

Let me put it this way: It is true——

Mr. CONTE. May I interrupt?

Mr. MOOT. Surely.

Mr. CONTE. Mr. Hendricks certainly has been most helpful in that particular instance. Thanks to him, the doors of that industry will be open again.

Mr. MOOT. Yes. I understand, and we have watched that very carefully. The problem is this: Early last fall we were faced with the necessity of making sure that we were not creating an adverse impact on Treasury dollars, in all of our programs, any more than was necessary to get our basic job done.

The general trend of prices and such with creeping inflation indicated that there needed to be as much fiscal restraint as possible.

We undertook to look at all of our programs.

We found that 98 out of every 100 of our loan programs for homes, and 95 out of every 100 of our business loan programs for businesses in the disaster program could be covered, could be covered by certain limitations; namely, 25,000, which is a combination of 20 and 10, not to exceed 25,000 for homes, and 100,000 for businesses, leaving above that the authority to provide guarantees for bank participation for the kinds of homes and kinds of businesses that had a greater loss than that.

We found that while this would cover, as I said, 95 to 98 percent of our total applicants, it would likewise save considerable dollars, because when there is a big requirement, it is a very significant one, as you well know in this particular case.

But we felt that the funds would be available in these cases from the private sector, because they are more substantial, either homes or business, and we felt that we could distribute what has to be an overall limitation of our total effort more properly if we did apply these limitations.

Now they are obviously not the most desirable from the Administration point of view, from our Administration's point of view, because it is easier not to have a limitation but we felt in good conscience in order to make the SBA more responsive to the total economic needs and distribute its total resources where it could do the most economic good, that the cost was worth the benefit, really.

Mr. CONTE. It was really a question of money. If you did not have a limitation, the money could be exhausted very quickly.

Mr. MOOT. It could be more readily exhausted; that is right, sir.

The CHAIRMAN. Mr. Kluczynski, any general questions?

Mr. KLUCZYNSKI. Mr. Chairman, I have no questions at this time. These are extensive hearings and I am sure the members of this fine committee are anxious to be here and to know more about the administration of small business. However, I want to compliment the Administrator for the wonderful job he is doing, and the fine staff you have.

We have one of the greatest chairmen, as you know, of any committee. We have a very good staff.

Every member of this committee wants to be helpful to the small businessman, the small fellow who needs help, the small fellow who has built the communities—I am chairman of the Urban Affairs subcommittee; we had hearings all over the country in big cities. Now we are making the smaller cities, and I am very happy that we are able to do something for the man who needs help.