

Total private investment in these projects is estimated to be in the neighborhood of \$28.2 million.

The proportion of direct guarantees is presently high in relation to participations, but it is anticipated that the ratio will reverse in the future. We hope that of the total, direct writings will be about half of participations, although this may not take place during the next fiscal year.

SECTION X—SMALL BUSINESS SIZE STANDARDS

To carry out the policy of the Congress that the Government should assist small business concerns in order to increase the competitive strength of the small business, it is essential to channel the benefits of the programs of the Small Business Administration to those businesses which need assistance to overcome any disadvantages because of their small size.

Since 1953 the small business size standards of the Agency have been developed on the basis of studies of the size structure of the business economy and the experience gained through the administration of the size standards. Studies were made of whatever information was available concerning the structure of the business economy and the disadvantages of small businesses. Most weight was given to the statistics compiled by the Bureau of the Census for the manufacturing industries, the whole sale and retail trades, and selected services in the development of the definitions of small business for these industries. Through the years, there has been a continuing effort to improve the size standards on the basis of new statistical and other factual evidence.

During the first half of calendar year 1967, 1963 *Census of Manufactures* size data became available. Concentration ratios for the manufacturing industries were analyzed together with the 1963 data tabulated by size of establishment and the comparable 1958 data. Studies were made also of the multiunit company data for the wholesale and retail trades and for selected services. Using the techniques which had been employed previously in the development of the small business size standards, some revisions were indicated. On the basis of these studies, the Administrator proposed revised and new definitions of small business for certain industries. These proposals were published in the Federal Register in June and July of 1967.

Interested persons were given an opportunity to file written statements of facts, opinions, or arguments concerning these proposals. Divergent views were expressed by many persons interested in the proposal to revise the small business size standard for financial assistance to small petroleum refining companies and procurement assistance to small companies bidding on Government purchases of refined petroleum products. As a result, a hearing was held on October 9, 1967. The statements made at the hearing, together with all other relevant information available, were given further study and it was decided to retain the present small business size standard. Under the present size standard, any business concern having an average of 1,000 or fewer employees, including affiliates, and not more than 30,000 barrels per day crude oil or bona fide feed stock capacity from owned or leased facilities, is classified as small.

A hearing was held also on November 30, 1967, to get the views of interested persons regarding the present small business size standards for the construction industries. After consideration of statements made by members of the industry and all other pertinent available information, it was decided to retain the present definitions of small business for the construction industries. The definition of a small construction concern for SBA loans is any such business that has average annual receipts not in excess of \$5 million for the preceding three fiscal years. The definition of a small construction concern for Government procurement assistance is any concern bidding on a contract for construction work that has average annual receipts for its three preceding fiscal years not in excess of \$7½ million, except for dredging. The size standard for dredging is \$5 million.

During 1967, some size standards were revised or newly established for certain manufacturing industries, wholesale and retail trades, and selected services. However, some of the proposed changes have not yet been made. As indicated above, there is a need for continuing studies to improve the definitions of small business on the basis of changes in the competitive position of small business. In addition, there is need from time to time to review the thinking and the techniques leading to the development of the small business size standards. For these reasons, an interoffice Size Standards Task Force was organized as a working group to develop further information that should lead to the further improvement of the present small business size standards.