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LEGISLATIVE AUTHORITY FOR
THE SELECT COMMITTEE ON SMALL BUSINESS

PROPOSED SELECT COMMITTEE ON COMMITTEES

DOCUMENTS

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON
STANDING RULES OF THE SENATE
OF THE
COMMITTEE ON
RULES AND ADMINISTRATION
UNITED STATES SENATE
NINETY-FOURTH CONGRESS

SECOND SESSION
ON
S. Res. 104
RELATIVE TO THE SELECT COMMITTEE ON SMALL
BUSINESS

AND
S. Res. 109
TO ESTABLISH A TEMPORARY SELECT COMMITTEE TO
STUDY THE SENATE COMMITTEE SYSTEM

FEBRUARY 5, 1976

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(II)

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LEGISLATIVE AUTHORITY FOR THE SELECT COMMITTEE ON SMALL BUSINESS

PROPOSED SELECT COMMITTEE ON COMMITTEES

THURSDAY, FEBRUARY 5, 1976

U.S. SENATE,
SUBCOMMITTEE ON STANDING RULES OF THE SENATE OF THE
COMMITTEE ON RULES AND ADMINISTRATION,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:05 a.m., in room 301, Russell Senate Office Building, Hon. Robert C. Byrd (chairman of the subcommittee), presiding.

Present: Senators Byrd and Cannon.

Also present: Senators Pell, Williams, and Clark.

Committee staff present: William M. Cochran, staff director; Chester H. Smith, chief counsel; John P. Coder, professional staff member; Dr. Floyd M. Riddick, professional staff member; Jack L. Sapp, professional staff member; Larry E. Smith, minority staff director; Andrew D. Gleason, minority counsel; and Louise McPherson, research assistant.

OPENING STATEMENT OF HON. ROBERT C. BYRD, CHAIRMAN OF THE SUBCOMMITTEE ON STANDING RULES OF THE SENATE

Senator BYRD. The subcommittee will come to order.

We have announced these hearings which will be conducted with reference to two Senate resolutions, S. Res. 104, to give the Select Committee on Small Business jurisdiction over legislative matters relating to small business enterprises, and relating to the Small Business Administration; and S. Res. 109, to establish a temporary Select Committee to study the Senate Committee system with special attention to be given to the problems of jurisdiction.

There has been considerable interest expressed in these two resolutions, and we felt that it was important to give the proponents and the opponents of the resolutions an opportunity to present their case so that the subcommittee might then reach a judgment as to whether or not any action should be taken on either or both of the resolutions.

I should perhaps state in passing that there are 72 cosponsors of S. Res. 104. Over half of the Senate membership is listed as sponsors of S. Res. 109. There are a good many witnesses who wish to be heard, and while it was my intention originally to begin with S. Res. 109, thinking that there would be more witnesses who would want to appear on S. Res. 104, we could dispose of S. Res. 109 and then move to S. Res. 104.

However, Senator Hathaway has some conflicting appointments this morning, and he has asked to be heard immediately, and the subcommittee is glad to do what it can to accommodate him and other Senators.

Consequently, we have decided to proceed first with S. Res. 104 in view of the fact that a number of Senators have asked to be heard on that resolution.

[The texts of S. Res. 104 and S. Res. 109 follow:]

94TH CONGRESS
1ST SESSION

S. RES. 104

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1975

Mr. HATHAWAY (for himself, Mr. BROCK, Mr. ABOUREZK, Mr. BROOKE, Mr. CHURCH, Mr. CLARK, Mr. CURTIS, Mr. EASTLAND, Mr. PHILIP A. HART, Mr. HELMS, Mr. HUMPHREY, Mr. JOHNSTON, Mr. LAXALT, Mr. LEAHY, Mr. McCLURE, Mr. McGEE, Mr. MCGOVERN, Mr. NELSON, Mr. RANDOLPH, Mr. HUGH SCOTT, Mr. STAFFORD, Mr. THURMOND, Mr. TUNNEY, and Mr. YOUNG) submitted the following resolution; which was referred to the Committee on Rules and Administration

RESOLUTION

Relative to Select Committee on Small Business.

- 1 *Resolved*, That S. Res. 58, Eighty-first Congress, agreed
- 2 to February 20, 1950, as amended, is amended to read as
- 3 follows: "That there is hereby created a select committee to
- 4 be known as the Committee on Small Business, to consist of
- 5 seventeen Senators to be appointed in the same manner and
- 6 at the same time as the chairman and members of the stand-
- 7 ing committees of the Senate at the beginning of each
- 8 Congress, and to which shall be referred all messages, peti-
- 9 tions, memorials, and other matters relating to the problems

1 of American small business enterprises, and all proposed
2 legislation relating to the Small Business Administration.

3 "It shall be the duty of such committee to study and
4 survey by means of research and investigation all problems
5 of American small business enterprises, and to obtain all
6 facts possible in relation thereto which would not only be of
7 public interest, but which would aid the Congress in enacting
8 remedial legislation.

9 "Such committee shall from time to time report to the
10 Senate, by bill or otherwise, its recommendations with
11 respect to matters referred to the committee or otherwise
12 within its jurisdiction: *Provided*, That any legislation
13 reported by such committee which relates to matters other
14 than the functions of the Small Business Administration
15 shall, at the request of the chairman of any standing commit-
16 tee having jurisdiction over the subject matter extraneous
17 to the functions of the Small Business Administration, be
18 considered and reported by such standing committee prior
19 to its consideration by the Senate."

20 SEC. 2. Subparagraph (e) of paragraph 1 of rule XXV
21 of the Standing Rules of the Senate is amended by striking
22 out in clause 2 the words "under this rule".

S. RES. 109**IN THE SENATE OF THE UNITED STATES**

MARCH 11, 1975

Mr. STEVENSON (for himself, Mr. BROCK, Mr. ABOUREZK, Mr. BAKER, Mr. BARTLETT, Mr. BEALL, Mr. BELLMON, Mr. BENTSEN, Mr. BIDEN, Mr. BROOKE, Mr. BUCKLEY, Mr. BUMPERS, Mr. CHILES, Mr. CLARK, Mr. CRANSTON, Mr. CULVER, Mr. DOLE, Mr. DOMENICI, Mr. FORD, Mr. GARN, Mr. GLENN, Mr. GRAVEL, Mr. GARY W. HART, Mr. PHILIP A. HART, Mr. HASKELL, Mr. HATHAWAY, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. INOUE, Mr. JAVITS, Mr. JOHNSTON, Mr. KENNEDY, Mr. LAXALT, Mr. LEAHY, Mr. MCCLURE, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MANSFIELD, Mr. MATHIAS, Mr. METCALF, Mr. MONDALE, Mr. MOSS, Mr. PACKWOOD, Mr. PEARSON, Mr. PERCY, Mr. SCHWEIKER, Mr. WILLIAM L. SCOTT, Mr. STAFFORD, Mr. STONE, Mr. TAFT, Mr. TUNNEY, and Mr. WEICKER) submitted the following resolution; which was referred to the Committee on Rules and Administration

RESOLUTION

To establish a temporary select committee to study the Senate committee system.

1 *Resolved*, That (a) there is established a temporary
2 select committee of the Senate to conduct a study of the
3 Senate committee system.

4 (b) The select committee shall be composed of twelve
5 Members of the Senate, six from the majority party and six
6 from the minority party, to be appointed by the President

1 of the Senate upon the recommendation of the majority
2 leader and the minority leader.

3 (c) The select committee shall select a chairman from
4 among its majority members and a cochairman from among
5 its minority members.

6 (d) A majority of the members of the committee shall
7 constitute a quorum thereof for the transaction of business,
8 except that the select committee may fix a lesser number as
9 a quorum for the purpose of taking testimony. The select
10 committee may adopt rules of procedures not inconsistent
11 with this resolution and rules of the Senate governing stand-
12 ing committees of the Senate.

13 (e) Vacancies in the membership of the select commit-
14 tee shall not affect the authority of the remaining members
15 to execute the functions of the select committee.

16 SEC. 2. It shall be the function of the select committee
17 to conduct a thorough study of the Senate committee system,
18 the structure, jurisdiction, number, and optimum size of
19 Senate committees, the number of subcommittees, committee
20 rules and procedures, media coverage of meetings, staffing,
21 and other committee facilities, and to make recommendations
22 which promote optimum utilization of Senators' time,
23 optimum effectiveness of committees in the creation and
24 oversight of Federal programs, clear and consistent proce-
25 dures for the referral of legislation falling within the juris-

1 diction of two or more committees, and workable methods
2 for the regular review and revision of committee jurisdictions.

3 SEC. 3. (a) For the purposes of this resolution, the
4 select committee is authorized in its discretion (1) to make
5 expenditures from the contingent fund of the Senate, (2)
6 to employ personnel, (3) to hold hearings, (4) to sit and
7 act at any time or place during the sessions, recesses, and
8 adjourned periods of the Senate, (5) to require, by subpoena
9 or otherwise, the attendance of witnesses and the production
10 of correspondence, books, papers, and documents, (6) to
11 take depositions and other testimony, (7) to procure the
12 service of individual consultants or organizations thereof,
13 in accordance with the provisions of section 202 (i) of the
14 Legislative Reorganization Act of 1946, as amended, and
15 (8) with the prior consent of the Government department
16 or agency concerned and the Committee on Rules and Ad-
17 ministration, to use on a reimbursable basis the services of
18 personnel of any such department or agency.

19 (b) The chairman of the select committee shall preside
20 over meetings of the select committee, except that in his
21 absence any other member of the select committee designated
22 by the chairman may preside.

23 (c) The chairman of the select committee or any mem-
24 ber thereof may administer oaths to witnesses.

25 (d) Subpenas authorized by the select committee may

1 be issued over the signature of the chairman, or any other
2 member designated by the chairman, and may be served by
3 any person designated by the chairman or member signing
4 the subpoena.

5 SEC. 4. For the period from the date this resolution is
6 agreed to through February 28, 1976, the expenses of the
7 select committee under this resolution shall not exceed \$900,-
8 000, of which amount not to exceed \$30,000 shall be avail-
9 able for the procurement of the services of individual con-
10 sultants, or organizations thereof, as authorized by section
11 202 (i) of the Legislative Reorganization Act of 1946, as
12 amended.

13 SEC. 5. The select committee may submit interim reports
14 on its activities, together with such recommendations as it
15 deems advisable. The select committee shall submit to the
16 Senate a final report of its findings, together with such recom-
17 mendations as it deems advisable, at the earliest practicable
18 date, but not later than February 28, 1976. The select com-
19 mittee may also submit to the Senate such supplementary
20 reports on the issues treated in its initial report as it con-
21 siders appropriate. The select committee shall cease to exist
22 upon the expiration of sixty days following submission of its
23 final report.

- 1 SEC. 6. Expenses of the select committee under this reso-
2 lution shall be paid from the contingent fund of the Senate
3 upon vouchers approved by the chairman of the select
4 committee.

Senator BYRD. Now, first we will hear from the author of S. Res. 104, Senator Hathaway, and he will be followed by the chief cosponsor, Senator Brock.

Senator Hathaway, will you please proceed?

**STATEMENT OF HON. WILLIAM D. HATHAWAY, A U.S. SENATOR
FROM THE STATE OF MAINE**

Senator HATHAWAY. Thank you very much, Mr. Chairman.

First of all, I have statements of Senator Inouye and Senator Stafford, which I would like to make part of the record.

Senator BYRD. Those statements will be placed in the record.

[The statements referred to may be found on pp. 36-37 of these hearings.]

Senator HATHAWAY. Let me begin with my statement, a copy of which I believe has been furnished to the committee.

The design of Senate Resolution 104 is quite straightforward. It grants to the Select Committee on Small Business legislative jurisdiction over bills concerned with the Small Business Administration only, without affecting the jurisdiction of other committees over subject matters within their purview. This is a very limited grant of jurisdiction to the Small Business Committee, and the language of the proviso in Senate Resolution 104 makes it clear that when legislation concerns the Small Business Administration and also relates to matters extraneous to the SBA, the chairman of any affected committee may have the bill referred to his committee prior to floor consideration.

Senate Resolution 104 is a modus, and we believe, a logical step in recognizing the importance of the small business community in the efficient functioning of our economy.

Men and women of the small business community provide a wide array of the products and services crucial to our economy, and they are responsible for many of the innovative and technological advances which have taken place throughout our history. The person with only an idea and a shoestring has much to gain if he can develop and market that idea successfully; and a strong small business community helps assure all of us that there will be a more competitive market which will be responsive to new ideas and technologies.

The overall significance of the small business community may be well illustrated by a few brief figures: There are over 12 million small

business concerns; small business employs over 50 percent of all working Americans; goods and services provided by small businesses account for 43 percent of the gross national product. These figures, we believe, speak eloquently for themselves.

Senator BYRD. Senator Hathaway, how do you define a small business in this context?

Senator HATHAWAY. I do not recall what the definition offhand is, Senator Byrd, with respect to the number of employees and amount of money.

A small business definition is contained in the Small Business Act.

In 1954 Congress recognized the importance of fostering a strong and healthy small business community and the need to focus on the problems unique to that community when the Small Business Administration, an independent agency, was established. Last year as part of its overall committee reform effort, the House of Representatives also recognized the need to restructure its committee system to reflect this emphasis and accordingly, the House provided its Small Business Committee with legislative authority.

Senate Resolution 104 would, in a carefully limited manner, merely bring the Senate up to date with these prior actions. Because of the limited grant of jurisdiction involved, I would urge that Senate Resolution 104 receive favorable consideration by your committee regardless of any decision on Senate Resolution 109, which calls for a complete study of the Senate committee structure. Such a study, which I do fully support, could obviously be time-consuming and there are substantial reasons for an independent judgment to be made on the merits of Senate Resolution 104 itself.

If we can take the House decision as an example of restructuring, it seems apparent that a Senate study would grant jurisdiction to the Small Business Committee to the extent provided in Senate Resolution 104. The decision on Senate Resolution 104 should be made now and incorporated into such a study.

The history of this proposal to give legislative jurisdiction to the Small Business Committee is extensive. In 1949 the Rules Committee did in fact favorably report to the floor of the Senate a more far-reaching resolution than the one being considered today. That resolution of nearly three decades ago would have created a committee with jurisdiction over "all proposed legislation relating to the problems of American small business enterprises."

