

Mr. BELL. In other words, it was primarily for a monetary reason that you decided on Washington rather than going ahead at Saugus-Newhall?

Mr. SHRIVER. That's right. Let's say there had been no controversy at all. We still would have gone to Washington for the savings to the taxpayers involved in going to Washington if there had been no controversy.

Mr. BELL. The next question I have is relative to a small business development center which I believe had been shut down. I assume the question has been asked, but there had been some indication that these small business centers had been quite successful. I wondered why you cut off the operating funds.

Mr. SHRIVER. Well, there are a number of reasons involved.

First of all, as you will remember, I guess, the Small Business Administration has taken over the job of processing the actual loan papers which in the first year of the small business development centers was done by the small business development center, so that the small business development center has become a place where merely advice and consultation is given rather than loans extended.

It seemed to us that it would be better if the Small Business Administration official not only give loans in SBA offices, but moved out into the neighborhood centers, which we will talk about in a little while, because they would then be close to the people and they could give the advice as well as the loan in one place.

As a result of that and for other reasons, we announced, oh, 5 or 6 months ago that we would phase out the small business development centers as of the 30th of June.

Now, this is not because of any—disenchantment with the idea of trying to help small businessmen, but our studies revealed that very few of the very poor, which is our clientele, were actually getting services through small business development centers or really through SBA. The answer to that is not too hard to see as being something maybe we should have anticipated at this. We thought it would be a great thing to get poor people into the free private enterprise system, but it turns out—I guess you might say obviously—that it takes more skill to run your own little business than it does to be an employee in somebody else's big business.

If you are trying to run your own little business, you have to be a salesman and a manager and accountant; a fellow who can run a little real estate operation, you have to be a boss. If you have even two people working for you, you have to be able to direct their work, and it requires a spectrum of ability which the poor people don't have.

Mr. BELL. Most of your clientele, as you say, wouldn't have the education to take care of this?

Mr. SHRIVER. That's right. So it turned out that the SBDC's, although they were helpful to extremely small businesses, were not reaching the very poor, which is our clientele. So it was our decision that it would be better for that to be handled by SBA and the Congress, as you remember last time, put that over into SBA, not because we were against it, but because in our judgment it wasn't reaching deep enough into poverty to be a legitimate concern of ours.

We have been asked on the Senate side, in case you don't know it, by all of the Senators on the Education and Labor Committee over