

Mr. HORTON. Mr. Administrator, I want to commend you for utilizing the private sector. What you are doing in this area is outstanding.

I also want to commend you and the agency for acting as a catalyst. You are making a tremendous contribution to progress in this country. I have sensed, as you have, that there is a wealth of enthusiasm backed by a willingness to perform on the part of the private sector. We need some agency in Government that will act as a catalyst, that can utilize this and direct it. What you are doing in this area is very commendable. It is going to make a major contribution.

As you know, I am familiar with the work in the Rochester area, which is in my congressional district. I can attest to the fact that private industry, the banks, and the SBA have been working with the black community, and with those representing the black community, to foster black ownership of small businesses. You were in Rochester this past week, and SBA helped to develop such a business through a cooperative effort with Eastman Kodak and the Urban League. Small Business has been very cooperative there. I want to commend Mr. J. Wilson Harrison of the Syracuse office for the work he has done in this particular area.

He and other officials of the office in Syracuse have been working very closely with Xerox and the FIGHT organization in Rochester to set up FIGHTON, which will be another privately owned enterprise in the inner city.

I can personally attest to what is being done there. I feel, as does my colleague from New York, that there has not been in the past sufficient activity by SBA in New York State, and particularly in upstate New York. I want to commend you for increasing your efforts in that area.

As you also know, my congressional district not only includes the inner city, but also includes the rural area of Wayne County. So, I am very much interested in the 502 loan program. There has been some interest, but I think that we can do a great deal more in that area.

I want to ask you about small business problems in procurements by the Department of Defense. I note that small business awards declined from 20.6 percent in 1967 to 18.8 percent of total DOD procurements in 1968, and the percentage of set-asides to small business has declined from 4.7 percent to 4.4 percent of their procurements in 1968.

Prior to your administration, there were SBA representatives in the major Department of Defense procurement centers. This accounted in large measure for the small business set asides by the Department of Defense. It was decided, over our objection, that these representatives would be withdrawn, and that the small businessman would have to depend upon a Department of Defense employee to provide this service. A decline in small business set-asides was the result.

Now, I am concerned, as I know you are, about small business getting Government contracts, and particularly through the Department of Defense procurement set-asides. What have you done and what is your policy with regard to set-asides?

Mr. SAMUELS. I thought, Congressman, I would ask Mr. Irving Maness, who is in charge of this in our department, to answer this specifically to you.

Mr. MANESS. Mr. Congressman, as you have alluded, just recently we reinvolved the PCR's. We sent representatives to participate in the