1966, I served as President of the National Association of Small Business Investment Companies.

First of all, let me say that the industry is deeply grateful to Congress for authorizing the establishment of the Advisory Council by passing the Small Business Act Amendments last Fall. We realize that the House Small Business Committee has long supported our undertaking and that it has lent its weight to improving the SBIC program. We appreciate your backing and trust that our record of accomplishments will prove that your confidence is not misplaced.

As background information for the fundamental reason why the SBIC Advisory Council is so important, I must remind you that our industry is closely tied to the Small Business Administration and that SBA has undergone an inordinate number of changes in top command over the past ten years. Since the passage of the Small Business Investment Act in 1958, we have had Administrators Barnes, McCallum, Horne, Foley, Boutin, and Moot, in addition to Acting Administrator Davis who served for nine months. Running the Investment Division, we have had Deputy, or Associate Administrators Read, Fine, Parris, Kelley, Greenberg, and Brown, in addition to several acting chiefs who served interim appointments.

No, don't get me wrong. All of these were excellent men with whom our industry worked closely. On the other hand, each of these men had his own ideas about how the SBIC program should be administered, how it should be regulated, how it should be encouraged. The regulations under which we must operate have been changed to reflect these changes in SBA command: the policies and philosophies of these men have further shaped the regulations themselves.

As long-term investors and lenders in a program marked by a close partnership with the Federal Government, we have all too often felt like yo-yo's at the end of SBA's string.

We in the industry believe that we must have greater continuity in the ground rules under which SBIC's operate. We feel that the establishment of this Advisory Council gives hope that we can achieve a greater measure of continuity and certainty in these regulations and policies.

May I tell you a little about the Council itself:

Administrator Robert Moot named the group early in January with eight representatives of the industry and two outside experts—Professor Frank L. Tucker of the Harvard Graduate School of Business Administration and Stanley M. Rubel, financial consultant and publisher of the *SBIC Evaluation Service*.

The industry men represent all types and sizes of SBIC's—publicly owned, bank-owned, privately-owned, and real-estate oriented. In addition to myself, there are: Louis L. Allen, Chase Manhattan Capital Corporation, New York; John A. Arndt, First American Investment Corporation, Atlanta; Robert L. Banner, Capital Investments, Inc., Milwaukee; John M. Bryan, Bryan Capital, Inc., San Francisco; Frank G. Chambers, Continental Capital Corporation, San Francisco; Elliott Davis, Alliance Business Investment Company, Tulsa; and Milton D. Stewart, SBIC of New York, Inc.

We held our first meeting in Washington on March 4 with almost all the top SBA officials in attendance. At that time, we established the following three committees:

1. *Private Coverage Committee.*—To increase geographic coverage of the program. Mr. Davis is Chairman of this Committee.

2. *Private Capital Committee.*—To attract more sources of private capital and loan funds to the industry and improve SBIC profitability. Professor Tucker is Chairman of this Committee.

3. *Government Agencies Committee.*—To deal with regulations and procedures of SBA, SEC, and IRS, and SBICs' relationship to governmental objectives and programs. Mr. Stewart is Chairman.

Incidentally, Congressman Wright Patman, former Chairman of your Committee, spoke at luncheon during the first meeting of the Advisory Committee and gave a most challenging talk.

The second meeting of the Advisory Council was held in Dallas on May 3 and again the members of the group and top officials in the Investment Division engaged in a completely candid and constructive discussion of the SBIC program's potentials and its problems. We have charted out a course of action which should prove tremendously valuable both to the Government and to the industry—which is as it should be, since we are in a partnership enterprise.

Mr. Chairman, that about concludes my statement. I have spoken of the reasons why a sense of continuity is so necessary; I have covered the establishment of the SBIC Industry Advisory Council; and I have told you of the initial undertakings of the Council.