Concern for the widely varying impacts of these uneven growth trends is the central theme of most current appraisals of the nation's economic health. In fact, the growing commitment of Federal, state and local governments—with progressively increasing private sector involvement—to the promotion of balanced economic growth is possibly the most significant single factor affecting the future rate and direction of economic change throughout the nation. Major new or enlarged Federal programs aimed at this objective have been launched, stemming from such landmark statutes as those pertaining to manpower development and training, aid to vocational and higher education, equal economic opportunity, Appalachian regional development, public works and economic development, and model cities.

These programs have two principal thrusts: (1) to upgrade the skills and the employment, business and social opportunities of disadvantaged persons and groups throughout the nation; and (2) to arrest and reverse the economic stagnation of the decaying core of major metropolitan complexes and other pockets of poverty in rural areas created by dependence on industries with slowly growing or declining employment opportunities. The status and prospects of the five million small business concerns spread throughout the nation will be determined, to a large degree, by these major developments in the national economy.

SECTION III—IMPLICATIONS FOR SBA PROGRAMS

Implications of the current and prospective economic environment and the Agency's objectives may be summarized briefly as follows:

1. Small business needs for all SBA assistance programs will continue to grow. Continued assistance will be necessary to enable small business to cope with the opportunities and challenges of an expanding modern economy.
2. The availability of credit and the terms on which it can be obtained from private sources will, at best, show only moderate abatement from the tightness that currently prevails in the capital markets.
3. So long as Defense expenditures remain at current high levels, pressures to restrain inflationary forces through restriction of other programs will remain strong. This will intensify the need to strengthen the economic justification of loans and other assistance to small business concerns, and to make sure that each dollar returns an equivalent or greater benefit to the national economy—as well as benefiting individual businessmen.
4. The economic health and survival of individual small business concerns depends, in large measure, upon the progress of economic development programs undertaken in communities and regions in which the concerns are located. Business loan programs, in particular, need to be tied closely to soundly conceived and broadly supported local development programs since this constitutes the most effective compliance with the statutory requirement that business loans "* * * be of such sound value or so secured as reasonably to assure repayment."
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 programs 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.

In keeping with this approach, we are striving to cooperate with development efforts in both metropolitan centers and the numerous pockets of rural poverty. Although SBA is not primarily an economic development or poverty agency, we are convinced that our statutory mission requires that we support these programs. Considerations underlying this conclusion are:

First, as I have already noted, small business concerns have been most severely impacted by the unfavorable economic trends which these programs seek to moderate or reverse.

The *second* consideration was set forth most clearly in the report issued by your committees in December 1966:

"The Committee believes 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, especially in areas of poverty and economic deprivation. Small business loans are quickly translated into more jobs and stronger, healthier communities."