but efforts will not be limited to, those areas where underemployment and unemployment are prevalent.

#### **How RAD Is Done**

RAD is a method of (1) organizing local committees, consisting of representatives from all interest groups; (2) motivating these committees; (3) assisting them to formulate economic development programs; and (4) assisting them to implement such programs. The aim is to establish:

- (a) Efficient, profitable farms.
- (b) Rural industries and businesses.
- (c) Training and retraining programs for those not needed in agriculture.
- (d) Adequate rural public facilities.
- (e) Expansion of recreational facilities for both rural and urban people.

#### **WHO DOES WHAT FOR RAD**

Local county or area initiative and leadership is the prime mover for anything that is done. Private and governmental agencies only furnish some of the tools with which the area

leadership works. (One of the basic functions of the RAD program is to focus the attention of all agencies in the USDA, as well as other groups who can help, on those rural areas desiring assistance in expanding their income and employment opportunities). Within the U.S. Department of Agriculture, the Secretary has assigned specific responsibilities to designated agencies.

The Office of Rural Areas Development has been delegated the responsibility for coordinating the work of all departmental agencies who can contribute to rural areas development. The Federal Extension Service does the organizational and educational work. The Farmers Home Administration serves as the leader for the technical panel which provides assistance to State, area, and county committees and assists with community facility projects. The Rural Electrification Administration is delegated the responsibility for assistance with project proposals. Nine other USDA agencies aid in these and other activities.

All of the many regular agency on-farm programs which help speed the needed reorganization and readjustments for fuller employment of people operating farms will be emphasized in the years ahead. In the following outline, attention is given to only those special phases of each agency's operation which are related especially to the rural areas development program.

## **Department of Agriculture**

**ORAD**

### **Office of Rural Areas Development**

This office was created to expedite the application and use of the resources of all agencies in the Department of Agriculture and elsewhere that can contribute to the rural areas development program. It shall also provide leadership and initiative in the formulation of

current and long-range rural areas development policies and programs for the Department of Agriculture.

## FES

### **Federal Extension Service**

This agency provides educational assistance through the State Extension Services in organizing State, area, and county RAD committees, with representation from all areas, organizations, and interest groups that have a contribution to make, including agriculture, industry, local government, civic organizations, commerce, finance, education, labor, religious organizations, youth, and others. This agency also provides educational leadership to organized RAD committees in systematically inventorying both human and physical resources, in analyzing and identifying problems, determining economic development and adjustment potentials, and in formulating and implementing programs and projects which make fuller use of the area's human and natural resources.

## FHA

### **Farmers Home Administration**

This agency provides leadership at the State, area, and county level for the organization and operation of technical assistance panels representing all USDA agencies. These panels assist local Rural Areas Development committees in utilizing resources available from government and private agencies to advance development projects. It also assists in planning and developing community facility projects, training proposals, and technical assistance projects.

This agency makes loans to those unable to borrow from private sources of credit on reasonable terms. Its program includes farm operating loans; farm ownership loans; loans to individuals and associations, including public agencies, for water and land development;

loans to local organizations to help finance small watershed projects; rural housing loans; and emergency loans to farmers hard hit by natural disasters. County supervisors assist farm families receiving credit in preparing a farm and home plan, and provide on-farm assistance in managing family resources.

## REA

### Rural Electrification Administration

This agency is delegated the responsibility for assisting in the development of rural industrial and commercial enterprises that will help to alleviate underemployment and unemployment in rural areas. This agency also makes loans to REA borrowers who, in turn, finance the purchase of machinery and other equipment among the users of their electrical systems. In its basic program, REA stimulates the development and use of electric power and telephone service in rural areas.

## ERS

### Economic Research Service

This agency makes recommendations to be used in designating rural redevelopment areas for the Area Redevelopment Administration in the Department of Commerce; performs research to identify rural economic problems and solutions; and carries on a national program of research in problems of low income rural areas and the potentials for economic development of such areas.

## SRS

### Statistical Reporting Service

This agency assists State, area, and county technical panels in finding facts regarding farm production, costs, and income as needed by State, area, and county committees in their analysis of problems and programs in rural development.

**ASCS**

### **Agricultural Stabilization and Conservation Service**

This agency provides financial and secures technical assistance for soil, water, and woodland conservation projects involving both individual farm and community activities.

It also aids through loans, price support, and adjustment in the development and encouragement of efficient and profitable farm operations and provides information to assist in determining the needs for local industry and the capabilities of rural people involved in rural areas development.

**SCS**

### **Soil Conservation Service**

This agency provides technical assistance through local soil conservation districts for planning special uses of land and technical and financial assistance in carrying out watershed projects for flood and siltation prevention; water supply for agricultural, municipal, industrial, recreational, and fish and wildlife purposes; and land-use adjustment.