When that resolution finally came to a vote on the Senate floor in 1950, however, there was a great debate and opposition to so extensive a grant of legislative authority. An amended resolution was passed creating the present Select Committee on Small Business with investigative authority, but with a specific prohibition on any grant of legislative authority. That situation remains today.

Ironically, the Rules Committee report on the original 1949 resolution pointed out that there had been opposition to the establishment of a Small Business Committee without legislative authority and that one argument against such a committee had been "that a special committee (without legislative authority) * * * cannot act directly on legislation for small business, once its studies and investigations on a subject have been made." Accepting the logic of this argument against

a Select Committee, the Rules Committee had reported out its resolution granting such legislative authority accordingly.

The issue then is not new to this committee or to the Senate; what is new is the specific approach which is taken in Senate Resolution 104. Recognizing the objections of many Members to any diminution in the authority of existing legislative committees, we have drafted a carefully circumscribed resolution which gives the present Select Committee on Small Business exclusive legislative jurisdiction only over matters relating to the Small Business Administration.

This conforms to the overall Senate committee structure, which reflects the concerns of many different groups and classes and develops expertise in the needs and problems of those interest groups. Senate Resolution 104, then, will grant to the small business community, which is so integral a part of our economy, the same recognition and visibility which other groups have in our present committee structure—groups such as veterans, farmers, and labor interests.

In terms of existing legislative jurisdictions, S. Res. 104 would affect the jurisdiction of the Banking, Housing and Urban Affairs Committee. As a former member of that same committee, I shall not belabor the obvious that jurisdiction over the Small Business Administration is only a very minor part of the broad sweep of affairs with which the Banking Committee is necessarily concerned. Nor shall I belabor the point that, at minimum, small business concerns might frequently seem to be directly at odds with the concerns of other interests which come under the jurisdiction of that committee.

In fairness to the Banking Committee, of course, small business problems necessarily cannot always be at the forefront of their concern as they consider the varied pieces of legislation which are referred to them. At the very least, rightly or wrongly, the small businessman sees himself being treated as a second-class citizen in terms of the structural organization and the estimation of the Senate, when he compares this body's treatment of small business legislation with its treatment of legislation affecting other sectors of the economy.

Senate Resolution 104, while granting limited jurisdiction to the Small Business Committee, does not change that committee's investigative powers over all subjects affecting the welfare of independent enterprise. The energetic and judicious use of that power will enable the committee to relate effectively the functions and powers of the SBA itself to the whole range of governmental agencies dealing with small business problems.

Looking at the record of the Small Business Committee during fiscal year 1975 reveals the strong interest and concern in that committee for furthering small business interests. Sixty-three days of public hearings were held during 1975, looking into such problems as the survival of family farms, the effect of EPA regulations on small farmers, the role of small business in energy research and development, the reduction of Federal paperwork burdens on small business, the economic problems of the fishing industry, competitive problems of small business in the drug industry, the role of small business in Federal procurement, inquiries into the Federal effort toward creating a viable minority business community, and the effect upon small business of bank giveaways and sale of merchandise by financial institutions.

This overview of the activity of the Small Business Committee points up the kinds of problems which small businessmen face, many of them the result of deliberate governmental decisions and policies which affect small business in a substantially different way than they do larger, diversified and integrated corporations.

The results of this work by the Small Business Committee are reflected in several legislative efforts, including the Tax Reduction Act of 1975, introduction of a small business estate and gift tax bill, and other bills proposing increases in the estate tax exemption, proposals for a credit for employment taxes, simplified pension reporting, and a bill providing set-asides in Federal energy R. & D. programs.

While there have been substantive results from the present grant of investigative authority to the committee, a grant of legislative authority over the agency dealing with small business programs, that is, the Small Business Administration, would enhance the visibility and the focus on the unique problems and needs of the small businesses.

The House of Representatives has recognized the legitimacy of according legislative authority to the Small Business Committee; here in the Senate, S. Res. 104 has been cosponsored by 72 Members of the Senate, and I hope that this committee will agree with these judgments and act favorably on S. Res. 104.

Thank you very much, Mr. Chairman and members of the committee, for listening to my testimony, and I would be glad to answer any questions you might have.

Senator Brock, who is cosponsor, along, as I say, with 72 others, is here with me, and I am sure he will be glad to answer questions also.

Senator BYRD. Thank you, Senator Hathaway, for your very fine statement.

Senator Brock, you may proceed now to give your statement, and then Senator Cannon and I may have some questions at that point.

STATEMENT OF HON. BILL BROCK, A U.S. SENATOR FROM THE STATE OF TENNESSEE

Senator BROCK. Mr. Chairman, if I may, I will summarize and submit the balance for the record.

First, let me express my gratitude for your willingness to grant a hearing on S. Res. 104. I think it is a significant input in light of the problems faced by small business today.

During the current economic recovery from the worst recession faced in some time, the plight of the small businessman has been particularly difficult. Their problem can be seen in declining asset to liability ratio, in a tremendous increase in the bankruptcies of small businessmen, and in changes in the relative capital acquisition of small businesses.

All of these problems clearly indicate the need for timely and important new legislative proposals to deal with the problems faced by a small businessman.

In light of these increasingly unique problems of this critical segment of our economy, Senator Hathaway and I have joined in S. Res. 104 to give the Select Committee on Small Business legislative jurisdiction over the Small Business Administration.

Mr. Chairman, if I may, I will deal with the point in my testimony which specifically is confined to the small business community itself.

The point I would like to stress is that the impact of small business in a social sense, stems far beyond basic economic statistics. This sector of our economy has historically symbolized the freedom of opportunity which is our national creed. Through the mechanisms of small businesses many Americans are allowed to attempt to achieve something in their own way.

Within this framework, men and women are given an opportunity to succeed or fail on their own initiative. Whether involved in marketing an idea, creating a new product, or working on a family owned farm, small businesses allow people the chance to express their own wishes, desires, and dreams.

In summary, small business is an asset, a national asset, that has helped us acquire the highest standard of living in the world.

Therefore, I think it is extremely important and appropriate as a body, that we react to the increasingly unique problems of this sector of our economy by giving the Select Committee on Small Business legislative jurisdiction over the Small Business Administration on this very defined area.

Mr. Chairman, with your permission, I would like to submit for the record, the balance of my statement. Thank you.

Senator BYRD. Thank you, Senator Brock. Your statement will be included in the record in its entirety.

[The statement referred to follows:]

STATEMENT OF SENATOR BILL BROCK ON S. RES. 104

Mr. Chairman, I am grateful for the opportunity to testify today on S. Res. 104.

These hearings are particularly timely in light of the continuing problems faced by our small business community. During the current economic recovery from the worst recession faced in some time, the plight of the small businessman has been particularly difficult. Their problem can be seen in declining asset to liability ratio, in a tremendous increase in the bankruptcies of small businessmen, and in changes in the relative capital acquisition of small businesses. All of these problems indicate the need for timely and important new legislative proposals to deal with the problems faced by a small businessman. In light of the increasingly unique problems of this critical segment of our economy, I support S. Res. 104—which would give the Select Committee on Small Business legislative jurisdiction over the Small Business Administration.

The Small Business Administration, which has primary responsibility for dealing with the complex difficulties faced by small businessmen and small businesswomen, needs an oversight agency. The Select Committee on Small Business is an ideal vehicle for this task, and should have legislative jurisdiction to make certain a complete understanding exists of the problems facing the small business community and in assisting with the development of appropriate solutions.

The House of Representatives has already made this transition with tremendous success. Members of Congress and members of the small business community agree that this step in the House of Representatives has already proven extremely valuable. While S. Res. 104 does not restructure the committee system in exact parallelism between both Houses it would create a system that could function perfectly together. It does not seem right for example, that conferences on legislation affecting the Small Business Administration should be between the House Committee on Small Business and a Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs.

This is a problem that affects a significant percentage of the American population. While the adjective "small" describes many businesses individually, in our economy the word small certainly does not describe the total impact these firms have on our economy and our welfare. Over 97.5% of all businesses in America are classified as "small." Despite the increasing attention paid to the

role of larger corporations, over half of the nation's employment still comes from the small business sector.

Of course, the impact of small business in a social sense goes far beyond economic statistics. This sector of our economy has historically symbolized the freedom of opportunity which is our national creed. Through the mechanism of small businesses many Americans are allowed to attempt to achieve something in their own way.

Within the small business framework, men and women are given an opportunity to succeed or fail on their own initiative. Whether involved in marketing an idea, creating a new product, or working on a family owned farm, small businesses allow people the chance to express their own wishes, desires and dreams. In summary, small business is an asset, a national asset that has helped give us the highest standard of living in the world. Therefore, it is appropriate that as a body we react to the increasingly unique problems of this sector of our economy by giving the Select Committee on Small Business legislative jurisdiction over the Small Business Administration.

As you know, Mr. Chairman, hearings are also being held on S. Res. 109. I very much support this Resolution and will urge its immediate consideration in other testimony. However, small businessmen and women have been anxious for legislative authority for the Subcommittee on Small Business since it was first created nearly 26 years ago. This authority should have been granted long ago and I see no reason for further delay.

Also, comprehensive review of the committee system—under S. Res. 109—is certainly something that will not be completed in a matter of months. At the very best, any review could only be undertaken during the 95th Congress with recommendations to take effect during the 96th Congress. This would mean small businesses all across America would be required to wait another three years before getting the recognition they need and want. Therefore, I urge the passage of S. Res. 104 immediately.

The Select Committee on Small Business has proven itself as capable of dealing with the problems of the business community. With almost 70 days of hearings last year the committee has developed the expertise and the commitment necessary to take required action to improve the small business community. In turn the Small Business Administration has a profound effect on all small business activity. Through a combination of governmental insensitivity and adverse economic conditions small businesses are becoming an endangered species. The response of the Small Business Administration will play a critical role in assuring the recovery of this sector of our economy—and it is a response that should have Congressional oversight with the right of legislative intervention.

Overall, the committee structure in the Senate has shown from time to time that certain modifications were necessary to reflect the changing nature of America. I feel strongly that such a modification is called for immediately. This is why I support the resolution to elevate the role of the Select Committee on Small Business. A nation is reliant on the economic goods and services provided by small businesses as America needs a committee with legislative jurisdiction over the Small Business Administration.

Senator BYRD. Senator Nelson is also in the room at this time. He has been an avid supporter of this resolution.

Senator Nelson, you may come forward to the witness table, make your statement, and then perhaps we will have a few questions.

Senator Nelson, do you have copies of your statement?

Senator NELSON. I will be speaking from notes, and I will try to avoid as much duplication as possible, and be as brief as possible.

Senator BYRD. Very well.

STATEMENT OF HON. GAYLORD NELSON, A U.S. SENATOR FROM THE STATE OF WISCONSIN

Senator NELSON. As you know, I am chairman of the Small Business Committee, but I am not here because I am chairman.

I have been a cosponsor of resolutions to extend the legislative jurisdiction to the Small Business Committee several times in the 14 years I have been here, and long before I was chairman of the committee.

There have been at least 10 resolutions that we can find introduced in the past 23 or 24 years on this exact subject and, as was pointed out by Senator Hathaway, each of those resolutions were quite broad and vague, and because of jurisdictional problems it was not really practical to adopt them. Under those resolutions, it was not possible to define where small business jurisdiction started and ended.

If taxes are involved small business has an interest in taxes. If commercial matters are involved, the Commerce Committee has an interest in interstate commerce of all kinds. The same for Labor, or Interior matters. So those resolutions did not adequately define and confine jurisdiction. As has been mentioned, the House finally resolved that question over one year ago, and gave the Small Business Committee jurisdiction over the Small Business Administration. However, in the reading of their resolution, it is broader, as I read it, than the one that has been designed here. This one is limited solely, exclusively, specifically, to oversight over the Small Business Administration.

Senator BYRD. You say the jurisdiction is broader?

Senator NELSON. I do not have that language in my hand, and I do not know exactly what it means, although they have had legislation referred to them that was outside the Small Business Administration on which they have reported.

Their mission permits assistance to, and protection of small business, including financial aid. I do not know exactly what that means.

Senator BYRD. You are not asking for that in this resolution.

Senator NELSON. No. I am saying theirs is a little vaguer and appears to be a little bit broader, although, again, when you look at the colloquy, it seems to restrict it.

But in any event, this one is specifically limited solely to legislative jurisdiction over the Small Business Administration. It does not go beyond that.

As was mentioned, there are 72 cosponsors as of now. There have never been that many before, and I think the reason is that it has been defined and limited in such a way that it is acceptable to at least 72 Members of the Senate who have looked at it.

Now, as you know, the charter of the Small Business Committee is a very broad charter. Except for authority to report legislation, it can investigate, conduct hearings respecting the problems of the small business, and recommend solutions to these problems to the Congress.

We have pursued that role for many years, and have been extremely active in the past year. For example, we conducted hearings extensively on the tax problem of the small business community especially in regard to the President's proposal to reduce taxes. As we looked at it, and as the small business community looked at it, the small business community was overlooked in the bill.

So we conducted a number of intensive hearings. There are six members of the Small Business Committee, three from each party, who are members of the Finance Committee and who are directly involved.

We held 12 days of hearings. Those did not interfere in any way with the Finance Committee. In fact, we could not have put together 12 days in the Finance Committee at all. There was no objection, whatsoever, by the Finance Committee.

We designed the amendments, then we brought them up in the Finance Committee, where they were accepted then adopted by the Senate, and finally approved by the entire conference.

We have done that in a number of fields, because that is the responsibility given to the Small Business Committee.

Senator BYRD. But this resolution would not give the Small Business Committee any additional jurisdiction over that subject area?

Senator NELSON. No other legislative area then the Small Business Administration.

Now, as has been mentioned, we held 63 days of hearings in 1975. The question really is: Where is the logical place to have reside the legislative jurisdiction over the Small Business Administration?

We have oversight jurisdiction now. That is part of our responsibility—to see what the Small Business Administration is doing about the problems of the small businessmen.

In my view the facts speak very loudly and clearly. We have 21 staff members. There is one on the Banking Committee. Last year we conducted 19 days of the 63 in the area of oversight of the Small Business Administration. Eleven days of hearings were conducted outside of Washington, in various States by various Members, both Republican and Democratic.

