

sibility, or a much greater part of the responsibility in the development of small businesses, minority and other, than they have in the past. And, therefore, when I was appointed head of the SBA, recognizing the limits of funds, and recognizing that the only way to get additional capital was to work with the American Bankers Association, my first task, the first week I was head of the SBA, was to meet with the American Bankers Association. And we have, I think, developed a whole new relationship with the ABA, the American Bankers Association, across the whole country.

In the last 31 days I met with the leaders of the banks with the support of the ABA in 16 cities. The American Bankers Association is committed to our program, which I call Project Own. They are also committed to taking a much stronger part in loans to small businesses, minority and others. They are also committed to a program which I call compensatory capitalism in which the banks of America are recognizing a new social need of approaching the inner cities of our country like undeveloped nations in terms of making capital available for the development of minority businesses, which is one of my tasks.

And therefore, despite the fact that we have less direct money than we had before, the SBA in 1967 levered \$650 million into the economy of the country, either through direct loans or through bank guarantees or SBIC's. Last year it was \$800 million. And despite the fact that we have \$120 million less, I expect this year it will be a billion or a billion one-hundred million dollars. And with the cooperation that I see from the banks across the country, I am convinced that by 1970, our agency can get and move into the small businesses of this country both for social and economic reasons a billion and a half dollars for the development of small business.

The CHAIRMAN. Mr. Administrator, I will have to interject to say you are to be commended for having less appropriations and making more loans. Somehow you are skillful to bring this about.

Mr. SAMUELS. I might say that this also conditions the question of the \$100,000 limit on direct loans, because as we move into the use of the funds available to us—which frankly I think we need in the support of the kind of small businesses across the country that we want to develop—we also move, of course, to give you the answer to why the limit is not \$350,000. We are making loans of \$350,000 on bank guarantees all over the country today. So I say to you, the first answer is that the SBA, despite the move down in our budget, expects to greatly expand its operation by the use of the private sector, by the use of the banks of the country.

For instance, Congressman Horton, I met with the bank leadership in Rochester when I was there this week. And I met with bank leaders of every city in the country. And I think one of the most enthusiastic things that I can report to you today, Mr. Chairman, and to the members of your committee, is the willingness of the banks of this country to take a new look at not only the support of the SBA, not only the support of small businesses, but a new look at how they are going to provide capital for the development of the inner city businesses which I would like to talk to you about in a few minutes.

Now, what else have we done to make it easier for the banks to operate with SBA? As you know, before my administration, SBA