

# FHA Rural Development Program In 2nd Year

The maximum amount of credit specifically budgeted for the development of rural America in fiscal year 1974 has been delivered, Secretary of Agriculture Earl L. Butz said recently.

"The Department of Agriculture, through Farmers Home Administration, has moved to provide all newly-authorized credit under the Rural Development Act," Butz said.

The Rural Development Act of 1972 authorized three new major programs for funding rural development: (1) guaranteed loans to encourage jobs by promoting the establishment of business and industry in small towns and rural areas, (2) grants to assist municipalities in attracting industry, and (3) loans for community facilities that would improve rural life. FmHA records show that: \$200 million was authorized for business and industrial loans; FmHA guaranteed 399 loans for \$199,980,545.

\$10 million was authorized for industrial grants; FmHA made 136 grants for \$9,996,700. And \$50 million was

provided for community facilities; 102 loans for \$49,830,700 were made.

Although the Rural Development Act was passed in 1972, loan funds for the program were authorized by Congress on Oct. 24, 1973, leaving only 8 months of the fiscal year in which to initiate three major programs.

In order to get a head start on processing loans and grants, in July 1973 Farmers Home Administration instructed its network of field offices to begin accepting preapplications in all three programs.

FmHA reports that, during the year, its field offices received over 2,300 applications for business and industrial loans, aggregating \$1.1 billion. Of these, 889 were reviewed in the National Office for feasibility.

There were nearly 300 applications for about \$61 million in industrial grants and over 400 community facility applications for some \$143 million that received consideration.

In anticipation of funding, regulations for the new

programs were written by June 1973, and training programs were conducted so some 1,750 FmHA offices could handle the program.

"The Act also authorized Farmers Home Administration to guarantee loans made by private lenders. FmHA worked with bankers, savings and loan officials and others to develop acceptable procedure, and helped disseminate this information to commercial lenders nationwide during this same period," the Secretary said.

"It is also worth mentioning that this was done by persons who were also handling loans for farm ownership and operation, for water and waste disposal systems and for rural housing — a total loan-program of nearly \$3.6 billion.

"The first fiscal year is now complete. The record is clear. The Farmers Home Administration and others in the Department have done a fine job in achieving the year's goals, and all Americans are benefitting from the improvement that is now taking place in our rural areas," Butz said.

# Potato Processing Study Group Issues Report

The Report of the Potato Processing Study Group, released Aug. 2 by the U. S. Department of Agriculture (USDA), recommends that producers develop multiyear contracts with processors to reduce price and volume instability and extend the planning horizons of producers and processors. The study, initiated by Secretary of Agriculture Earl L. Butz, was made under the direction of Ervin L. Peterson, Administrator of USDA's Agricultural Marketing Service (AMS), with the cooperation of Quentin M. West, Administrator of the Economic Research Service, and Ronald D. Knutson, Ad-

ministrators of the Farmer Cooperative Service.

The purpose of the study was to describe and evaluate self-help opportunities available to the potato industry and suggest possible changes that might help improve the grower-processor pricing and delivery system. Member of the study group held a series of meetings with producers, grower organizations, and processors in the three main fall-crop areas—the Red River Valley, Maine, and the western tri-State area (Idaho, Oregon, and Washington).

Other recommendations in the report are:

-- Producers should strengthen their regional organizations — such

organizations should represent most of the producers and have each producer's firm commitment for the marketing of a percentage of his crop.

— Producers should work with USDA agencies and processors to develop an information system for use by growers' bargaining organizations and processors.

— AMS should work with the potato industry to develop acceptable grade standards to aid in arbitrating disagreements involving delivery of chip-stock potatoes.

Copies of the report are available from the Information Division, AMS, USDA, Washington, D.C. 20250.

# USDA Changes Commodity Rules

Effective Sept. 30, 1974, the U. S. Department of Agriculture's Commodity Exchange Authority (CEA) will amend its regulations to "strengthen and clarify minimum financial

requirements and related reporting and recordkeeping requirements" for futures commission merchants covered by the Commodity Exchange Act (CEAct). The amendments are

necessary to prevent misinterpretations and eliminate loopholes noted during CEA experience over the past five years under existing regulations, Department officials said.

The change also includes a guideline to distinguish between accounts handled by commission merchants for themselves and employees, or so called proprietary accounts, and accounts involving outside customers. Merchants dealing only with proprietary accounts will be exempt from certain requirements under the CEAct, such as registration.

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