In 11 of those hearings we called in the regional director or local director of the SBA, to find out how the act is performing, what they are doing for small business, et cetera. Eight days of hearings were exclusively devoted in Washington to oversight of the Small Business Administration, making a total of 19.

The Banking Committee that has legislative jurisdiction over the SBA did not have 19 days last year. They had 1, and in 5 years the Banking Committee has had 5 days of oversight hearings of the Small Business Administration—5 years, 5 days, against 19 days in 1 year by our committee.

So, obviously it is kind of a step-child in that committee. We have the staff. They do not.

Senator BYRD. When you say they do not, what do you mean?

Senator NELSON. They have one member on the subcommittee.

Senator BYRD. You said "they."

Senator NELSON. The Banking Committee does not have the staff to conduct the extensive investigation that we have and are conducting.

Senator BYRD. Now, this resolution would not give the Small Business Committee any additional oversight jurisdiction, would it?

Senator NELSON. It has that oversight responsibility now.

Senator BYRD. It has that now?

Senator NELSON. So it would not touch the question of oversight, which we are performing much more intensively than the Banking Committee right now. It would simply give us the legislative jurisdiction over SBA.

Now, on the question of does it create a new committee. Some people will argue about, we have the question of proliferation of committees. We had a veterans' subcommittee, for instance, in the Labor Committee. We created a veterans' subcommittee then. Eventually the veterans' subcommittee became a standing committee. There is a valid argument that this was a proliferation of committees and it was made at the time of the debate on this matter.

But this does not involve that problem at all. We are now a permanent committee with 21 staff members. We have existed for 25 years.

This does not create an additional employee, an additional committee, or an additional anything. It would simply transfer specifically that matter of legislative jurisdiction to the Select Small Business Committee.

Senator BYRD. You have 21 employees now?

Senator NELSON. Correct.

Senator BYRD. Now, if this resolution is adopted by the Senate, does this mean that your committee will come before the Rules Committee next year and ask for additional staff?

Senator NELSON. I think not.

Senator BYRD. You think you have the staff now?

Senator NELSON. I think we have enough staff now.

Well, we have had the staff to do 19 days of oversight hearings alone this year. I think we have the staff.

Now, for the previous 4 years the average number of days of hearings conducted by the Select Small Business Committee was about 22 average per year. With the same size staff last year we conducted 63 days of hearings. This is a substantial workload when you get to putting all the hearings together, plus the reports, and preparing legislation from the hearings and reports.

So we were able, with the same staff, to conduct 63 days of hearings about three times as many as the average of 22 days held the previous 4 years.

So I think we do not need further staff.

Senator BYRD. You are a member of the Finance Committee?

Senator NELSON. I am.

Senator BYRD. What is the staff size of that committee? Can you tell us?

Senator NELSON. No. I do not know. It would not be a very good comparison, in any event, because a substantial amount of the infrastructure staff of that committee is the Joint Committee on Internal Revenue Taxation. They are involved in every important bill. Then there is also the Finance Committee staff itself in addition.

Now, one more point and I will conclude.

It is also argued by some that since there is to be considered S. Res. 109 to study the jurisdiction of committees that, therefore, there is an argument for not transferring the jurisdiction from the Banking Committee over the Small Business Administration to the Small Business Committee.

I think that it is a totally irrelevant argument. If jurisdiction or new committees are recommended to be created, as I think they ought to be, then that small responsibility of oversight over the Small Business Administration will go wherever it is decided by the body that the jurisdiction should be. But, in the meantime, it does not conflict in any way. These are two complete and separate issues.

Senator BYRD. Now, if this resolution is adopted, does the membership on the Small Business Committee constitute membership on—what is it called, class A committees?

Senator NELSON. Either A or B; no.

Senator BYRD. Why not?

Senator NELSON. I assume because it never had legislative jurisdiction.

Senator BYRD. But if this resolution is adopted, it would have legislative jurisdiction.

Senator NELSON. That is correct.

Senator BYRD. So why would it not count?

Senator NELSON. In discussing it with Senator Morgan, who is chairman of the Subcommittee on Banking, over the SBA, he said if that jurisdiction were transferred he thought that it ought to be counted as one of the committees, as B Committee.

Senator CANNON. If the chairman would yield, so I can comment on that.

Senator BYRD. Senator Cannon.

Senator CANNON. It already is counted, so that is the reason it would not make a difference.

Senator NELSON. Is it counted as a B?

Senator CANNON. It is already counted in the authorizing of the committees that the person may serve. So it would make no difference.

Senator NELSON. Thank you.

That concludes my remarks.

Senator BYRD. I interrupted you midway in your statement, Senator Nelson.

Senator NELSON. I was simply saying that the argument that some people make is that since Senate Resolution 109 is pending in the matter of studying the jurisdiction of the committees, that no action should be taken at this time. That would be a valid argument if we were here to create a brandnew committee.

We are not arguing that. We are arguing about one, narrow, specific responsibility, transfer in a jurisdiction to a current standing committee.

When recommendations for jurisdictional changes are made, then the whole problem will be considered by the Senate, and acted on.

Senator BYRD. I have a few questions, inasmuch as you three constitute certainly three of the foremost principal authors and sponsors of this legislation.

Senator NELSON. The ranking minority member is here.

Senator BYRD. Senator Javits is here.

STATEMENT OF HON. JACOB K. JAVITS, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator JAVITS. I would just like to support my colleagues in this effort, whenever the Chair wishes to hear me.

Senator BYRD. Thank you.

Senator Javits, do you have a prepared statement?

Senator JAVITS. Yes; I have a brief statement, if I may just take 2 minutes.

Senator BYRD. You may do that.

Senator JAVITS. I will not read it all.

[The written statement of Senator Javits follows:]

STATEMENT OF SENATOR JACOB K. JAVITS ON S. RES. 104 AND S. RES. 109

Mr. Chairman, I appear here today to testify on behalf of Senate Resolution 104 which would transfer the legislative jurisdiction of the Subcommittee on Small Business of the Committee on Banking, Housing, and Urban Affairs to the Select Committee on Small Business.

There are several compelling reasons for the transfer of this jurisdiction at this time. First, the jurisdiction of the Senate Banking Committee is broad and necessarily sweeping yet the business that that Committee conducts that relates to the small business community is minimal. In fact, in the year ending February 29, 1976 the Banking Committee held a total of 124 days of hearings and only 6 of those were related to small business and conducted by the Small Business Subcommittee. In contrast, the Select Committee, limited in its jurisdiction to investigations, held a total of 63 separate hearings on all aspects of the small business community. These hearings related to problems that most concern small businessmen and women in America today. The topics covered included, amongst others, small business tax reform, the paperwork burden, pension program reform, survival of the family farm and SBA procurement policies. In fact, several pieces of legislation have been developed from these many hearings. A substantial portion of the Small Business Act Amendments of 1975 which passed the Senate and are waiting to go to conference was initially introduced by Senator Nelson and myself.

The bifurcation of small business jurisdiction in the Senate has in many instances led to confusion in the small business community. This is a critical segment of our society and economy and the small business men and women have had to bear the many difficulties in coping with the burdens imposed by government and the state of our economy. The general small business constituency cannot understand the reason for or how to deal with these two separate entities within their Senate. The situation is needlessly confusing.

Second, the House of Representatives has moved wisely in the direction we are advocating today. At the start of this Congress they took the valuable and positive step to transfer jurisdiction from their Banking Committee to their Select Committee on Small Business and that change seems to have worked extremely well. Only one additional subcommittee was created to handle the newly acquired legislative jurisdiction and they have taken the lead in introducing creative new legislation based on the existing resources already in place on the new full Committee. It seems odd that conferences on small business legislation affecting the SBA should be between the House Committee on Small Business and a Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs.

Third, we advocate on sponsoring this resolution only the narrow transfer of the legislative jurisdiction function over SBA from the Banking Committee to the Select Committee. There would be no other impingement on any other Committee's jurisdiction. The Select Committee would, however, continue to play the oversight and investigative role as to all and every aspect of problems confronting the small business community that it plays today under its limited Select Committee status. In addition, we would not be asking for any additional staff if granted this jurisdiction. We feel that we have the existing competence and full-time interest in this important area to pick up the job whenever we are granted the jurisdiction. The transfer of this authority would simply complete and fulfill the mission to which the Select Committee has been charged. We would have a clear focus on matters affecting the SBA.

Finally, I would like to say a word about the other resolution which you are considering today, S. Res. 109, which would create a Committee on Committees to study all Senate Committee jurisdictions. That is probably a much needed move. However, I would point out that that decision should not alter or affect what this Committee decides on granting the Select Committee legislative authority at this time. There is no reason why the Senate cannot review the Committee's jurisdictions while the Select Committee is granted legislative jurisdiction. This transfer in jurisdiction cannot wait for a potentially protracted study of all the committees' lines of jurisdiction. The reasons are compelling for making this transfer now: economy, efficiency, elimination of confusion and creation of parallel structures. This would provide symbolic and meaningful recognition of the paramount interests of the small business community. There is no reason to postpone this decision any longer.

Seventy of our colleagues have cosponsored S. Res. 104 which Senators Brock and Hathaway introduced. Amongst those cosponsors are five members of the Banking Committee. This would indicate that a vast majority of our colleagues feel the way Chairman Nelson and I do about this critical legislation.

Thank you.

Senator BYRD. I understand Senator Proxmire has another conflicting meeting at 10 o'clock.

Am I correct, Senator Proxmire?

Senator PROXMIRE. I do, Mr. Chairman. I think Senator Tower, who is here also, has a conflict.

Senator BYRD. All right.

Suppose we give Senator Javits the 2 minutes? He indicated 2 minutes. Then we could have more later. Then we will hear from Senator Proxmire.

Senator JAVITS. I do not think anybody here challenges the Banking Committee, its bonafide, or its excellence. These are two of my friends and two of the best Senators in the Senate, no doubt about that. It is just a question of concentration.

The Small Business Administration, really, we feel, needs concentration. It is shown by the inadequacy of the operation, and the fact that small business is suffering very, very seriously. We can zero in on it and cover it. We are doing it now, except we do not have the performance standards.

We do not do anything at the other end. We start things, we hear them, et cetera, and the Banking Committee, because of Bill Proxmire's economy of thought, as well as money, picks up everything that we have investigated and done, and legislates on it. That is the way it works today.

The other thing is that the small business constituency finds itself really unable to marshal an effective and adequate argument before the legislative committee. They are very busy.

We are able to carry on with the staff we have, so much so, that if you gave us legislative jurisdiction, to the limit and extent we seek—

Senator BYRD. Of course, when you speak of infallibility, both of those Wisconsin Senators are outstanding in that regard.

Senator JAVITS. I will fully certify that.

The difficulty is, however, that the Banking Committee has a much broader target. We understand that. They understand it.

As a matter of fact, I would be very interested to hear their views on this.

I do not think it is in any sense an oppositional hearing. It is more a consultation of colleagues in a legislative forum. I think the acid test is that we are not seeking any additional staff if you give us the jurisdiction.

But it will be an extraordinary recognition to the small business community. It has been done in the House already for the same persuasive reasons.

I would have hoped very much that our Banking Committee colleagues would have confirmed this.

I am very interested to hear how they feel about it and why.

Senator CANNON. I would like to make this one observation.

I appreciate your statement, and Senator Nelson's, that no additional staff would be added.

You know Mr. Burger, who has been lobbying for this resolution for many, many years, very ardently, used the need for additional staff as one of his biggest arguments.

I think if I were arguing against the resolution, which I am not, I think that you gentlemen, in the testimony you have presented, have presented a very strong case against the need for requiring additional legislative authority.

We have Senator Nelson's own statement as to the number of hearings he has held, and the amount of legislation he has been able to accomplish; but on the staffing thing, there has been a lot of misinformation put out that small business has been neglected because of inadequate staffing, and nothing could be further from the truth.

As Senator Nelson said, he has 21 on the staff now, but he has requested the 22d one before the Rules Committee as of yesterday, and, in addition to that, there are 24 employees under Senate Resolution 60 assigned to members of the Small Business Committee.

So this makes a total committee staff of 46 people working on Small Business.

Now, that is a bigger staff than seven standing committees of the Senate have at the present time. It is almost as big as what we would consider for some of the certainly very major ones.

For example, including employees under Senate Resolution 60, Finance only has 60 people, and Small Business with Senate Resolution 60 related employees has 46.

So I just want to set the record straight that I am glad to hear you people say that you do not need additional staff, because this is one of the arguments that has been made very strongly in support of this resolution, that the Small Business Committee does not have the staff to devote to this job.

Senator NELSON. Mr. Chairman, I know Senator Cannon's feeling on Senate Resolution 60. I happened to have voted with him, because I did not think it was targeted carefully enough. I did recognize there were Members who needed additional assistance, and I think they did.

But just for the record, the Small Business Committee does not have 24 additional, or whatever it is, staff members. We do not have a single one. I have never met any that I know of. We have no jurisdiction over them.

What we did with the 21 people we had, was go from an average of 22 hearings a year to 63 last year, and we did it precisely with the staff we had.

The reason for asking for one more staff member, which is secretarial, is that when we went from 21 on an average to 63, that did increase that burden at the secretarial level by three times over what it was in the previous 4 years. But what we would do, and I certainly want to present it straight to the Chairman, what we would do is go ahead if we had jurisdiction, and conduct our hearings and our oversight, and do it with the staff that we have.

Now, if it turned out that we needed not to conduct some other hearings in some other areas which are endless, involving small business problems, we would simply have to cut back there in order to be sure that we assumed and carried out our responsibilities of oversight of the Small Business Administration.

Senator BYRD. Well, I suppose that the statements that have been made by the Senators this morning as to staff size will not constitute an illegally obtained confession to be used next year by the Rules Committee to challenge the credibility of the then witnesses when they appear before the Committee wanting additional staff members.

I suppose that that part of the *Miranda* ruling has probably been thrown out any how by now.

Now, may we hear Senator Proxmire and Senator Tower because they have other engagements.

Would you gentlemen like to sit up here.

I must warn you, we would not allow you to ask questions, but the hearing room is becoming quite filled, and if the Senators would like to take chairs up here, they may.

Senator Brock, Senator Nelson, Senator Javits, you may sit up here for now.

Senator Proxmire and Senator Tower, would you please take seats?

If one or more of you gentlemen could remain for questions, we have not had an opportunity really to ask questions.

Senator Brock. I will stay.

Senator Byrd. All right.

