Just let me ask one or two questions of you gentlemen collectively. I believe it was Mr. Davis who testified that he thought Congress was wise in not buying the package proposed, of eliminating entirely the small business investment companies in the small category. We recognize that they have had problems, they have had difficulties in getting on their feet. But I have a feeling that they could be of great service, as was intended earlier.

Wouldn't it be wise to strengthen the smaller rather than make it bigger? Haven't we got up to the 10-million category now? I know Mr. Stults is an excellent man in your industry. We admire your industry, and I see your projection in 5 years to a $5 billion industry, and this goal is good. We hope we can be around to attend your party. But wouldn't it be wise to broaden the base, to strengthen the small ones instead of making the big ones bigger?

Mr. DAVIS. Having been a small SBIC to begin with—we are still small by certain standards—I am convinced that there is a great need for the small SBIC. It serves a purpose, first of all, in assisting the smaller businesses, it serves as a training ground for a development of trained cadres. It creates and develops an experienced vehicle that can go into the market and get additional funds. Absolutely there is a need for an extended effort to include the influence of small SBIC's. It does not have to be done, however, at the expense of the larger companies. I think this is a program that is nationwide——

The CHAIRMAN. Those that are large today in your industry would probably have been small SBIC's in the beginning?

Mr. DAVIS. Yes. Some of them started out large, and then got larger.

The CHAIRMAN. As we keep injecting more Federal and private funds into them, they have grown.

Mr. DAVIS. Yes, sir.

The CHAIRMAN. We have pressed it home several times that this industry would get on its feet and be able to achieve its goals, its declared purpose. But for 10 years it is constantly seeking more legislation, and more liberalized legislation, and more amendments. And now you have two big goals, (1) a capital bank, to make the bigger have more liquidity, and (2) an SBIC tax bill. We all likethe tax reductions and favored tax treatments. These are your two goals, I understand, at this time?

Mr. DAVIS. That is correct.

The CHAIRMAN. Mr. Williams, let me ask you one question. You alluded to the difficulty of getting private capital to flow into these institutions. And this is desirable. Based upon your experience in the field, what is the real difficulty? What can we do to influence them to get more private capital to flow into these institutions?

Mr. WILLIAMS. Mr. Chairman, I think I mentioned——

The CHAIRMAN. They are desirable goals, but based on your experience, what can be done about it?

Mr. WILLIAMS. Shortly after, many companies went public in early 1962, as you all recall there was a strong market decline. I feel that since that time many of the publicly held SBIC's have proven that they can perform; they can show a profit; they can show a return on investment. And I think that the picture is changing. I think more private money will come in to SBIC's private investors. I think that picture is changing now.