We hope that the vexing problems of dual regulation and ever-changing SBA regulations and policies will abate in seriousness and that we can henceforth spend more time in analyzing new investments and advising present portfolio companies and less time on trying to figure out the meaning of new policies and new regulations.

Finally, we are aware of the support of Congress, of SBA, and of the administration for our SBIC program. We also recognize the crucial role SBIC's can play in a number of important areas of national concern. I am sure that I speak for all my colleagues in the SBIC industry when I say this is an exciting undertaking—and we know it is important. As long as it is an industry where we can honestly commit our stockholders' money, all of us will wholeheartedly take on the risks, the difficulties, and the challenges.

Thank you.

TESTIMONY OF ELLIOTT DAVIS—Resumed

Mr. DAVIS. Thank you, George.

Now, Mr. Chairman, before concluding this statement, I want to stress one thing: We are appreciative of congressional and administration support of our industry.

V. THE FUTURE OF SBIC'S

When Congress was considering the bill establishing the smal business investment company program in 1957 and 1958, a number of witnesses testified that they were sure that there was no real demand for the type of dollars which the SBIC's would offer—and that, even if there were an "equity gap," small businessmen would not be willing to become partners with SBIC's to get the money they needed. Well, we have proved in the last 9 years that those experts were completely wrong. Almost 25,000 small businessmen have already been served by SBIC's, drawing down an estimated billion and a quarter dollars in the process. So there has been an effective demand for SBIC help.

Furthermore, all active SBIC officers can tell you that the demand runs far above what we can handle. NASBIC estimates that we could profitably invest four or five times as much as we have averaged over the past several years. That means at least $1 billion a year.

With our present resources, we can put out only $200 million annually. Obviously, we need substantial buttressing if we are to do the job Congress has assigned to us. Let us look at some of the ways we propose to accomplish that mandate.

First, we seek national coverage. Eight States have no SBIC's at all—seven others have only one licensee. Similarly, a large number of major metropolitan areas are also without SBIC facilities. NASBIC is presently assisting SBA in meeting its responsibilities in achieving national coverage.

Secondly, we are conducting discussions with representatives of other financial institutions to try to establish a central, or capital, bank for SBIC's which would be privately financed. If we can bring such a new source of funds into being, we shall greatly increase the resources we have available to invest in small businesses.