

adopted a blanket guarantee to cut out the bureaucracy and reduce the redtape. This has been tremendously augmented in the last 3 months. And we have put through an additional procedure this week which I think makes it possible—and this procedure was worked out with the ABA—for the banks of this country to deal with the SBA on a program not much different than a commercial loan of their own.

The CHAIRMAN. How does your arrangement with the American Bankers Association and the individual banks differ from that of your predecessor?

Mr. SAMUELS. I came into this at a time when the banks of America were ready for a new historic thrust of their own, at a time when the banks of America recognized that they had to change their attitude in terms of the inner city, in terms of social responsibilities. And I came at a time that they were ready. And I became an SBA salesman and operated as a salesman in meeting with the banks across the country and getting their cooperation. And I would be glad to send the members of this committee a letter which Howard Laeri, the president of ABA, sent to the 1,000 largest banks of the country, supporting the principles of the SBA and the principles of our program for the development of minority businesses in the country.

I think this is really revolutionary. I think this is historic. There is a new partnership between the banks of this country and the SBA which I hope will be important to the development of small businesses.

I might say that this is one of the reasons why you alluded to the question on liquor dealers, Congressman. And the reason I made this decision was in terms of the inner city—and I am not desirous of encouraging investment in the liquor business—but in terms of the inner city and in terms of the development of minority businesses in the country. In the city of Washington, I think out of 25 liquor stores in the inner city, 20 or 21 were owned by members of the white community. This is a viable business. And the main reason—

The CHAIRMAN. Do you find comparable situations with respect to other types of retail establishments in the inner city, such as grocery stores, clothing stores, furniture stores, drugstores?

Mr. SAMUELS. I do, Mr. Chairman.

The CHAIRMAN. Why do you single out liquor stores?

Mr. SAMUELS. I think I am going to single them all out, Mr. Chairman. I am going to talk about the fact that in the city of Washington, out of 28,000 businesses, only 2,000 are owned by the inner city residents. I would like to talk about that separately, if you don't mind. The inner city businesses in this country today are not controlled by the residents. All the other ethnic groups in our history—the Irish, the Jews, the Italians—all tended to own the business, the retail businesses in their inner cities. This is not true of the inner cities today. And it is a subject which I think is important to the rebuilding of the cities of our country.

The CHAIRMAN. Do you think that making liquor loans is important to the rebuilding of the inner cities of this country?

Mr. SAMUELS. No; I didn't say that, Mr. Chairman. I said that the decision on liquor was made with the repeal of the 18th amendment. It is a viable business. I drink very little myself. But on the other hand, if I expect those viable businesses to be supported by a decision