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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

As I have indicated on a number of occasions, the small business sector of our economy is vital to private job creation, technological innovation, competition and individual liberty. In this era of bigness, our Nation must maintain an environment in which small businesses can flourish.

To foster innovation and productivity gains, it is important that we have a dynamic economy in which new enterprises can be formed and will prosper. Without the ongoing search for new ideas and better ways of doing things, our competitive system would become progressively less efficient. Our historical experience indicates that innovative ideas often originate in the laboratories and workshops of small businesses. New enterprises are a basic source of innovative ideas and serve to push the entire economic system to higher levels of efficiency, thereby enhancing our competitive position in world markets. The strength of small business must be preserved if this innovative climate is to be maintained.

In addition to its economic role, small business provides the entrepreneur with a means of self expression. The chance to create, own and manage a business is one of our most important freedoms. My Administration considers the healthy individualism of the small business entrepreneur an essential element in our economic and political system. The freedom to create and operate one's own business does not exist in many parts of the world. Because of its value to our free society, this avenue for individual opportunity must be nourished and promoted.

The largest corporate complexes started as small businesses, but most small businesses never become international, billion-dollar companies. Rather, most small firms are likely to remain relatively small. In many communities throughout our Nation, the small businessman provides the leadership so vital to community life. Since this involvement in community affairs is of great value to the quality of life in our country, I am committed to the continued health and vigor of small businesses.

At a time when we so urgently need increased private job creation, I am particularly impressed by the fact that our 9.4 million small business firms employ about 55 percent of the private sector labor force in this country and produce about 48 percent of our gross business product. The continued growth and prosperity of this vital sector is critically important if we are going to generate the expanding number of private, productive jobs required in the coming years.

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The Small Business Administration was created in 1953, during the Eisenhower Administration, to provide small businessmen with advice and assistance and to promote the interests of the small business community. The intent of this legislation was to "aid, counsel, assist and protect...the interests of small business concerns in order to preserve competitive enterprise as the basis for economic well-being and the security of the Nation." The SBA is the primary instrument of the Federal government in promoting the important interests of the small business community. I supported the creation of SBA in 1953 and strongly support it today. As evidence of this commitment, my fiscal year 1977 budget requests an increase of 33 percent in the SBA's major loan guarantee program. This will increase the ability of the SBA to assist in financing the many small businesses which cannot obtain needed financing in commercial markets.

In addition to supporting the work of the SBA, my Administration is taking a variety of actions to foster a strong small business community. Of paramount importance, of course, is our effort to achieve sustained economic growth without inflation by moderating the increases in Federal spending and by reducing our budget deficit. To also provide additional funds for business investment and growth, I have proposed a permanent extension of the corporate surtax exemption and the 10 percent investment tax credit currently in effect and have also called for a reduction in the maximum corporate tax rate from 48 to 46 percent.

I have proposed changes in the estate tax laws to encourage expansion in family businesses. This reform will help ensure the survival of smaller businesses for future generations and allow them to expand their current operations.

Vigorous competition is necessary if small businesses are to expand and flourish. Accordingly, I have increased the antitrust resources for the FTC and the Department of Justice and emphasized the importance of vigorous antitrust enforcement.

I consider it essential to reduce the burden of government imposed regulation and paperwork. I have, therefore, initiated a comprehensive review of all Federal regulation and paperwork in order to eliminate or improve those requirements and rules which are outdated or unnecessary.

I will designate Mitchell Kobelinski, our new Administrator of the Small Business Administration, as a member of the Economic Policy Board. This will help ensure small business participation in the formulation of our economic policies. It will also help provide me with the advice and expertise of the Small Business Administration in my consideration of economic policy issues.

These initiatives and efforts represent important and necessary improvements in the environment for small businesses in America.

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