Senator Proxmire.

STATEMENT OF HON. WILLIAM PROXMIRE, A U.S. SENATOR FROM THE STATE OF WISCONSIN, ON BEHALF OF HIMSELF AND HON. JOHN SPARKMAN, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator PROXMIRE. Mr. Chairman, the statement I will make is on behalf of both Senator Sparkman and myself. I might say Senator Sparkman is in the remarkable position of having been chairman of the Select Committee on Small Business, having been chairman of the Banking Committee, and he shares the position that both Senator Tower and I have.

He has read my statement, and he approves it.

I appreciate the opportunity to testify with regard to this resolution.

As we all know, this resolution arises out of a continuing concern by Members of Congress for the well-being of small business. It is a concern which I certainly share as chairman of the Committee on Banking, Housing and Urban Affairs.

You know, I served for a number of years as chairman of the Subcommittee on Small Business in what was then the Committee on Banking and Currency, and I have also served on the Select Committee in the past. I have made it a point to maintain a close and continuing awareness of the many and varied problems of the Nation's small business community.

I believe the needs of small business would be set back if the Senate were to transfer legislative jurisdiction from the Banking Committee to the Select Committee.

Why do I say this?

Because the single most difficult problem faced by a small business today has been access to credit and equity capital, which is the function of our committee. This was why the SBA was created by legislation, originating in the Banking Committee.

We all know that SBA programs have been expanded beyond the mere extension of intermediate-term credit; but the original purpose and the present thrust of the Small Business Administration was and is to make available to small firms the credit that is not available otherwise.

When SBA was first created, it was recognized that, in many instances, banks would not make term loans to small firms. SBA's major program in those early years was the direct loan program. Today, SBA is stretching the dollars provided to it by the taxpayers, through

Congress, by making loans in participation with banks and by issuing guarantees of loans made by banks. It has become a cooperative venture between SBA and the other financial institutions of the country.

In 1958, the Senate Banking Committee, and the entire Congress, recognized that SBA was not able to meet the needs of small firms for long-term credit and for equity capital. The committee put together, and the Congress adopted the Small Business Investment Act. This act has been refined a number of times since 1958, and there are further refinements now pending.

Small business investment companies and minority enterprise small business investment companies, chartered under that act, are making substantial progress in filling the "equity and long-term credit gap" that existed in 1958.

However, a great deal remains to be done, not only in furthering the job being done by small investment companies, but in strengthening and broadening the ties now existing between the SBA and private institutions in providing short-term and intermediate-term credit for small business.

I believe that there can be no successful argument against the premise that credit and capital are the major problems facing small concerns. Likewise, it is indisputable that the credit and capital needs of small business cannot be met by the SBA alone. They must be met by a cooperative effort between SBA and private financial institutions.

Needless to say, these private financial institutions fall within the jurisdiction of the Committee on Banking, Housing and Urban Affairs, and, of course, they should remain so. In my judgment, separating the SBA from the private financial sector in terms of legislative jurisdiction will inevitably weaken the efforts being made to meet small business money needs.

Under the present setup, the committee that I have the privilege of chairing has maintained an awareness and a concern for the problems of small business, and by applying this awareness and this concern in all of its actions dealing with SBIC's, MESBIC's the SBA, commercial banks, savings banks, savings and loan associations, underwriters and others in the financial community, we have accomplished a great deal toward meeting the needs of small business.

To take the Small Business Administration and small business generally out of this composite can only result in a weakening of the "clout" that small business now has. In my judgment, it would be a grave mistake.

There is a second reason why I think it would be a serious mistake to transfer legislative authority to the Senate Select Committee on Small Business.

In my opinion, such a move would inevitably dilute the small business oversight activities in which the select committee has been engaged, and which has been its primary strength over the years.

As this committee well knows, all committees are faced with the problem of allocating their time and attention between legislative and oversight activities. It has been my experience that legislative duties are enormously time-consuming and tend to crowd out the amount of time that can be spent on oversight. As a result, effective oversight can

only be conducted when it becomes a full-time occupation as in the case of an oversight subcommittee of a legislative committee or a select committee such as the Senate Select Committee on Small Business.

There has been a productive division of labor between the Select Committee on Small Business and the Senate Banking Committee over the years, with the select committee providing most of the oversight into small business problems while the Banking Committee, as well as other legislative committees, have been responsible for legislative followup.

This productive division of labor could be destroyed if the select committee were to be given legislative authority as well as oversight responsibility. In the long run, the oversight job would not get done as well as it is being done today and the real loser would be the small business community.

Mr. Chairman, the Senate recognized the problem caused by a proliferation of legislative committees in 1946. The primary objective and purpose of the Reorganization Act of 1946 was to consolidate legislative authority in as few committees as possible.

That act reduced the number of committees from 44 to 15, and it was greeted by scholars of the Congress as a great move forward, and greatly increased the efficiency of the Senate.

So it seems patently unwise, in my judgment, to turn back toward the pre-1946 situation.

Senate Resolution 104, if adopted, would be a step backward, and it would set a very bad precedent.

Once the credit aspects of small business problems is carved out of my committee, what is to be next? Should small business tax problems be stripped from the Finance Committee? Just as my committee has the necessary expertise to deal with credit and capital problems, the Finance Committee has the know-how on taxes.

Should antitrust and monopoly be taken from the Judiciary Committee? Should problems of small farmers be taken from the Agriculture Committee?

You know, the Senate voted last year to make small farmers eligible for SBA assistance. Should the matter of small business exports be stripped from the current jurisdiction of the Commerce Committee?

Mr. Chairman, in my judgment, Senate Resolution 104 would set a most unwise precedent, if allowed, would most assuredly weaken the legislative position of small business.

The issue presented by Senate Resolution 104 is not new to the Senate. It dates back to 1940, when a Special Small Business Committee was created. It did not have legislative authority, but a great deal was accomplished through the recommendations made by that committee to appropriate legislative committees. In 1950, the present day Select Committee on Small Business was created.

The question of whether it should have legislative jurisdiction rather than the Banking Committee was extensively debated, and was resolved in favor of the Banking Committee. More recently, the proposal to give the select committee legislative jurisdiction was brought to a vote in the Senate on August 13, 1964. At that time, the proposal was being sponsored by Senator Prouty of Vermont and had 36 cosponsors. Nevertheless, the Senate tabled the measure by a vote of 68 to 25.

Even more recently, the same proposal was brought up in the Senate on February 6, 1967, as an amendment sponsored by Senator Prouty.

and 29 other Senators. At that time, the amendment was tabled by a vote of 58 to 27.

The issue presented by Senate Resolution 104 has been resolved by the Senate several times in the past, Mr. Chairman. In my judgment, it was resolved wisely, and I want to express my hope that this committee will not approve Senate Resolution 104.

One last point in opposition to Senate Resolution 104 is the fact that, whenever we create a new committee, which, in effect, we would do by adopting Senate Resolution 104, we also create the need for more staff, as has been discussed here. We add substantially to the expense of running the Congress.

In these days when we are trying to hold down the cost of Government, it seems highly inappropriate to unnecessarily raise the cost of running the legislative branch of Government.

I, of course, am very reluctant to take this position. You have 72 cosponsors.

For another thing, I have been approached, as every Member of the Senate has, by small business, asking me to support this resolution.

In the second place, my colleague, Senator Nelson, would be the chairman. He deserves the chairmanship. He has been here a long time. He has shown great ability. I am sure he would serve extremely well in that position.

But I do think for all the reasons I have given that this is the easy way to go. It is a mistake. It is awfully easy to go along with the small business people when they push you this way, and with that juggernaut of 72 cosponsors, but I think it is wrong.

So I have no alternative but to say why I think it is wrong.

Senator BYRD. Senator Proxmire, I certainly thank you for your statement, and I have to admire you for taking the position that you take, and for the reasons that you have stated, particularly in view of the fact, as you have pointed out, that your eminent and illustrious colleague, Senator Nelson, is on the other side of this question.

If it were up to me to decide the answer to this question alone, and based solely on that predicate, I do not think I would have the wisdom of Solomon to choose between the two of you. You are both extremely capable and dedicated and articulate, and I might be swayed that way, and then listen to the other, and I might be swayed the other way.

I can only compliment you on your fine statement.

Senator Tower.

STATEMENT OF HON. JOHN TOWER, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator TOWER. Mr. Chairman, I would like to strongly concur with everything that has been said by my distinguished colleague from Wisconsin. I agree with him entirely, and when Bill Proxmire and I agree on something, you know that the millenium has arrived, and it really cannot be all bad.

I, rather than detain the committee, will submit my statement for the record. There is one aspect that Senator Proxmire did not touch on that I would like to.

I would like to note the 14 bills referred to the Small Business Subcommittee of the Committee on Banking, Housing and Urban Affairs compares with 3,424 generated in the Senate in the first session of the 94th Congress.

Since there are 18 standing committees in the Senate, it is obvious that if the select committee became the 19th, 99 percent of the Senate's legislation would be in the jurisdiction of the other 18 committees.

In fact, the number of small business bills would have to more than quadruple before the committee would have jurisdiction over 2 percent of the Senate's legislation.

Considering the other demands on his time, I wonder how much zeal a Senator would apply to a 1- or 2-percent responsibility, and how much the small business community would benefit as a result.

Senator Proxmire has mentioned the fact that capital formation is the most important problem that concerns small business. We are currently, I think, in a state of capital crisis in this country. There is a capital shortfall that is ongoing.

I think that the Banking Committee has far better resources to deal with this problem than a select committee made standing would have.

In addition, I think that even if you did give legislative responsibility to the current select proposed standing committee, that a lot of that legislation would have to be rereferred to the Banking Committee anyway. That would probably slow down the legislative process and enable us to deal with less flexibility on small business matters than we can now, where only one committee consideration is required.

So I hope that the committee will not report Senate Resolution 104. I stand with my chairman.

I appreciate the committee giving us this time.

Senator BYRD. Plato thanked the gods for living in the age of Socrates, and I am grateful for the hands of destiny of having lived as the millenium arrived.

[The written statement of Senator Tower follows:]

STATEMENT OF SENATOR JOHN TOWER ON S. RES. 104

Mr. Chairman, as you know, Senator Proxmire and I communicated with you by letter in April of last year on the subject of S. Res. 104. At the time, we expressed strong opposition to making the Select Committee on Small Business a standing committee of the Senate. Our reason for opposition remains the same, and I appreciate the opportunity to discuss this matter further with you.

No one is contesting the importance of small business in the economy. The fact that it is so important is the best argument for leaving it as the legislative jurisdiction of the Committee on Banking, Housing and Urban Affairs. One of the most important factors affecting small business is its ability to obtain financial resources. The Banking Committee has jurisdiction over the nation's financial institutions and financial markets, which control the lifeblood to the small business sector. The Committee has both the staff expertise and the perspective to deal with small business needs in this important area.

S. Res. 104 would provide that any committee having jurisdiction over a small business matter extraneous to the functions of the Small Business Administration is entitled to consider and report such legislation prior to its consideration by the Senate. This fragmentation of jurisdiction over small business matters will only delay bringing such matters to the floor. Certainly the Banking Committee would wish to exercise this right wherever financial institutions, the capital markets, and consumer interests were concerned.

The Small Business Subcommittee of the Committee on Banking, Housing and Urban Affairs has a very good track record. For example, it has raised SBA's lending authority every year from 1970-74. In 1972, it also provided government

leveraging for small business investment companies dealing with economically disadvantaged firms, and it raised the funding level for regular small business investment companies. In 1973, it added three new categories of eligibility to the nonphysical disaster loan programs. In 1974, it raised the surety bond maximum and created the Office of Chief Counsel for Advocacy in SBA. These are only the provisions which ultimately became law. Excluded are general hearings and numerous other bills that were reported by the Subcommittee. In 1975, an omnibus small business bill passed the Senate shortly before the Christmas recess and is presently waiting to go to conference.

On the whole, the Banking Committee's legislative activity in the small business area compares favorably with that of the House Small Business Committee, which has legislative jurisdiction over small business matters. We reported two bills last year whereas the House Committee reported three. One of the bills reported by the House was rejected by the Banking Committee, and the other was discharged to Government Operations. In 1975, 14 bills were referred to our Small Business Subcommittee compared with 56 to the House Small Business Committee. However, those 56 House bills represent only 31 different items of legislation, and they compare with 13,591 total House bills introduced in 1975.

The 14 bills referred to the Small Business Subcommittee of the Committee on Banking, Housing and Urban Affairs compares with 3,424 generated in the Senate in the first session of the 94th Congress. Since there are 18 standing committees in the Senate, it is obvious that if the Select Committee became the 19th, 99% of the Senate's legislation would be in the jurisdiction of the other 18 committees. In fact, the number of small business bills would have to more than *quadruple* before the committee would have jurisdiction over 2% of the Senate's legislation. Considering the other demands on his time, I wonder how much zeal a Senator would apply to a 1% or a 2% responsibility and how much the small business community would benefit as a result.

Now I would like to turn to the activities of the Select Committee on Small Business in the Senate. The Select Committee is authorized "to study and survey by means of research and investigation all problems of American small-business enterprises and to obtain all facts possible in relation thereto which would not only be of public interest, but which would aid the Congress in enacting remedial legislation, and to report to the Senate from time to time the results of such studies and surveys." Last year, the Select Committee established a commendable record of hearings—62 days in all. However, it has published only one report which offers what could be considered a recommendation that would aid Congress in enacting remedial legislation. That recommendation was made on the subject of taxation, over which the Banking Committee has no jurisdiction and over which a standing committee on small business would have none. In short, I question whether or not all that hearing activity has resulted in any practical ideas that could be implemented by a small business committee with legislative authority. However, the existing relationship between the Small Business Subcommittee and the Select Committee on Small Business *could* be more fruitful if the latter used its hearings as a basis for more frequent reports and recommendations to the Banking Committee.

Finally, I know that it is often argued that the House Small Business Committee has legislative jurisdiction and the Senate should be symmetrical with the House. Nevertheless, there is a crucial difference between the way the House and Senate members are appointed to committees. In the House, each member can serve on only one major committee. Consequently, when the Small Business Committee was made a standing committee, it was categorized as a "minor" committee and its members who already served on major committees requiring only one committee responsibility were grandfathered in. In the Senate, on the other hand, each Senator is limited to serving on only two standing committees. I certainly don't think this rule should be altered in the case of the Select Committee on Small Business. If it is made a standing committee, it should also be a committee of equal standing, and those who serve on it should serve on only one other standing committee.

