5. There will be an increasing need to tie all SBA assistance programs in comprehensive packages tailored to the needs of small business in each local environment.

In the light of these developments, we are shaping our program to complement the potential economic strengths and needs of specific geographic areas and industries.

We are also shaping them to satisfy the requirements of local development planning and to dovetail with State, Federal, and other blueprints, both public and private, which seek balanced economic development.

We are as convinced as is this committee that small business is the most responsive and effective means of building and maintaining balanced economic growth in the nation.

Mr. Chairman, we are ready to answer general questions, or we are ready to proceed with our specific financial assistance program, which Mr. Hendricks has a prepared statement on, if you desire.

The CHAIRMAN. Thank you, Mr. Administrator, for a very concise, yet broad statement regarding all the operations of the agency—an overall look at the SBA's program.

Without objection, the full statement of the Administrator with the appendix and the table will be included in the record at this time.

(The prepared statement of Mr. Moot and attachments follow:)

STATEMENT OF ROBERT C. MOOT, ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION

SECTION I—INTRODUCTION

Mr. Chairman and Members of the Committee, I am grateful for this opportunity to discuss with you the status, problems and prospects of the small business community and the related programs of the Small Business Administration. I know that you desire a comprehensive review of all SBA programs, with added emphasis on selected areas of interest. This is a major undertaking, in which I am happy to participate. My several formal statements will cover a broad range of subjects. To cite a few selected highlights:

The status and prospects of small business in a progressively growing economy are generally good. Yet, some grave problems confront us, growing out of the increased market power of giant firms in some segments of industry; current inflationary pressures, high interest rates, and attendant tight money market conditions; the increasing need for management and technical assistance to small firms; and the uneven distribution of the benefits of economic growth and prosperity among social groups, regions and industries.

From the date of SBA's establishment through December 1967, our financial assistance programs, excluding disaster assistance, have made $5.3 billion available to finance the capital needs of over 117,000 borrowers. Of this total, $2.2 billion—or about 42 percent—was financed by the private sector (Table 1).

Our studies of the business loan program demonstrate that these loans have helped borrowers to achieve highly satisfactory growth rates and to contribute to the well-being of the economy in general. These growth rates, in recent years, have been at higher levels than the growth of business in general and confirm the oft-stated belief of the Congress that small business, if given a fair opportunity, can compete in the open market place without subsidy.

The Local Development Company Loan program has assisted over 1500 projects, representing a gross investment of more than $300 million, principally in smaller communities (Table 20). I believe that this program is still well below its full potential in both rural and urban economies.

The legislative enactments of 1966 and 1967 have done much to strengthen the SBIC program and to restore confidence in its prospects. The companies have undertaken almost 27,000 financing transactions, involving a total investment of close to $1.2 billion. We expect progressive improvement in the financial soundness of licensed companies and extension of the benefits of the program to additional areas in the near-term future.