In the first 13 months of complete operation under SBA, we have made over 3,700 Economic Opportunity Loans, aggregating almost $40 million, to disadvantaged persons in urban and rural areas. Our management assistance facilities have played a major role in this program and will be further emphasized to assure achievement of the Congressional objectives set forth in the recent amendments to the Economic Opportunity Act.

We have loaned almost $97 million to 1,308 business concerns displaced by Federally financed construction projects (Table 15). We are stepping up our efforts to increase private sector participation in this program.

Since the establishment of SBA, there have been about 600 declarations of disaster of widely varying dimensions. A total of almost 69,000 loans and $616 million have been approved for disbursement to assist the victims of floods, hurricanes, other catastrophes, economic injury and product disasters (Table 22). We have recently completed a review of loan policies and eligibility criteria covering this program and have instituted necessary or desirable changes.

Federal prime contracts placed with small business concerns have risen from $4.7 billion in 1960 to 10.2 billion in 1967. The small business share of total procurement rose from 18.3 percent to 20.5 percent in the same period. We are also progressively expanding our cooperative efforts with large prime contractors to maximize sub-contracts to small firms. Defense prime contractors report that they have placed $7.3 billion in sub-contracts to small business in Fiscal Year 1967 (Table 23). Following a 2-year hiatus, we resumed operation of the procurement set-aside program on November 1, 1967. In addition, we have added emphasis to our efforts to encourage the development of state and local small business procurement programs.

We are continuing a moderate expansion of our Management Assistance program in response to the expanding needs of the small business community. The number of SCORE volunteers has reached 3,210 and continues to grow. We are intensifying our efforts to promote greater participation by small business in export trade and to broaden and expedite the transfer of Federally financed technology to small firms.

We have entered into a number of lease guarantee transactions under the original limited authorization and others are in process. We believe that a sound basis has been laid for expansion of the program under the broadened program authorized by the Congress, effective January 9, 1968. We expect a substantially larger volume of guarantees in the current and future fiscal years, with increased private participation.

We have initiated a study of the impact of crime on small business, as directed in the 1967 Amendments to the Small Business Act. A report, with appropriate recommendations, is to be submitted to the Congress in October, 1968.

Finally, the five million small business concerns spread through every community of the nation are vitally involved and acutely interested in the major Federal, state and local programs which have been launched to promote balanced economic growth and to cope with the problems of urban decay and rural stagnation. We believe that the utilization of the actual and potential economic capacity of small business in support of these programs is clearly in accord with the Small Business Act, as well as the Economic Opportunity Act, and one of the keys to the success of the programs themselves. Accordingly, we are actively engaged in a review of our programs and procedures to insure full coordination with these major national efforts. While this has brought about some new departures in programs and operations, I believe it to be fully in harmony with the declaration of this Committee, issued more than a year ago, that—

"* * * the building and strengthening of our small business community is as effective as any course of action in the economic development of our cities, small towns and rural areas * * *"

SECTION II—STATUS AND PROSPECTS OF SMALL BUSINESS

The year 1967 was the seventh year of uninterrupted expansion of the U.S. economy—the longest period of sustained growth in the nation's history. The propsects for continued growth at a sustained high rate are very bright.

The general health of the economy is reflected in the vigor and persistent growth of the small business community. Over the past decade, the total business population has increased by approximately 700,000 firms. Virtually all of this represents a net increase in the small business segment. Small business accounts for over 50 percent of the total employment by all business concerns and for approximately 30 percent of total capital outlays for plant, equipment and busi-