

ever, that with his background and his ability, he will make a fine presentation today.

The CHAIRMAN. If there is no other comment, Mr. Administrator, we will be pleased to hear you, and you may proceed as you wish.

Mr. HORTON. Mr. Chairman.

The CHAIRMAN. Mr. Horton.

Mr. HORTON. I would like to welcome the Administrator. He has been a friend of mine for many years. He lives not too far from my district, and I have known him and his family for a great number of years. I have a great deal of respect for his integrity and his ability. I might say, parenthetically, that the corporation which he and his brother founded, Kordite, is located in Wayne County, which is in my district.

The CHAIRMAN. I understand it is a very successful big business today.

Mr. HORTON. It is very big now, but it started as a small business.

I know he knows the problems of the small businessman. I want to welcome him before the committee.

TESTIMONY OF HOWARD J. SAMUELS, ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION; ACCOMPANIED BY HOWARD GREENBERG, DEPUTY ADMINISTRATOR; WILLIAM T. GENETTI, ACTING GENERAL COUNSEL; AND IRVING MANESS, ASSOCIATE ADMINISTRATOR FOR PROCUREMENT AND MANAGEMENT ASSISTANCE

Mr. SAMUELS. Thank you, Mr. Chairman.

First, I would like to say to you and the members of the SBA that I feel very strongly that the SBA is probably one of the least understood by the public and most important agencies today in terms of economic and social development of the country.

I want to make it clear to Congressman Conte that I don't feel that 3 months in the job is in any way interfering with my commitment and my convictions about the directions in which the SBA can go and what we can do. And I hope by the end of my testimony you will get some indication about what I hope has been some new thrust for the agency in terms of what I am sure the Congress of this country would like me to do as the head of the SBA.

I thought, Mr. Chairman, that first I might answer a few of your questions, because in answering several of your questions, it might also allude to some of the new thrusts in the agency in terms of the responsibilities that we have.

First of all, it is true, this agency has suffered from a large cut in our funds, over \$120 million, which means we have nothing, or very little, in the way of direct loans to make to small businesses across the country.

On the other hand, this in my mind gave us an additional reason to follow through what the agency had begun before I became Administrator. I just testified before Senator Proxmire, and I said to him that in reality the most important change that can be made in America would be if the banks of this country would take over the respon-