

tools. One is to take a prime contract and break it down, and to let them become owners of the company to give them jobs.

And another is to make a loan. Some people don't want loans. They want welfare, they want handouts. Some don't want to work, regrettably and unfortunately. And this is a new tool to try to help people to become entrepreneurs, to become owners, to become owners of the company, to become managers. And I am sure the SBA has a difficult problem. As I say, one gentleman stated that it wasn't a matter of money, it was a matter of management and know-how. And so we are reviewing the programs to try to assist people to get ahead in business.

Mr. BURTON. I am all for that, Mr. Chairman. The only thing I am trying to develop this morning is that when I play a ball game, I want to know what the rules are, and I want them to apply to all the players equally.

Mr. MOOT. You appreciate that this is a very difficult program. The economic opportunity program, Mr. Burton, is somewhat different from a regular business loan program. It is easy to process a bank loan of the kind that we normally make in our regular business loan program, where it is a question of evaluating security, past sales, projection of new sales, the market, and so forth, and a balance sheet. It is much more difficult and necessarily subjective when you are evaluating the granting of a loan of Treasury dollars to a man who does not have security but can offer you his experience, which you have to test, his character, which means his reputation of paying his bills, and so forth, and a proposal which you have to test in terms of the market viability. These matters necessarily are subjective. And there is no substitute for the mature judgment of our regional directors and their loan assistants and their management assistants in the area of knowing the community and being able to check on the credit ability of the applicant. I don't really see any other choice. I can put in the record the specific criteria that we pass out. But I am the first to admit that it is subjective.

Mr. BURTON. It has to be pretty flexible.

Mr. MOOT. That is true, sir.

Mr. BURTON. Thank you.

The CHAIRMAN. Mr. Horton.

Mr. HORTON. No questions, thank you.

The CHAIRMAN. Will you yield to Mr. Conte?

Mr. HORTON. I yield.

Mr. CONTE. On page 10 you say, "The involvement of banks as participants in these admittedly high risk loan situations has shown a steady increase, 5 percent when the program started, 11 percent now, and a predicted 13 percent for the current fiscal year."

Could you give us a dollar figure of the bank involvement, sir?

Mr. MOOT. So far this fiscal year, since April, we have had \$3 million of private sector financial institution participation in the economic opportunity loan program, which in total through that same period of time was \$23½ million.

Mr. CONTE. Thank you.

The CHAIRMAN. Any further questions, gentlemen?

Mr. CORMAN?

Mr. CORMAN. No, sir.

The CHAIRMAN. Mr. Mitchell, our counsel.

Mr. MITCHELL. Mr. Chairman, for coherence of the record may we have placed in the record immediately following Mr. Greenberg's