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Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Late yesterday I signed into law S. 3331, the "Small Business Amendments of 1974 "

Most of the provisions of this bill are essential to the ongoing programs of the Small Business Administration or are desirable amendments to existing law.

This legislation, for instance, raises ceilings on the SBA's loan programs. It increases the agency's flexibility to establish interest rates on guaranteed loans purchased from financial institutions. It expands the authority to carry out lease guarantee and surety bond guarantee programs. And it authorizes disaster loans with terms of up to thirty years for small business concerns affected adversely by energy shortages.

Each of these provisions was either requested or supported by the Executive Branch. Their enactment is welcome evidence that the Executive Branch and the Congress can work together to meet the needs of small business. In the Congress, I have long supported small business as the backbone of our American enterprise system. As President, I intend to encourage small business in every way I can.

There is one provision in this bill which disturbs me. That provision would require SBA to make direct loans under its regular business loan program in an aggregate amount of at least \$400 million during fiscal year 1975. The 1975 budget, however, provides only \$40 million for this direct loan program. Thus, in the absence of ~~reprogramming~~, the effect of S. 3331, if fully funded, would be to increase Federal budget outlays by \$360 million this year.

At a time when both the Congress and the Administration are committed to fighting inflation by reducing Federal spending, outlays of this magnitude would be excessive. Therefore, I do not intend to request additional appropriations to carry out the \$400 million authorization for fiscal year 1975. The present 1975 budget request of \$40 million, combined with the continuing success of SBA's loan guarantee program, should ensure an adequate level of assistance for small businessmen.

In sum, the bill is generally responsive to the needs of small businesses. I commend the Congress for enacting it.

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