**FS**

### **Forest Service**

This agency provides technical assistance and advice for State, area, and county committees concerned with planning for increased employment which may result from forest recreation, woodland management, and processing of forest products.

**CSESS**

### **Cooperative State Experiment Station Service**

This agency provides basic facts on rural population and problems with special emphasis on problems and solutions within the State.

Representatives serve on State rural areas development committees and as resource members of State technical panels. Further details on resources available to State, area, and county committees should be explored by contacting the Land-Grant College.

**FCS**

#### **Farmer Cooperative Service**

This agency provides information on how to use cooperatives in rural areas development, and technical advice and assistance in determining the feasibility of using this form of organization in many specific projects, such as marketing, storage, and processing of agricultural products; handling farm supplies; and obtaining farm business services.

**AMS**

#### **Agricultural Marketing Service**

This agency provides counsel and advice on the feasibility of and assists in planning market facilities. It also provides current data on the volume and direction of movement and prices of products moving to market.

**ARS**

#### **Agricultural Research Service**

This agency provides technical advice and counsel on industrial feasibility of agricultural product processing plants which may be under consideration by State, area, or county rural areas development committees.

**FCA**

#### **Farm Credit Administration**

This is an independent agency of the Federal Government, supervising three credit services: Federal Land Banks and Associations; Federal Intermediate Credit Banks and Pro-



duction Credit Associations; and Banks for Cooperatives. The first two services lend to farmers and ranchers for general purposes, and the third service lends money to farmer cooperatives for financing facilities, operating capital, and commodities.

**ARA**

## **Department of Commerce**

### **Area Redevelopment Administration**

Created by an act of Congress, Public Law 87-27, entitled "Area Redevelopment Act" (May 1961), the Area Redevelopment Administration provides for five basic types of Federal assistance in areas which are designated in accordance with formulas as set forth.

1. Loans for industrial and commercial projects.
2. Loans and grants for public facilities.
3. Technical assistance.
4. Occupational training.
5. Retraining subsistence payments.

It also assists through the urban renewal provisions of the Housing Act.

As of March 5, 1962, the Area Redevelopment Administration had designated 852 areas for redevelopment. In these areas are 686 counties which are rural in character. In these counties, the Department of Agriculture works with the Department of Commerce in helping local people and areas help themselves. For the latest details on the many phases of the program, write to the Area Redevelopment Administration, U.S. Department of Commerce, Washington 25, D.C.

**SBA**

### **Small Business Administration**

This is an independent agency of the Federal Government whose functions include:

1. Procurement and technical assistance:
  - (a) Insuring that a fair proportion of Government contracts for purchases and the sales or disposal of property are placed with small-business enterprises;
  - (b) Providing technical and managerial aid, advising and counseling on Government production, methods engineering, and research and development, including new products; and
  - (c) Providing guidance through managerial publications and administrative management courses.
2. Making loans to individual small-business firms when they are unable to procure such financing from private sources on reasonable terms.

HHFA

### Housing and Home Finance Agency

This is an independent agency of the Federal Government, originally created by the Congress in 1947 to help large and small communities. The act was amended by the Congress in 1961 to expand the scope of its aids to housing and community development. The following are the major functions of HHFA:

1. *Urban Renewal Administration:*  
Grants to State and metropolitan planning agencies, and loans and capital grants for urban renewal projects.
2. *Federal Housing Administration:*  
Home financing (insures mortgages).
3. *Public Housing Administration:*  
Aid for low-rent public housing.
4. *Community Facilities Administration:*
  - a. College and hospital housing.
  - b. Housing for senior citizens.
  - c. Advances for planning and loans for construction of needed public works.
5. Technical assistance for community improvement.

## INTERIOR

### Department of the Interior

The Bureau of Indian Affairs provides technical assistance to Reservation Redevelopment Areas on such things as: (1) Formulation of overall economic development programs, (2) identifying and appraising suitability of industries for location on or near reservations, (3) feasibility studies of potential recreational and tourist facilities, and (4) studies of uses for natural resources in the designated reservation areas.

The National Park Service and the Bureau of Mines, Sport Fisheries and Wildlife, and Commercial Fisheries may be able to provide technical information and advice concerning proposed commercial developments for recreation or processing of minerals or fishery resources.

## LABOR

### Department of Labor

The Department of Labor sponsors through State Employment Security agencies these programs under the Area Redevelopment Act:

1. Collection of labor market information for area designation.
2. Determination of occupational needs that can be met by training.
3. Selection of trainees for and referral of trainees to approved training courses.
4. Payment of subsistence benefits to trainees.
5. Promotion of apprenticeship and other types of on-the-job training.
6. Assistance in job placement after training.