In conclusion, I *don't* believe that small business would profit by this particular example of committee proliferation. I think the Senate Banking Committee has the expertise, the experience, and the commitment to deal with small business legislation in an extremely effective manner, and its record proves my point. Furthermore, if any action is taken on this matter, I hope it will occur only after the entire committee system in the Senate has been reevaluated in its existing form.

Senator BYRD. Senator Cannon, as Chairman of the Rules Committee, I think you should ask the questions of these gentlemen first.

I will defer.

Senator CANNON. Well, one of the problems that concerns me is the fact that there are many areas involving small business that would have to go to other committees.

Do you see this as a joint referral problem, or as a problem referred once to one committee by the Parliamentarian, and then to the other?

How do you suppose that situation would be staffed?

Senator PROXMIRE. I suppose that where you have a legislative situation dealing with the Small Business Administration it would be clear. They would have the sole jurisdiction.

But where, as Senator Tower indicated, you have a credit problem involved, something dealing with the banks, it would seem to me that it would be very hard to avoid a joint referral with both committees having jurisdiction, and, as I indicated, there are all kinds of other areas, in agriculture, in taxes, in antitrust, where small business has a tremendously important role, and where, I presume, you would have to have joint referral, too.

Senator BYRD. Well, Senator Cannon, could I interpose a question?

Senator CANNON. Yes.

Senator BYRD. Could not this language be so modified in this bill that it would first go to the committee that would have the preponderance of the subject matter, and then be referred to the Small Business Committee if and when reported, and if requested by the Chairman of the Select Committee on Small Business?

Senator PROXMIRE. Sure.

Undoubtedly where you have a preponderance not affecting small business, I am sure they would either waive any jurisdictional involvement, or the decision would be easy. But in so many cases small business has a very, very real and significant interest.

I think once you open this up that you will have a number of cases. I cannot think of any part of our economy that would be more concerned with antitrust policy, for example, than small business.

Small business is the one that is victimized by big business having excessive power.

In tax legislation so often, as we all know, it affects small business in a very big way.

Senator TOWER. I agree with that, and I think that what this would mean is that perhaps small business legislation, where now it may be considered by one committee, or in some instances two, it might find itself under consideration of three committees.

I think it means that you cannot act on small business legislation with as great dispatch and expedition as we can now working through the subcommittee structure of the Banking Committee.

Senator CANNON. Just yesterday on these reports Senator Nelson took a great deal of credit, and I think properly so, for the tax provisions that were written into the administration's emergency tax reduction proposal, benefitting small business. But if this bill were to be enacted, and given legislative jurisdiction, this would still not give that committee jurisdiction over a bill such as the tax reduction bill.

Senator PROXMIRE. No question about that. That is clear.

The problem is, what happens once you make a standing committee, once you give it legislative authority, that more and more there would

be pressure, and understandably so, for the chairman and the other members of the committee to say "well, we have a lot of business here. We ought to have a week to look at this bill."

These things develop. It would seem to me that they would be able to establish a precedent where they would have a right to look at bills that affect small business at all.

Senator CANNON. Senator Nelson also pointed out several major bills had been introduced by members of the committee as a result of the series of small business tax hearings which they held last year, and those would undoubtedly be considered by the Finance Committee.

Now, the enactment of this proposal would not surprise the committee.

Senator TOWER. That is correct. It would not deprive the Banking Committee.

You cannot have a proliferation of legislative responsibility on financial institutions.

Senator CANNON. Perhaps to some of the proponents of this, I would like to pose this question.

In the first place, the Select Committee now has the same permanent staff as the standing committee, has the same \$10,000 per Congress as the standing committee for the support, and now is asking for legislative jurisdiction, and I would say that that would contain all of the characteristics of the standing committee.

Why have you not requested that the Small Business Committee be constituted as a standing committee, rather than a select committee, with legislative jurisdiction?

Senator BYRD. Senator Hathaway or Senator Javits, as proponents of the legislation, would you like to respond to that question?

Senator JAVITS. Of course, the question has been up, but the structure of the Senate is such that a standing committee is a legislative committee. All other committees are select or special.

I know of no example of a standing committee which does not have legislative jurisdiction. It is a standing legislative committee.

What I was thinking about, Senator Cannon, was what Senator Byrd was just mentioning. I do not think this is an objection, because every committee has the same trouble. We have it in Labor. We have it in Foreign Relations. We have it in Banking. You do not have jurisdiction over everything that small business does either, it has to go to Finance.

In some cases, it has to come to us in Foreign Relations. The important point, I think, is to write the language so that the only thing that is referred to in the first instance, as Senator Byrd has mentioned, is a bill which relates to the Small Business Administration. That is the way it is in the House, I understand. That is the way it is working there.

The last point, Mr. Chairman, that I think is very essential, and I think it does turn on what Senator Proxmire has just said, is shall a committee which is doing the legislative oversight have the legislative jurisdiction.

My conclusion is that that is precisely the way the Senate structures its committees. If you are going to have the authority, you have to have the responsibility, and if you do not have the authority you do not have the responsibility, and the trouble with Senator Nelson's

committee now is it gets washed out when it comes to doing any business. That is why the Small Business Committee is after you.

I have no objection, and I do not think any of us would, to a very precise definition of what bills are to be referred to the Small Business Committee if it does have legislative jurisdiction.

Senator CANNON. Now, a number of the proponents of Senate Resolution 104 are also proponents of Senate Resolution 109.

I would like you to address yourself to that, and reconcile how we can justify appointing a new committee to study the entire committee system and recommend jurisdictional lines, and then say in the meantime we are going to establish another legislative committee for the Senate Resolution 109.

Senator HATHAWAY. Let me say, if I may, in answer to that, Section 2 of Senate Resolution 109 sets out a very broad scope of investigation. Not only is there going to be a study of jurisdiction, but also of the structure, number, optimum size of committees, committee rules, and procedures, media coverage of meetings, staffing, and other committee facilities, and then make recommendation.

In the first place, this will probably take a considerable period of time.

Senate Resolution 104 merely addresses itself to the jurisdiction of this one standing committee. I do not think that it would be proper to say that we are going to inhibit any change whatsoever in jurisdiction of any of our committees just because there is a study going on.

There is talk now, for example, of creating a Special Energy Committee in order to put energy all under one committee.

Should we wait 2 or 3 or 4 years, until the study is completed before doing that, even though our energy problems are great right at the moment, and we may need this structural change right away?

Senate Resolution 104 addresses a matter that has waited for 25 years to be changed. It is not a major change in committee structure. It is one that the House has adopted already, and I think in the interests of good legislation that we should have a comparable committee on this side of the Capitol.

Senator CANNON. I wonder if I could ask Senator Nelson if the adoption of this resolution would in any way add to the jurisdiction that he has now, for example, in relation to the small business tax relief provisions, which he has already been very active in in the past year.

Senator NELSON. It would not affect that in any way. It is confined solely to whatever the legislative statutory responsibility is of the Small Business Administration.

There would be occasions. For example, when the Small Business Act Amendments of 1975 were reported by the Banking Committee, they were referred again to the Commerce Committee, because it had provisions on exports and imports. That is the jurisdiction of the Commerce Committee.

So the bill that came out of Banking was referred to Commerce to deal with the question of exports and imports.

So if there was anything that the Small Business Administration, by statute, has to do with it, and it involves a responsibility of another committee, we will do what we have done, the sequential reference or concurrent reference would be done.

I would like to add one more point that is not relevant exactly to this.

Senator Proxmire has opposed this jurisdiction all the time he has been here, and long before he was chairman of the Banking Committee, and I have favored this jurisdiction long before I was chairman of this committee, for the last 14 years.

So it is not a conflict between two chairmen. We both had different positions on this all the years we have been here, Bill, for the reasons that he has very ably enunciated, and, me, for the reasons that I have stated previously.

Senator JAVITS. One point I would like to add, Mr. Chairman, because I would like Senator Proxmire to respond to it, simply is—

Senator BYRD. Let us be very careful that the Senator from New York addresses the questions to the chairman of the committee.

Senator JAVITS. I said "Mr. Chairman."

Senator BYRD. I know. But I do not want the Senator to address his questions to Senator Proxmire.

Senator JAVITS. It really is not a question to Senator Proxmire. It is a point which he made very strongly, and which I would like to call his attention to.

Senator BYRD. Very well.

Senator JAVITS. I think I would differ—I would not say anything about my colleague's feelings—with the fact that the critical issue for small business is financing. It no longer is. It is management, one, taxes, two, Government regulations, three, and financing perhaps four.

The thing has changed while we have been looking at it. That is what small business is suffering from, mainly management.

This is a critical point.

I think the Senator should give some thought to that, and have his people look at our records.

That is a fact. In my judgment, my colleagues have different evaluations, but really the financial part of it is no longer the prime trouble of small business.

As a matter of fact, the banks have gone out of their way to set up small business departments, and it is just like the sexual, and color and race distinctions, where we have had many institutions go out of their way to see that they did not face that point any more.

The banks have been very solicitous of not being accused of overlooking small business in lending money.

Now, the materials are much too rough for small business, but they are much too rough for anybody, so we cannot argue about that. But in my judgment, and my colleague, Senator Nelson, would be very important in this, I would list financing certainly after management, and personally, I have listed it after taxes and Government regulations, as well.

Senator BYRD. Senator Proxmire, this is one of your primary points that you raised in your statement. Perhaps you would like to address yourself to this point further at this time.

Senator PROXMIRE. Well, there is no question that management is of great importance. I think it is hard to say whether management or availability of capital is more important.

You can argue in recent years that management has become even more important than credit. I would not dispute Senator Javits too much.

I do think you talk to any businessman, and he will tell you his problem is capital, over and over again. It is true he may not perceive it is his incompetence as a manager in some cases that is his problem.

The Select Committee can help us, or help the Labor and Education Committee perhaps to get into it, but again and again and again we run into this problem that one way in which the Federal Government can assist small business most readily is to give them equal fair access to the credit market, and that is why I think our committee can be most helpful.

Senator BYRD. Senator Cannon.

Senator CANNON. I would just like to ask Senator Javits, in light of what he said, if there were legislative proposals that you would have liked to have gotten through with respect to management of small business last year that you were unable to get through because the Select Committee did not have legislative authority?

Senator JAVITS. Mr. Chairman, they do not come to us, and all we can do is recommend to others.

But if you look over our annual report, which Senator Nelson has just put out, you will find it is replete with recommendations and ideas as to how we can buck up the management of small business.

We have done an extensive amount of work on paperwork, for example, which also relates to Government regulation. There are many recommendations on taxes, which have not been given any real weight as far as we are concerned, because we are an advisory committee, and we had to do it individually.

Now, the fact that we have had some success is not an answer to the fact that we could do a much better job if we had the standing of legislative authority.

Senator PROXMIRE. Mr. Chairman, I might point out that the committee will continue to be simply advisory on taxes. I think if anything has been made clear this morning, I think it is clear they would not have any legislative jurisdiction as far as taxes.

As far as management is concerned, for many small businesses one of the most practical available sources on management, or assistance on management, is their banker. Not always, but in many, many cases.

In that particular respect we can be helpful, I think, and have been helpful.

Senator BYRD. Senator Cannon.

Senator CANNON. Thank you, Mr. Chairman.

Senator BYRD. We have Senators Durkin and Clark here now.

Would you like to proceed with your statement, Senator Durkin?

Senator Proxmire, do you have anything further?

Senator PROXMIRE. No, that is fine.

Thank you very much.

Senator BYRD. May I say the record will be left open until after the recess so that additional statements may be made, and it may be that the committee would want to have some of you return.

Thank you very much.

Senator Durkin, please proceed with your statement.

**STATEMENT OF HON. JOHN A. DURKIN, A U.S. SENATOR FROM
THE STATE OF NEW HAMPSHIRE**

Senator DURKIN. Thank you.

I am going to be extremely brief. I know you have a large witness list, and the Chairman and I have to get to a Commerce Committee.

Senator BYRD. Would you pull the microphone over?

Senator DURKIN. As you know, I am one of the cosponsors, and I did ask the opportunity to appear in person this morning to underscore my commitment to the resolution, and I ask that my statement be printed in the record in full, and then I will not have to read it.

Senator BYRD. Your statement will be included in the record in full.

[The statement referred to follows:]

STATEMENT OF SENATOR JOHN A. DURKIN ON S. RES. 104

Mr. Chairman and Members of the Committee. I appear today as a cosponsor of S. Res. 104, a bill to provide limited legislative authority to the Senate Select Committee on Small Business.

This measure is long overdue. In 1950, the Senate established the Select Committee, but left legislative authority in the hands of the Senate's Committee on Banking, Housing and Urban Affairs. That committee's jurisdiction, however, has now become so widespread that the small business community often feels its concerns and interests do not receive the attention they deserve.

I need not point out that small businesses employ, directly or indirectly, more than 100 million Americans, or that goods and services provided by small businesses account for 43 percent of the gross national product. I also need not point out that small businesses, more than ever, are feeling the crunch from the banks, from the government, and from insatiable conglomerates, chain stores and multinational corporations.

In 1953, the Congress recognized the pendency of these problems by establishing the Small Business Administration as an independent agency within the executive branch. Congress needs now to make the same recognition in its own internal organization.

We are behind. The House has already granted legislative authority to its small business committee. And in the Senate, I think we have demonstrated the worth of the Senate Select Committee by the fine work done on such issues as pension reform, the paperwork burden, and small business tax reform. Senator Nelson, as chairman, has proven that the Select Committee is the most competent to handle certain legislative matters affecting small businesses.

S. Res. 104 makes sense. The Veterans' Affairs Committee has legislative authority over the affairs and concerns of veterans. The Agriculture Committee has legislative authority over the affairs and concerns of the nation's farmers. Let's complete the analogy for the struggling, self-reliant businessman.

New Hampshire, Mr. Chairman, is an excellent example of a state economy which is inseparable from small businesses. From the ski area operator to the general store manager, from the motel owner to the small independent fuel dealer, New Hampshire's business is small business. Even on the crucial issue of solar energy, New Hampshire has two small firms actively engaged in research, production and installation of solar heating systems.

