

Mr. Moor. Well, it would be, Mr. Corman, except that, to be quite honest, the general pattern throughout the country is such that the minority groups do not have equal access to the banking institutions. And this is not just plain discrimination; it is just that they do not have the kind of credit background or collateral or security that a bank normally is looking for. Which gets us to the second type of loan, where we normally are looking at established disadvantaged people operating a business above that marginal level, whatever it is determined to be, who are seeking a chance to expand their business, and who can convince us that they have a need to expand the business, and who cannot secure private financing.

Now, we are quick to agree that there is very little difference between this man who can, therefore, get \$25,000 on a judgment determination of need not otherwise satisfied and the man who comes in with a straight business proposition and needs \$15,000. Generally speaking, the answer is, I think reflected in the fact that these other programs are generally used in areas where there is a depressed situation or hardship, low-income families.

Mr. BURTON. I understand that. I am all in favor of that. If someone is being socially or economically discriminated against, I think that is a legitimate reason to give them help. Constantly on this committee, Mr. Chairman, I run into SBA rules, regulations and wording, which seems to be completely subjective, however.

Mr. Bruhn, our regional SBA director in Utah, how does he determine who is being socially discriminated against? Is it completely up to him? Do you send him any guidelines?

Do you send the regional SBA Director in Mr. Corman's district these guidelines and policy statements, and say, "This is when these will apply in this particular program, and this is when they won't"?

That is what I am trying to find out this morning.

Mr. Moor. Regional Director Bruhn and Regional Director Myers of Los Angeles have criteria guidelines, rules, and regulations. But there is no substitute, in my opinion, for actual judgment on the spot. And so therefore we do not attempt to make a close matrix, where you put one of the facts down here, and the answer will come out. It has to be judged in each particular case upon need, character, and ability to make a success.

Now, generally speaking, a resident of a deprived or depressed area who is either in business or who has a means of going into business with a reasonable assurance of success can be considered as eligible for an economic opportunity loan, unless his personal resources are so great that he therefore rules himself out of eligibility. Just being a resident of a depressed community, without resources, but with character, ability, and opportunity to go into business, is enough, generally speaking, to qualify for this particular program.

Mr. BURTON. This is the thing that bothers me. Words like "character," "ability," and "opportunity," are subjective.

The CHAIRMAN. Will the gentleman yield?

Mr. BURTON. Yes, sir.

The CHAIRMAN. These are not grant programs, Mr. Burton, these are loan programs. SBA has a number of loan programs to assist a man in business, to go forward in business. And here is a new program that we are reviewing, economic opportunity. And they have several