

formal statement, title IV of the Economic Opportunity Act of 1964, as amended by the Economic Opportunity Act Amendments of 1966 and 1967?

The CHAIRMAN. Without objection, it will be included.

Mr. MITCHELL. And also section 8(a) of the Small Business Act?

The CHAIRMAN. Without objection.

(The material referred to may be found beginning at p. 144 of this record.)

Mr. MITCHELL. Concerning section 8(a), of the Small Business Act, Mr. Greenberg, where you are using that authority to help channel contracts to businesses, is this being utilized solely to channel contracts into small businesses, or to any size business in a depressed area?

Mr. MOOR. May I respond to that, Mr. Chairman?

Mr. MITCHELL. Yes, sir.

Mr. MOOR. We are using 8(a) for the benefit of small business. And unless that appears to be an equivocal answer, I will go on. In one of the eight subcontracts we have made to date we have contracted with what is currently a large business, with a firm legal document in hand showing planned divestiture by sale of the small entity which is now a currently wholly owned subsidiary of the large concern. We have interpreted our authority under 8(a) to allow us to use 8(a) to the benefit of small business.

As the chairman mentioned earlier, we look with great promise to the area of having big business work with us in what are termed spinoff operations where they will help us form a small firm, start out with the ownership of that firm, but with a firm plan for divestiture, so that the community becomes the owners over a period of time.

Mr. MITCHELL. We understand that section 8(a) is being utilized now for the purposes of channeling contracts to business in poverty areas, or areas of economic deprivation. Are you using or have you used or are you planning to use section 8(a) solely for the purpose of channeling contracts just to small business, regardless of the area, in any areas where you might find that the Government procurement agencies are not properly giving small business their fair share?

Mr. MOOR. We haven't reached that point, Mr. Mitchell. We have taken the congressional intent for this program as expressed in section 407, title IV of the Economic Opportunity Act Amendments of 1967, as a direction of the Congress for us to use section 8(a) for the poverty pocket areas at this stage. And I am frank to admit that it will take us some time to get this piece of the job done.

So we haven't looked beyond that.

Mr. MITCHELL. I have one other question: Much talk has been had and much legislation has been introduced concerning providing insurance through some Government-sponsored plan to businesses and small businesses that have been injured as a result of crime and riots, and so forth.

I believe that Mr. Horton introduced a bill along this line. Has the Small Business Administration taken any position concerning this type of approach to helping the small business?

Mr. MOOR. Yes, sir. We have taken a very strong position, and have testified in favor of S. 3028 and its House counterpart, which provides for insurance on the fair plan with a reinsurance provision by the Federal Government.

Mr. MITCHELL. That is all I have, Mr. Chairman.