It has been 26 years since the Senate Select Committee on Small Business was created. It is now time for the Senate to follow through on the expectations it raised by granting legislative authority to the same group.

Senator DURKIN. My campaign was a campaign built around small business. The great majority of business in New Hampshire is small business.

I think Senator Javits' point is a point especially true in the smaller States, especially true in New Hampshire. Our problems are not just problems of capital, and capital formulation, and for that reason I think the resolution is particularly addressed to the areas in the smaller States in the country, at least New Hampshire.

I want to make sure that no criticism is in the present setup, or the present functioning, but I do want to underscore what I think is the need for the legislative authority for the committee.

The House, as you know, has the Veterans' Affairs Committee, and has legislative authority. I think it would be fitting that the Small Business Committee have legislative authority.

Also, Mr. Chairman, Senator Kennedy was here, and he had to go on to another meeting. He asked me if I would submit a request that his statement be submitted as part of the record this morning.

Senator BYRD. Yes, indeed.

Senator Kennedy's statement will be included in the record. Along with it, the chairman has asked to include the statements by the following:

Senator Abourezk, Senator Roth, Senator Church, Senator Ford, Senator Montoya, Senator Humphrey, Senator McGovern, Senator Hollings, Senator McGee, and Senator Fong.

All those statements will be included in the record in their entirety.

Also, the National Association of Retail Grocers; National Society of Public Accountants; National Retail Merchants Association; American Retail Federation; Menswear Retailers of America.

They have asked to file statements. Those statements will be received, hopefully as promptly as possible, and will be included in the record.

Senator BYRD. Now, do you have anything further?

Senator DURKIN. No, thank you, Mr. Chairman.

Senator BYRD. Senator Cannon, do you have any questions?

Senator CANNON. No questions.

Senator BYRD. Thank you, Senator Durkin.

Senator DURKIN. It is a pleasure to be back here in this room.

Senator BYRD. Under different circumstances.

Senator Clark, you are a member of the full committee. We are delighted to have you appear today, and I understand you have a statement.

Would you please proceed?

STATEMENT OF HON. DICK CLARK, A U.S. SENATOR FROM THE STATE OF IOWA

Senator CLARK. Mr. Chairman, I am an original cosponsor and a strong supporter of both Senate Resolution 104 and Senate Resolution 109, but I think that in view of the time, and the long witness list, it would be more appropriate for me simply to put a statement in the record at this point if I may.

Senator BYRD. Thank you, Senator Clark.

I am sure you will be present when the full committee takes up this matter, if the subcommittee reports it to the full committee.

We welcome your statement today as we welcome your contribution at that time.

[The written statement of Senator Clark, referred to above, and written statements of other Senators, received for the hearing record, are as follows:]

STATEMENT OF SENATOR DICK CLARK ON S. RES. 104 AND S. RES. 109

Mr. Chairman, as an original cosponsor of both of the proposals before us today I would like to begin by commending you for holding this hearing. Both

S. Res. 104 and S. Res. 109 clearly merit serious consideration by this committee, and in my judgment, both merit rapid enactment by the Senate.

It was exactly 30 years ago—I was a high school junior at the time—when the Senate last reorganized its committee structure. Obviously, the nation and the world have changed dramatically since 1946, and as we enter our third century as a nation we face an entirely new set of problems than those which confronted us at the end of World War II.

The Senate, of course, has also changed. But that change has been sporadic and uncoordinated. As new issues have arisen, we simply have added new Standing, Select, and Special Committees—and literally scores of new Subcommittees—in a frantic attempt to keep pace with the times.

We must face the fact that this process has led us to the point where we are now falling all over each other just trying to get our jobs done. How many times have we glanced at our schedules only to find that four or five or even six committees on which we serve are meeting simultaneously? That happens to me nearly every day—and I know it prevents me from working to the best of my ability.

Part of the problem could be solved by such innovations as computerized scheduling and other reforms now being considered by the Culver Commission on the Operation of the Senate. But we also must realize that we can no longer respond to new issues simply by tacking on a new subcommittee to a basic committee structure that is hopelessly out of date.

Everyone is concerned today about cutting waste and inefficiency in government. We ought to start that process in the United States Senate by adopting the proposal that Senators Stevenson and Brock and a majority of our colleagues have brought before us today. If we are to affect economies in the rest of the federal establishment—if we are to exercise the kind of tough oversight that the American people demand and deserve—we need a committee structure that reflects the problems of today and tomorrow, not of thirty years ago.

I urge the Committee to report S. Res. 109 without delay, so that a new Committee on Committees can begin working on reorganization immediately, and can coordinate its efforts with the Culver Commission.

There is one change we can make now—a small change—that could have major results. We should report S. Res. 104, the resolution introduced by Senators Hathaway, Brock and others that would give limited legislative authority to the Select Small Business Committee.

Right now, that Committee is responsible for “the study and survey by means of research and investigation all problems of American small business enterprises, and to obtain all facts possible in relation thereto which would not only be of public interest, but which would aid the Congress in enacting remedial legislation.” Therefore, the Committee has the authority to review the programs of the Small Business Administration and make recommendations. I believe it would be a useful, time-saving proposal to grant the Select Committee authority over SBA legislation as well.

The goods and services provided by small businesses now account for about 40% of the gross national product. Thus, the importance to the economy of the programs of the Small Business Administration cannot be overemphasized. I believe, therefore, that the activities of the S.B.A. need the kind of constant attention that only the Select Committee on Small Business is now in a position to provide.

Thank you, Mr. Chairman.

STATEMENT OF SENATOR CLAIBORNE PELL ON S. RES. 104

Mr. Chairman, I appreciate the opportunity to express my support for Senate Resolution 104 which would grant limited legislative authority to the Senate Select Committee on Small Business.

As you know, Mr. Chairman, from previous discussions we have had in the Committee on Rules and Administration on various proposals to establish new committees, I am generally opposed to a proliferation of committees in the Senate.

In this case, however, we would not be establishing a new committee. The Select Committee on Small Business is a long-standing part of the committee structure of the Senate. The Committee has developed an extraordinary and highly valuable expertise in the role of small business in American economic life.

What is needed now is not a new committee, but a change in our rules to permit this highly qualified existing committee to bring its expertise and knowledge to bear directly on a limited range of legislation directly affecting small businesses. That is what S. Res. 104 would do. It would give legislative authority to the Small Business Committee only on matters relating to the Small Business Administration.

As you know, Mr. Chairman, in granting this limited legislative authority, the Senate would be following the precedent established by the House of Representatives, and one result would be that the Committee structure of the Senate would mesh more fully with the committee structure of the House.

Finally, I support this resolution, Mr. Chairman, because of the importance of small businesses to the economy of my own State of Rhode Island. Rhode Island is predominantly a small business State, and it is consequently of vital importance to the economy of my state that the concerns of small business are fully appreciated and given appropriate recognition in the Congress.

For all of these reasons, Mr. Chairman, I urge approval of S. Res. 104.

STATEMENT BY SENATOR MARK O. HATFIELD ON S. RES. 104

Thank you Mr. Chairman. I would like to publicly state that I believe the Select Committee on Small Business needs to be given legislative authority in order that it may effectively deal with the issues and problems confronting the small businessmen and businesswomen of America.

Practically every time I visit my home state of Oregon, someone from the small business community tells me of their latest nightmare in trying to respond to government surveys or regulations. Government redtape is driving many small businesses out of the free enterprise system, and Congress needs to give serious consideration to the plight of this vital sector of the American economy.

Mr. Chairman, having once served on the Senate Select Committee on Small Business, I can attest to the effectiveness and importance of this committee. For over twenty-five years, this committee has investigated many of the difficulties confronting the small business enterprises of this country. The time has come for the Senate to give the small business community a full voice within this legislative body. I pledge to my colleagues on the Small Business Committee that as the ranking minority member on the Senate Rules Committee I will press for favorable consideration by the Rules Committee to S. Res. 104.

Thank you Mr. Chairman for providing me with the courtesy of making these comments this morning.

STATEMENT OF SENATOR DANIEL K. INOUE ON S. RES. 104

Mr. Chairman, it gives me great pleasure today to support Senate Resolution 104 before this subcommittee. The resolution which would give legislative authority over the Small Business Administration to the Select Committee on Small Business is very important.

The small businessmen of the United States need to know that there is a special committee in the Senate, as there already is in the House, that would give special consideration to their needs.

The scientist has the Aeronautical and Space Sciences Committee; the miner and the natural resources man has the Interior Committee; the labor union member has the Labor Committee; and the banker has the Banking Committee. It is the last point, that the banker has a Banking Committee which must oversee far more than housing and banking. That committee must look over the entire gamut of legislation affecting the small businessman.

Therefore, with the best interests of the nation's eight and one-half million small businessmen and women in mind, I hope that action can be taken to provide a committee in the Senate that deals with the legislation affecting the Small Business Administration.

The Banking Committee, with its staff and its interests, cannot zero in on the problems of the small businessman. That committee has enough to worry about—New York City, bank restructuring, the housing industry, international banking operations, the Federal Reserve System, and so on. Small business with its special needs should be given its own place in the Senate.

I urge this committee to move with dispatch on this resolution.

STATEMENT OF SENATOR ROBERT T. STAFFORD ON S. RES. 104

Mr. Chairman, I would like to re-emphasize my wholehearted endorsement for S. Res. 104, which gives limited authority to the Senate Select Committee on Small Business over the Small Business Administration.

I believe this legislation is long overdue. For 23 years this committee has done commendable investigative work in the problems of small business. The only results for their efforts have been recommendations to committees of the Senate, and particularly to the Small Business Subcommittee of the Committee on Banking, Housing and Urban Affairs.

In the interest of efficiency in the Senate, it seems only reasonable to give the Small Business Committee legislative power over the affairs of the Small Business Administration.

The committee has been doing an excellent job in working with my small business constituents, not only in conjunction with the Smaller Business Association of New England, but with various solar energy small businesses in Vermont. This important body of constituents hires over fifty percent of this nation's workforce, so it is necessary that legislation be speeded up by the consolidation of small business affairs to one committee, and by the reduction of bureaucratic red tape many small businesses complain about.

Therefore, I am offering my support as a cosponsor for S. Res. 104 to give the Select Committee on Small Business the necessary legislative authority over the affairs of the Small Business Administration.

STATEMENT OF SENATOR EDWARD M. KENNEDY ON S. RES. 104 AND S. RES. 109

Mr. Chairman, it is a privilege for me to submit this statement in strong support of both S. Res. 104 and S. Res. 109. As a cosponsor of both Resolutions, I commend the Chairman and the Subcommittee for providing this opportunity to join my colleagues in support of these two important measures.

LEGISLATIVE JURISDICTION FOR THE SMALL BUSINESS COMMITTEE

I urge the immediate approval of S. Res. 104. It is long past time for the Senate to follow the example of the House by giving legislative jurisdiction over the SBA to the Senate Small Business Committee. Adoption of this measure can make an important difference to the effectiveness with which the Senate handles small business legislation. And, equally important, adoption of the Resolution will be a strong and useful signal to the small business community throughout the nation—a signal that the Senate is at last beginning to understand the plight of small business and that the Senate intends to give the needs of small business the action and attention they deserve.

In saying this, I do not intend my remarks to be taken as critical of the effective role that the Senate Banking Committee has played in meeting the needs of small business in the past. But the time has come to end the "split small business personality" that now exists in terms of Senate jurisdiction. Under the present undesirable situation, two committees maintain expertise in this vital area. However, one of these committees, the Senate Small Business Committee, is denied the right of legislation.

Yet, the Senate Small Business Committee has done an extremely effective job in recent years in examining the plight of small business and in developing recommendations and proposals for reform. In the past year alone, the Small Business Committee has made major contributions to our understanding in the Senate of the perennial problems of small business in areas like tax reform, Federal paperwork, pension problems, family farms, and the special burdens to which small business is subjected, often unnecessarily and contrary to the intent of Congress, under the many mushrooming aspects of Federal regulation. The Small Business Committee has compiled an outstanding record in these and other areas. It deserves the right to submit legislation for consideration by the Senate, and I hope that S. Res. 104 will be approved.

Indeed, it is not too much to say that denial of this power would be a substantial and unnecessary slight by the Senate to the small business community which has given its enthusiastic support to this Resolution. I am especially pleased that SBANE, the Smaller Business Association of New England, is among

the strong supporters of the proposal, and that SBANE's able President, Oliver Ward, is here this morning from Massachusetts, to help make the case for prompt enactment of this measure.

All of us in the Senate are fully aware of the importance of small business, which has played a prominent role in our national economy throughout the 200 years of our history, and which continues to play a prominent role today. Half our population—100 million Americans—depend for their livelihood on small business. Half of our gross national product and half of our total business employment in the United States are provided by small business.

Various Senate Committees today already have legislative jurisdiction to deal with the specific problems affecting other important sectors of our economy. The veteran and the worker, the farmer and the banker—each has the ear of a committee in the Senate with jurisdiction to meet his needs. It is time for small business to join these other sectors in the specific recognition that our Senate committee system can and should confer. The reservoir of good will toward small business that exists in the Senate demands an end to the second class status to which small business has been relegated in our committee system for so long.

STUDY OF THE SENATE COMMITTEE SYSTEM

Mr. Chairman, I also urge favorable action on S. Res. 109, to establish a temporary select committee to study the Senate committee system. Action on this resolution, the "Committee on Committees" resolution, is the most important single step the Senate can take at this time to bring itself into the modern world, and I commend Senators Stevenson and Brock for the important bipartisan initiative they have taken.

The greatest obstacle to an effective Senate is the balkanization of our committee jurisdiction. The intricate maze of archaic, overlapping, conflicting and jealously guarded fiefdoms represented by our fourteen major standing committees, their myriad subcommittees, and the multiplicity of temporary, special, select and joint committees is a continuing impediment to the Senate's ability to perform its duties in a timely, responsible and effective manner. It is our obligation to make every effort to eliminate this serious impediment before it cripples us even more.

In recent years, a number of fruitful Senate and Congressional reforms have been achieved. The Budget Reform Act and the Election Campaign Reform Act were two of the most important of these efforts. But there are many others, including the establishment of the Office of Technology Assessment, and the creation of the Culver Commission on the Operation of the Senate. That Commission was created last year under S. Res. 227 to study all aspects of the Senate—with the unfortunate exception of the aspect of committee jurisdiction.

