Mr. MORTON. Mr. Chairman, we didn't get into the SBIC program to any extent except as the Administrator alluded to it in his remarks.

Is this program a forward looking program, or do you feel that it has run its course? What is your evaluation of the SBIC program? It seems to me that here again it is possible to put to use an awful lot of talent in your managerial assistance programs, but I haven't heard you refer to it except once.

Mr. SAMUELS. Congressman, let me say to you that until we solve the financial problems of the SBIC's, how are we going to get money into them, the SBIC's are standing still. I say the only approach to providing money is by going to the other financial institutions to put in money for SBIC's. I think we have got that part solved. We are hoping to get the support of Congress for the tax changes in the SBIC's. It will be very discouraging if we do not get this support.

At the same time I am having problems with the SEC. It seems to me that the SBIC's are standing still. It seems to me that there is a tremendous need and a potential of using the SBIC's not only to expand small business, but also to provide incentives so the SBIC's can support minority businesses or other social interests of the country on a profitable basis.

I really have this under investigation today. I would like to make some additional recommendations on this, because I think we have a vehicle that we have only begun to use and which I think we ought to use much more effectively than we have, and I am trying to make the changes in it to go in that direction.

Mr. MORTON. Thank you.

The CHAIRMAN. Mr. Administrator, you may extend your remarks on the SBIC's for the record and on these other subjects if you so desire.

Mr. BURTON. May I have your assurance, Mr. Samuels, that you will give each member of the committee your personal observations and opinions on this tax incentive bill?

Mr. SAMUELS. You certainly may. I will appreciate the opportunity of doing this.

(Mr. Samuels subsequently wrote to Chairman Evins as follows:)

U.S. GOVERNMENT,
SMALL BUSINESS ADMINISTRATION,
Washington, D.C., October 11, 1968.

Hon. JOE L. EVINS,
Chairman, Select Committee on Small Business,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: During my appearance before your Committee on October 1, there was brief discussion of similar bills introduced by you (H.R. 14600), by Congressman Burton (H.R. 9032) and by other members of the Committee to provide tax incentives for the establishment of new or expanded job-producing industrial and commercial establishments in rural areas having high proportions of persons with low income.

In the case of H.R. 14600, for example, the Secretary of Agriculture would designate economically deficient areas, in accordance with standards prescribed in the bill. A business enterprise which established in one of these areas an operation creating at least 20 new jobs for persons of low income would, under certain conditions, be eligible for increased tax credit against its investment in plant and machinery and for accelerated amortization benefits.

On questioning at the Hearings, I offered some general comments on the merits of tax incentives as a means of enlisting the resources of private industry in the