## Department of Health, Education, and Welfare

After an economic development program has been approved for a designated area and the occupational training and retraining needs of the unemployed and underemployed persons have been determined, the Department of Health, Education, and Welfare, in cooperation with State and local educational agencies, develops a vocational training program to meet those needs. The Department then provides through State and local educational agencies the finances necessary to cover all costs other than subsistence for trainees, which is provided through the Department of Labor.

## Department of Defense

The Department of Defense has the following activities and information that may be of interest to rural areas:

1. A program to minimize the economic impact on communities resulting from shifts in defense programs.
2. Assistance to firms in areas of substantial and persistent unemployment, in accordance with the provisions of Defense Manpower Policy No. 4.
3. Basic information on defense buying procedures and lists of major military procurement offices and what they purchase are contained in a pamphlet entitled *Selling to the Military*. This pamphlet can be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C., for 25 cents.
4. Details concerning the best use of excess military land suitable for agricultural, grazing, commercial, or industrial purposes may be obtained from the appro-

priate regional office of the General Services Administration.

5. The Corps of Engineers, through its district offices, provides flood and navigation controls on major rivers and their tributaries. In pursuing this function, they obtain the necessary lands and let the contracts for construction of dams.

## PRIVATE-STATE SOURCES

### Private Credit Sources

#### *WHICH SHOULD BE EXPLORED BEFORE REQUESTING FINANCIAL ASSISTANCE FROM GOVERNMENT SOURCES*

- Individuals
- Investment clubs
- Local banks
- Savings and loan associations
- Credit unions
- Fraternal organizations
- Pension funds
- Labor unions
- Local industrial development corporations
- Community development corporations
- Local chambers of commerce
- State chambers of commerce
- Small business investment corporations
- Planned industrial parks
- Railroad companies
- Electric and gas utilities
- Area development associations
- Regional development groups
- State and local development councils
- Statewide development corporations
- Other local credit sources

## FINANCIAL AND TECHNICAL ASSISTANCE

<i>Department and Agency</i>	<i>Type of Loan</i>	<i>Repayment Period</i>	<i>Interest Rate</i>
<b>DEPARTMENT OF AGRICULTURE</b>			
<b>Farmers Home Administration:</b>	Operating loans to assist farm families in making basic adjustments needed for successful farming.	Up to 7 years	5 percent.
	Farm ownership loans to enlarge, develop, and buy farms and refinance debts.	Not more than 40 years	5 percent.
	Loans to individuals or groups in rural areas to develop water supply systems for farm and home use, drain farm land, and soil conservation.	Not more than 40 years	4½ to 5 percent.
	Loans to farmers suffering losses due to natural disasters.	Scheduled by FHA Supervisor	3 percent.
	Loans to farmers and other rural residents for repair, improvement and construction of homes, farm buildings and housing for farm labor.	Not more than 33 years	4 percent.
	Watershed loans to help finance projects in small watersheds. ( <i>See also Soil Conservation Service.</i> )	Not more than 50 years	2.7 percent. (1962 rate)

Rural Electrification  
Administration:

Where funds are not available from other sources at reasonable rates, loans are made to electric borrowers for electrical equipment, wiring, plumbing, and machinery for persons or firms in rural areas who are receiving or about to receive electric service.

10 years, generally, but not more than two-thirds of the life of the equipment.

Recommend 4 percent or costs.

FARM CREDIT  
ADMINISTRATION

Banks for Cooperatives:

(1) Facility loans to eligible farmer cooperatives.

Up to 20 years

Range 4.5 to 5.5 percent.

(2) Operating capital loans.

Usually 1 to 5 years

4.5 to 5.5 percent.

(3) Commodity loans.

Usually less than a year.

4 to 5 percent.

Federal Land Banks and Associations:

Loans on farm real estate for general farm purposes, up to 65 percent of appraised value.

Not less than 5; No more than 40 years

5½ to 6 percent.

Production Credit Associations:

To farmers for: (1) Production expenses.  
(2) Equipment and improvements.

Usually 1 year  
Up to 7 years

6 to 7 percent.

<i>Department and Agency</i>	<i>Type of Loan</i>	<i>Repayment Period</i>	<i>Interest Rate</i>
DEPARTMENT OF COMMERCE	Loans and grants available only in designated areas.		
Area Redevelopment Administration <sup>1</sup> :	<p><i>Section 6</i><sup>2</sup>—Commercial and industrial loans. No limit on amount. Up to 65 percent of aggregate cost, excluding all other Federal aid. Other 35 percent must be available. 10 percent of aggregate must be from state or local subdivision. 5 percent must be from non-Government source. No loans for working capital. No loans for relocation of industry.</p> <p>Secured by mortgage.</p> <p>Must be in designated redevelopment area, and must be a part of overall economic development plan.</p>	25 years	4 percent (At present).
	<p><i>Section 7</i><sup>2</sup>—Public facility loans—Up to 100 percent of cost of project. Must not compete with existing facilities.</p>	40 years	3½ percent.
	<p><i>Section 8</i>—ARA empowered to make grants under certain conditions.</p>		

<sup>1</sup> Write to Area Redevelopment Administration, Department of Commerce, Washington 25, D.C., for details.