At the time the Culver Commission was established, the view prevailed that the issue of committee jurisdiction was too significant and complex to be included among the new commission's responsibilities. Although I did not share that view, it is obvious that the Culver Commission, even without "jurisdiction over jurisdiction," has an extremely important contribution to make in improving the Senate's operation in all the other areas of our current responsibilities.

Now, we have the opportunity to fill the gap we left last year, and to take the even more important step toward reform of our system of committee jurisdiction. I urge the Senate not to let this opportunity pass.

In closing, let me emphasize that I see no inconsistency between favorable action at this time on both S. Res. 104 and S. Res. 109. The needs of small business are urgent. They are waiting to be met now, and the Senate should act at the earliest opportunity on S. Res. 104 to give legislative jurisdiction to the Small Business Committee. There is no need to await the outcome of the committee system study under S. Res. 109, before taking a step that is so obviously desired by the small business community and that would be so obviously beneficial to small business.

As the recent experience of the House of Representatives shows, full reform of Senate committee jurisdiction is a difficult and controversial challenge that will not be easily or quickly met. These hearings today have helped to move that reform off the drawing boards and closer to reality. That worthwhile and important effort toward reform will continue, with the new momentum we have now achieved. But it would be a distortion of the meaning of that reform to allow it to become the pretext for inaction on the worthwhile proposal to give the Small Business Committee the authority to legislate over the SBA. That goal

can and should be accomplished immediately, at no cost to overall committee reform and at great benefit to millions of small business men and women in America.

STATEMENT OF SENATOR JAMES ABOUREZK ON S. RES. 104

Mr. Chairman and members of the Rules Committee, I urge the adoption of S. Res. 104 and the assignment of legislative authority over Small Business to the Select Committee on Small Business. As a member of the Select Committee and a co-sponsor of the resolution, I am convinced that this change would be in the interests of both the small business community and the Congress.

The Select Committee, under the leadership of Gaylord Nelson, has been active in investigating the broad range of small business concerns. As well as oversight of on-going government programs of interest to Small Business, the Select Committee and its staff have been notably imaginative in drawing attention to new developments and basic facts of interest to small business and to the Congress in this field.

It is clear from the very name that the Senate Committee on Banking, Housing, and Urban Affairs does not have small business as its major area of interest. The work of this Committee has been outstanding in many areas. But I believe that the structural position of small business as a "branch of banking" has been a disadvantage to the Senate in developing and considering small business legislation. Certainly the limitation on staff and rapid turnover in membership on the Small Business Subcommittee has been an institutional limit on the potential of the current arrangement. In the House, a similar switch has worked very well.

In my own state of South Dakota, there are 24,000 small businesses. The effect of Federal Government policy and programs on them is extensive. It is obvious that this effect is not limited to the Small Business Administration and financing programs now within the jurisdiction of the Banking Committee. There are government contract issues, paperwork problems, antitrust considerations, questions of inflation, employment and wages.

All of these and many more factors weigh on the consideration of legislation dealing with Small Business, and on the minds of South Dakota small businessmen when they think about Congressional action. This is the broad perspective which the Select Committee on Small Business has examined. Some of the problems and issues discovered by the Select Committee have been effectively translated into legislation. But many have not, and I can understand the impatience of the Small Business community with the indirect connection which has existed between the investigatory work of the Select Committee and the legislative process.

We have committees such as the Veterans' Affairs, Space Sciences and District of Columbia, which do excellent legislative work in areas perhaps narrower than Small Business.

We would emphasize the importance of small business to the nation, as well as serve legislative efficiency and the public interest in establishing limited legislative authority for the Small Business Committee.

STATEMENT OF SENATOR WILLIAM V. ROTH, JR., ON S. RES. 104

Mr. Chairman, I am taking this opportunity to present a statement expressing my strong support for S. Res. 104 to amend the Senate rules to give legislative authority to the Senate Select Committee on Small Business. I am sorry that prior commitments prevented me from presenting my testimony in person.

Mr. Chairman, this change in the Senate rules will give the Senate Select Committee on Small Business legislative jurisdiction over the Small Business Administration. The Select Committee currently has the authority to investigate and make recommendations regarding all subjects of interest and concern to small business. As a former member of the Committee, I know from first-hand experience that it has performed its job admirably. But because it was never granted legislative authority, legislation dealing with small business problems is either ignored or enacted on a piecemeal, fragmented basis.

I believe this legislation is extremely important to the entire small business community in America, which is struggling under government over-regulation,

endless paperwork and reporting requirements, and an excessive tax burden that has become top-heavy with complexity and tax forms.

It will not only provide symbolic recognition of small business at a time they need it most, but it will marshal the resources needed to solve the problems of small business.

Small business is a significant part of our economy, and I believe it is time for the Congress to provide greater recognition to the problems of small business. Over 55 percent of all working Americans are employed in small businesses.

Directly or indirectly, small businesses provide livelihoods for 100 million Americans. Over 96 percent of all business organizations are classified as "small," and more than 40 percent of this country's private gross national product is produced by small business people.

Yet despite these figures on the importance and impact of small business on the American quality of life, the small businessman and businesswoman is given short shrift by Congress. Workers, farmers, veterans, bankers, and civil servants are all represented by the Senate committee system but problems dealing with small business are now referred to a single subcommittee of the Banking, Housing, and Urban Affairs.

The House of Representatives provided its Small Business Committee with legislative authority during the last session of Congress. Members of Congress and members of the small business committee all agree that this step has already proven extremely valuable. I urge this committee to follow suit and approve this resolution to give legislative authority to the Senate Select Committee on Small Business.

STATEMENT OF SENATOR FRANK CHURCH ON S. RES. 104

Mr. Chairman, I appreciate this opportunity to testify on behalf of Senate Resolution 104, a measure to grant legislative authority to the Senate Small Business Committee. This measure, which I cosponsored, is a long overdue reform designed to assure adequate consideration of the needs of the small business community in the Senate. The House of Representatives has already approved such a measure. The Senate should also act for in so doing it can help strengthen the role of small business in this nation's economy. By strengthening that role, the Congress will take a major step toward ensuring a more competitive economic environment, and therefore one with less inflationary bias.

Senator Byrd, I visited your beautiful State of West Virginia early last November to talk with and listen to representatives of the Mountain States Businessmen's Association. As you predicted, I was warmly received. Since I also represent a rural and natural resource State, I am aware of the strong sense of community that exists among people in small business. I am also convinced that it is precisely the erosion of this value which has resulted in a crisis of confidence in our country today. I expressed a fear in my remarks to that gathering in your State—

"That sense of community—of the duty each citizen owed to his fellow citizens—seems to be evaporating. A social cannibalism is emerging in its place. We are beginning to feed on each other. We are taking rather than giving. Selfishness is displacing scruples about the common good."

When Senator Hathaway and Senator Brock introduced S. Res. 104 last March, I noted that—

"In Idaho, the small business is the prevailing employer, and is so intertwined with the community that its successes or failures are felt by everyone. Thus, the impact of the recession on the small business in Idaho will to a large degree determine the impact of the recession on Idaho."

This is a time of great disillusion in our country. Those in small business feel that the bulk of federal law and programs are geared to the needs of large corporations. They feel that the unique needs of small business are neglected or ignored; that it is increasingly difficult for small business to survive as an economic institution in this country. A Senate Small Business Committee with legislative authority would go far toward reducing this sense of alienation.

I wish to make only one further point, Mr. Chairman. We are all aware that confidence in the future direction of economic activity plays a vital role in the strength of recovery. It bears directly on consumer expectations and purchasing plans, and on business decisions to expand investment, production and employment. I am sure that immediate adoption of this measure would go far toward reinvigorating confidence among members of the small business community. The

current recovery needs all the help it can get in moving back toward full employment.

STATEMENT OF SENATOR WENDELL H. FORD ON S. RES. 104

The small businessman helped build this great country. Before the big businesses consisting of great domestic and multi-national corporations, it was the small businessman who blazed the frontiers, built the towns, and provided the supplies and materials for our defense, national welfare, tranquility and pursuit of happiness. It is still a dream, an ideal, and an important part of our economic life.

It consists of 9.4 million businesses.

It comprises 43 percent of the gross national product.

It comprises 55 percent of the total U.S. business employment.

It accounts for 70 percent of the nation's retail and wholesale transactions.

It provides the livelihood of 100 million Americans.

It best gives individuality to its business practices; and

It best assures free and open competition.

Small business in America is simply too important for the manner that it has been handled by Congress. The Small Business Administration established in the 1950's was a step forward in recognizing its significance. But, the Senate has continued to route legislation through the Committee on Banking, Housing and Urban Affairs. The volume and scope of legislation assigned to the Committee is simply too broad for special consideration of measures on small business.

We have a Veterans' Affairs Committee, a District of Columbia Committee, and a Government Operations Committee, but not a committee directed exclusively to small businessmen.

The time is long past due for us to direct our special attention to this important sector of our life. We have dealt with small business on a piecemeal basis for too long. It's uniqueness justifies treatment as a separate entity—a treatment that cannot be adequately given as a part of over-all legislation on business.

Solvency, bankruptcies, capital acquisition and taxes on small business need special consideration. The Senate Select Committee on Small Business is best structured to assume this responsibility. By adding legislative authority, the small businessman can be assured of fair and full consideration of his needs and problems. It would be an efficient way to integrate investigations, recommendations and action. It removes duplication, and above all, permits both the Small Business Committee and the Banking, Housing and Urban Affairs Committee to concentrate on different areas of responsibility.

I urge the Committee to assign the responsibility for legislative authority over small business to the Select Committee on Small Business as provided in S. Res. 104.

STATEMENT OF SENATOR JOSEPH M. MONTOKA ON S. RES. 104

Mr. Chairman, I am pleased that you will accept this statement in support of Senate Resolution 104, giving limited legislative authority to the Senate Select Committee on Small Business. As a former member of this Select Committee, I am well aware of the work they have done for small businessmen. That the House of Representatives has already granted its Small Business Committee certain legislative jurisdiction in the last Congress, is further proof that this reform is long over-due in the Senate.

Even though it has been 26 years since the creation of the Senate Select Small Business Committee, pertinent legislation is still reported out of a Subcommittee of the Senate Banking, Housing and Urban Affairs Committee. The difference between small businesses and corporate giants has become increased dramatically in those years. Regulations and law which are sensible and correct for one group are inappropriate for the other. Most small businessmen feel threatened by being lumped in with the powerful major corporations when legislation is being prepared. Yet, the small business is still a major part of our economic strength. These small businessmen are the heart of our free enterprise system.

I believe that small business is important enough to merit its own committee. Ideally, this would be one which could, not only give full time attention to the particular problems of small business, but one which would have the jurisdiction and authority to more fully act on matters which concern them.

The veteran has the Veterans' Affairs Committee, the farmer has the Agriculture Committee, the worker has the Labor and Public Welfare Committee, and regulated industries have the Commerce Committee. Why is it that the small businessman has no one who has developed the proper expertise concerning his special problems.

In my own State of New Mexico, the number of small business has risen from 17,682 in 1964, to 19,251 in 1973. This is 96.4 percent of all reporting business units in New Mexico. The number of employees has risen from 98,833 in 1964, to 130,194 in 1973. This constitutes 55.8 percent of the reported New Mexican business employees. Small businesses and their employees are a major factor in the economy, not only of New Mexico, but of the entire country. Therefore, it behooves all of us to see that small businesses receive the fullest possible representation, and as soon as possible.

Nobody disputes the fact that small businesses are unique and have special problems not shared by other members of the business community. We have not recognized that fact in our committee structure, however. A better approach would be the recognition of small business as a separate entity. Senate Resolution 104 begins to accomplish this, and hence, has my strongest support as a co-sponsor. I urge my colleagues to look favorably on this legislation which would give limited authority to the Senate Select Small Business Committee. It will provide better representation to a vital segment of our business community.

U.S. SENATE,
Washington, D.C., February 4, 1976.

HON. ROBERT C. BYRD,
Chairman, Subcommittee on Standing Rules of the Senate, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing in regard to current subcommittee hearings on S. Res. 104, a resolution to provide limited legislative authority for the Select Committee on Small Business. I request that this statement of my views on this resolution be included in the Subcommittee hearing record.

We are all clearly aware of the important role small business plays in our Nation's economy: Over 97.5 percent of all business organizations in America are classified as "small"; over half the Nation's employment still comes from the small business sector; and 40 percent of the privately produced gross national product comes from the efforts of small business people all across the land.

Small business is a national asset. In recognition of its importance, the Congress in 1953 established the Small Business Administration as an independent agency within the executive branch of government. Three years earlier, the Senate had created the Select Committee on Small Business.

The committee structure of the Senate has, from time to time, reflected the changing nature of America. I have cosponsored this resolution because I believe that such a modification is needed now.

A nation as reliant on economic goods and services provided by small businesses as is America needs a committee with legislative jurisdiction over the Small Business Administration. I urge expeditious action on this proposal.

Thank you, Mr. Chairman, for giving me this opportunity to state my views.

With best wishes.

Sincerely,

HUBERT H. HUMPHREY.

STATEMENT OF SENATOR GEORGE MCGOVERN ON S. RES. 104

Mr. Chairman, the nation's small business community needs help. Monumental amounts of red tape, increased governmental regulation, increased capital needs, and inadequate representation are just a few of the problems facing the small businessman today. S. Res. 104, the resolution granting limited legislative authority to the Select Committee on Small Business, is a step in the right direction.

Without question, the Congress has in recent years influenced the small business community more than ever. And most of the legislation that we have approved has been effective. However, increased demands on this segment of our economy make a strong case for increased emphasis in the Congress and a more efficient means for consideration of small business legislation.

Let me explain. Today the Senate Committee on Banking, Housing and Urban Affairs handles legislation that runs the entire range from the Federal Reserve Board to international banking, to wage and price stabilization, to the small business man and woman. Small business men and women find that they are one of the many subjects before the Banking Committee and sometimes they feel they get lost in the shuffle.

The Small Business Committee has a great deal of expertise in working with small business. The Committee held over sixty public hearings on small business problems this past year and I have been greatly impressed by the thoroughness and objectivity repeatedly demonstrated by members of the Committee and its staff.

This thoroughness has resulted in reports, legislation, and laws ranging from an expansion of the Small Business Administration's technology utilization program to more equitable tax laws.