<sup>2</sup> When no other credit is available on reasonable terms.



<i>Department and Agency</i>	<i>Type of Loan</i>	<i>Maximum Amount of Loan</i>	<i>Maximum Repayment Period</i>	<i>Maximum Interest Rate</i>
SMALL BUSINESS ADMINISTRATION:	<i>Section 7(a)</i> —Business plant construction, conversion, or expansion, including the acquisition of land, to finance acquisition of equipment, facilities, machinery, supplies or materials, or working capital.	Statutory: \$350,000 Policy: \$200,000	10 years (5 to 6 years for working capital)	4 percent in designated re-development areas; 5½ percent in other areas; if bank participates at lower rate on its share, SBA will reduce accordingly as low as 5 percent.
	<i>Section 7(b)</i> —Disaster to restore home or business from disaster.	Amount of loss	20 years	3 percent.
	<i>Section 501</i> —State Development. To stimulate and supplement flow of equity capital and long-term funds.	Will match borrowings from all other sources	20 years	4 percent in designated re-development areas; 5 percent in other areas.
	<i>Section 502</i> —Local Development. Plant construction, conversion or expansion, including acquisition of land, to assist an identifiable small business concern.	\$350,000 for each small business but not more than 80 percent of cost of each project.	25 years	4 percent in designated re-development areas; 5½ percent other areas; if bank participates, at lower rate, SBA will reduce accordingly as low as 5 percent.

<i>Department and Agency</i>	<i>Type of Assistance</i>	<i>Who Is Eligible</i>	<i>Repayment Period</i>	<i>Interest Rate</i> <sup>3</sup>
<b>HOUSING AND HOME FINANCE AGENCY</b>				
Federal Housing Administration:	Insurance of mortgages to buy, improve, or rehabilitate homes or rental housing.	Determined by type and purpose of loan.	Determined by type and purpose of loan.	
Community Facilities Administration:	Loans to build rental housing for the elderly.	Nonprofit and limited dividend groups, co-operatives, certain local public bodies.	50-year maximum.	
	Loans to build local public works, such as sewers, waterworks, gas distribution systems.	Political subdivisions or instrumentalities with less than 50,000 population.	40-year maximum.	
	Interest-free advances (loans) to plan non-Federal public works.	Any State or local agency with authority to carry out project.	Payable when construction begins.	
	Loans to colleges for student and faculty housing; to hospitals for housing student nurses and interns.	Public or private nonprofit colleges, universities, or hospitals.	40-year general maximum.	

		from universities, colleges, or hos- pitals	General maximum.
Urban Renewal Administration:	Cash grants toward the cost of comprehensive urban planning.	Political subdivisions or instrumentalities authorized by State law to undertake project.	None.
	Cash grants toward the cost of title of control of permanent open-space land necessary to an area plan.	Political subdivisions or instrumentalities authorized by State law to undertake project.	None.
	Advances, loans, and grants for urban renewal projects.	Political subdivisions or instrumentalities authorized by State law to undertake project.	Varies, as applicable.
Public Housing Administration:	Loans, annual contributions (subsidies), and technical advice in providing low-rent public housing.	Political subdivisions or instrumentalities authorized by State law to undertake project.	Varies, as applicable.

<sup>3</sup> See agency for detailed information on interest rates.

## **Nongovernmental Sources of Technical Assistance**

Farm organizations	Colleges
Local banks	Service groups
Labor unions	Chambers of commerce
Church groups	Women's clubs
State Co-op Councils	Trade associations
Research groups	State Industrial Development Agencies
Railroad companies	
Universities	Utilities

For detailed information on governmental agencies, contact the local or area offices of each. If this is not convenient, write to the following Federal agencies in Washington, D.C.:

**U.S. DEPARTMENT OF AGRICULTURE**  
Office of Rural Areas Development

**U.S. DEPARTMENT OF COMMERCE**  
Area Redevelopment Administration

**U.S. DEPARTMENT OF LABOR**  
Bureau of Apprenticeship Training or  
Bureau of Employment Security

**DEPARTMENT OF HEALTH,  
EDUCATION, AND WELFARE**  
Office of Vocational Education

**SMALL BUSINESS ADMINISTRATION  
HOUSING AND HOME FINANCE  
AGENCY**

Office of the Administrator

**DEPARTMENT OF THE INTERIOR**  
Resources Program Staff

**DEPARTMENT OF DEFENSE**

FAMILY FARMS

RURAL  
INDUSTRY

RECREATION

RURAL GROUP  
SERVICES

TRAINING

RURAL  
HOUSING

CONSERVATION

LOCAL  
LEADERSHIP

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