In view of this record, Mr. Chairman, I heartily support and respectfully urge the members of this Committee to give the Small Business Committee the authority to oversee the agency which is most involved with small business, the Small Business Administration, and favorably report S. Res. 104.

STATEMENT OF SENATOR ERNEST F. HOLLINGS ON S. RES. 104

Mr. Chairman, this morning I would like to submit this statement for the hearing record pertaining to S. Res. 104.

Over the past years, I have been involved in the workings of small business. In reviewing this legislation, I feel it urgent that we grant legislative authority to the Senate Select Committee on Small Business.

This, as you well know, will not be the creation of a new committee. It has been in existence for over twenty years. What logic are we exemplifying by centralizing our small business matters within the Senate Banking, Housing and Urban Affairs Committee as a subcommittee with only one staff person, who is not even full-time, when we already have a very capable select small business committee with twenty-one staff persons whose sole function is to delve into small business issues?

The House of Representatives has already taken their first step by delegating legislative authority to one subcommittee for small business issues. There is no viable reason to delay any longer.

It is time we recognized the importance of small business in this country and became more attuned to their problems. Let us take the first step to adequately solve these problems by displaying a genuine concern for the future of small business in America. In other words, let us grant legislative authority through S. Res. 104 to the Senate Select Committee on Small Business.

STATEMENT OF SENATOR GALE MCGEE ON S. RES. 104

Mr. Chairman, my thanks to the Subcommittee today for providing this time to testify on support of Senate Resolution 104 which would give limited legislative authority to the Senate Select Committee on Small Business. Other testimony, I'm confident, illustrates the prime importance of small business in the nation's economy.

Briefly the hard facts speak for themselves: small business accounts for 43 percent of the Gross National Product; small business employs 55 percent of the total working force in the United States—jobs for 100 million Americans, and more than 90 percent of all corporations are small businesses. Why then, Mr. Chairman, has this dynamic force in our economy been shortchanged in comparison to other interests who can expect legislative representation in a specific congressional committee?

One would assume that because of the "sheer size and impact" of the small business community, it would be well represented in the Congress by a committee structure with some legislative powers. Historically, the Congress has recognized the needs of the small businessman with statutes dating back over 75 years, however, placement of small business affairs under a subcommittee of the Committee on Banking, Housing and Urban Affairs is like expecting a mother to feed her

neighbor's children before her own. While titles are meaningless without responsibility, certainly small business and the Small Business Administration deserve their voice to be heard through legislative authority under a namesake: Senate Select Committee on Small Business.

Recognizing that this proposal makes so much sense, it was not a difficult decision for me to join in sponsoring S. Res. 104. To do less than what's proposed in this Resolution would not even be to provide a half loaf of bread to those who baked it.

Mr. Chairman, Wyoming provides a good example of the impact of small business, for in a sparsely populated state such as mine, small business truly is the big business—the cohesive force behind a local economy which is not dependent on a few giant corporations for its sustenance. In our run to glory we have featured things which are big, bigger, biggest! We say we have not forgotten the small, smaller, smallest, but I question that.

When it comes to Wyoming, petroleum refiners in many cases are small businessmen charged with the responsibility of providing energy for the rest of the country while competing with the giants. A review of recent developments in Wyoming shows that survival of some of these refineries depended solely on a decision to expand the definition of "small business" so these refiners could qualify for badly needed SBA loans. Would it had been that there existed a Congressional committee with legislative authority in this area, the emergency might have been prevented.

Another area of concern in Wyoming, due mainly to the State's growing energy role, is medical care. That same review of small business activities in my State shows that SBA loans have gone for the establishment of businesses by physicians, dentists and veterinarians. These are hardly low priority matters.

The numerous "Mom and Pop" operations in Wyoming are the key in many areas to providing daily services and the demand on these small businesses is growing all the time. We vitally need the small manufacturer, the accountant, the new motel, repair businesses and restaurants just to name a few.

I have forgotten by no means, Mr. Chairman, the fact that agriculture is the life blood of this nation. It used to be that the family farm was the life blood of agriculture, but corporate farming and a lack of tax incentives for the family farmer who is by all means a small businessman have resulted in an extremely tough position for agriculture on the local level. Small farming operators would be served better by a committee which sits in their behalf than by an Administration concerned with corporate agriculture.

I have not testified here today, Mr. Chairman, against so-called big business. I am only asking support of this Resolution on the basis that the sector known as small business which provides us big services in areas ranging from food to fiber, from energy to erasers, and from motels to medicine be given a bigger voice in the legislative process in the Senate. The House has done this. It is our turn.

STATEMENT OF SENATOR HIRAM L. FONG ON S. RES. 104

Mr. Chairman, I am pleased that the Senate Rules Committee is holding this hearing today on Senate Resolution 104, a resolution to create a new committee to be known as the Committee on Small Business, to which shall be referred all messages, petitions, memorials, and other matters relating to the problems of American small business enterprises, and all proposed legislation, relating to Small Business Administration. As a cosponsor of S. Res. 104, I am in strong support of this proposal for the following reasons:

Small business is the mainstay of our economy and the foundation of our society. There are 9.42 million firms which are considered small. These comprise 96.7 percent of the total business enterprises in America. Small businesses account for 43 percent of the Gross National Product and provide 55 percent of the total U.S. business employment. Directly or indirectly, small businesses provide livelihoods for 100 million Americans. More than 90 percent of all corporations are small businesses. It is only fair that small business should be given a stronger voice in our Senate.

Although throughout our history small firms have remained the basic economic unit, their share of the economic wealth and activity has been steadily dwindling. In 1960, small and medium-sized manufacturing businesses accounted for 50 percent of the assets and 41 percent of the industry profits. By 1972, these figures dropped to 33 percent and 28 percent, respectively.

At the same time, small business capital acquisition is declining, but its solvency problems and bankruptcies are rising. Small businesses face excessive

government regulations, heavy paperwork burdens, tax inequities, and many other problems. Small businesses have particular kinds of problems, some of them quite difficult and complex. Meaningful solutions to these problems require the creation of a Senate Committee with legislative authority and special expertise.

The creation now of a Committee on Small Business with legislative authority would promote efficiency and economy, eliminate confusion and create a parallel structure with the House of Representatives. It would provide clear recognition on the part of the Senate that we take the problems of small business seriously. I hope the Rules Committee will move quickly to implement S. Res. 104.

STATEMENT OF SENATOR STROM THURMOND ON S. RES. 104

Mr. Chairman, the question of jurisdiction of Senate committees is an internal Senate matter that can and should be reviewed periodically. This, however, is a separate matter altogether for deciding whether the Senate Select Committee on Small Business should have legislative authority.

Small businessmen have been anxious for legislative authority for this Committee since it was created nearly twenty-six years ago. This authority should be granted and there is no good reason for further delay.

If the Senate wants to review the jurisdiction of all of its committees, it certainly can do so. However, it is just as logical to review the jurisdiction of a Senate Small Business Committee that has legislative authority as it is to perpetuate a division of jurisdiction between two committees while waiting for that review.

Further, any comprehensive review is certainly something that cannot be completed in a matter of months. At the very best, any review would be a matter that would be undertaken during the 95th Congress with recommendation to take effect during the 96th Congress. This means that small businessmen would have to wait another three years before getting the recognition they need and want. It would be a cruel disappointment for the Senate to tell small business: "Yes, you are entitled to this recognition—but wait three more years and we'll give it to you."

Again, creation of legislative authority for the Small Business Committee would promote efficiency and economy, eliminate confusion, create a parallel structure with the House of Representatives, provide symbolic recognition of small business at a time they need it most, and begin devoting resources to solving the problems of small business. There simply is no reason to wait.

STATEMENT OF SENATOR J. GLENN BEALL, JR., ON S. RES. 104

Mr. Chairman, I am pleased to join my numerous cosponsors in support of S. Res. 104, which will give legislative authority to the small business committee. As many of us are aware there are numerous and complex problems involved in planning and running a small business, dealing with government regulation and paperwork, and surviving the rigors of the economy. Unfortunately at the present time the Senate has not given the small businessman a central committee to focus on their problems and make legislative changes.

In the past, the small business committee has held hearings covering the broad spectrum of problems that face small businessmen. They have looked into pension program reforms, the paperwork burden on small businessmen, and solar energy; yet it has been unable to formulate policies which would alleviate some of the problems in these areas.

I think we have all come to realize that having one committee air the problems while another makes changes is incongruous.

Recently it has become apparent that the problems of small businesses cannot be managed by the numerous overlapping committees and subcommittees here in Congress. The House of Representatives has already taken this step and congressmen and the small business community both agree that this is what is needed.

In the last few years, hearings have reminded us all that small businesses are tremendously important accounting for 97 percent of all businesses by number, 52 percent of all private employment, 43 percent of all business output and about $\frac{1}{3}$ of the gross national product.

With a central committee handling small business problems the Senate will be able to develop the kind of coordinated and sophisticated answers needed to aid our small businessmen. I support S. Res. 104 because I want to see this very important committee get the legislative authority it needs.

I would like to emphasize however, that this very important change can be made, through a consolidation of legislative authority, into a committee that is already in existence. This committee as presently constituted has the knowledge and experience to continue to look into these problems and to understand and make the changes which need to be made for small businessmen.

STATEMENT OF SENATOR QUENTIN N. BURDICK ON S. RES. 104

Mr. Chairman and members of the committee, it is indeed a pleasure to appear before you today in support of Senate Resolution 104, a resolution of which I am a cosponsor, to provide limited legislative authority for the Select Committee on Small Business of the United States Senate.

I am particularly pleased, Mr. Chairman, that you and the Subcommittee have decided to hold hearings on this matter. As you recall, in early December I wrote to you and the other members of the Committee urging this action. I consider your holding of these hearings as a personal favor to me as well as to all small businessmen in North Dakota.

Small business is not just a smaller version of the big national corporations. Small businessmen have unique problems all their own, yet the same paper work and federal regulations are required of them as of the big corporations which have the manpower to comply or the resources to fight if necessary.

Small business is big business in North Dakota, and we need the attention and consideration this measure would give to make sure it stays that way.

Federal laws must take into account the fact that the interests of the local hardware store owners and the small manufacturer may not be the same as General Motors or IBM. Right now, Congress has no good way to zero in on these needs when considering tax legislation or regulatory matters affecting business and industry.

In summary, Mr. Chairman, I wholeheartedly urge your favorable action on this legislation.

STATEMENT OF SENATOR FLOYD K. HASKELL ON S. RES. 104

It is a pleasure to join my Senate colleagues in urging the positive passage of S. Res. 104, legislation of vital interest to the small business community. With seventy cosponsors this bill expresses the overwhelming will of the Senate. I hope that the Rules Committee will reflect this mandate in its deliberation of the issue.

All of us in Congress give lip service to the cause of small business. The vesting of legislative jurisdiction over the Small Business Administration with the Senate's Select Committee on Small Business is a practical, positive way to practice what we preach. The Small Business Committee, which spends hundreds of hours a year conducting hearings on the problems of small business is certainly better prepared to consider SBA legislation than is any other Senate subcommittee.

It is true that the SBA is a financial institution. As such there is good reason to argue that its legislative jurisdiction should remain with the Banking, Housing and Urban Affairs Committee. However, the SBA is more than a financial institution. By statute it is a general advocate of small business. The SBA represents the interests of small business in government procurement. It performs valuable management assistance and financial counseling. It promotes social goals through its minority enterprise programs. The SBA is a symbol to the small business person of the federal government's commitment to their well-being.

Therefore, it seems logical that the committee which deals daily with the complexities of operating a small business in today's difficult economic climate should also oversee the activities of the one federal agency dedicated to the promotion of small business.

The House recognized this logic some time ago. The House Small Business Committee has handled its responsibility for SBA oversight admirably. I am

confident that the members of the Senate Select Committee on Small Business can be relied on to exercise sound financial judgment in their oversight of the SBA. Six of the members of the Select Committee, including myself, are members of the Finance Committee. Three Senators serve on both the Select Committee and the Banking, Housing and Urban Affairs Committee. With the resources of an entire committee staff at our disposal, members of the Select Committee will be able to devote in-depth consideration to both the financial and non-financial roles of the SBA.

I thank you for the opportunity to briefly reflect my views on this legislation and hope the Rules Committee will report it positively for Senate consideration.

STATEMENT OF SENATOR PHILIP A. HART ON S. RES. 104 AND S. RES. 109

Mr. Chairman, I appreciate the opportunity to have my testimony made part of the record of hearings on Senate Resolution 104, to give the Select Committee on Small Business legislative authority, and on Senate Resolution 109, to create a temporary select committee to study and recommend changes in the Senate's committee system.

The joining of these two resolutions in a single hearing puts me in the middle of two conflicting approaches to committee reform.

As a cosponsor of Senate Resolution 104, and as one, who, through my participation in hearings of the Senate Antitrust and Monopoly Subcommittee, have come to view economic concentration as a serious problem. I believe that the problems of the small businessman too often get lost in the shuffle.

Small businesses are important to our economic system, to our concepts of individual freedom of choice and to our belief that a diversity of efforts leads to useful innovations.

I will not repeat the figures which show how many people are involved in small businesses in our country. That case, which is most persuasive, will be made by others. However, I think it may be useful to remind ourselves that between Congress, through certain laws, and the executive branch, by the way it administers certain programs, life has been made more difficult for the small businessman.

A standing committee with full legislative authority obviously would help call attention to those problems and have more influence passing helpful legislation than a committee without such authority.

Having taken that position, I find myself in a dilemma, for here I recommend additional authority for a minor committee while at the same time encouraging the Senate to restructure its committees and perhaps reduce the number of legislative committees.

In a sense, perhaps my positions are not entirely in conflict. The need to upgrade the Small Business Committee reflects the need for the Senate to give high priority to restructuring its committees so they will be organized to deal with the problems of today and tomorrow rather than those of the past. There was a time when the federal government had little contact with or effect on small business, but, as with so much else in our society, that is changed.

The arguments for the creation of a temporary select committee to study and recommend changes in the Senate's committee system are many. One reason I take that position is my view that Senators are asked to serve on too many committees. Even if Senators were as important and unique as we sometimes like to think of ourselves, even we cannot be in more than one place at a time.

The figures which support, indeed almost dictate, the revamping of our committee system, are becoming all too familiar. Fifteen Senate committees and more than thirty subcommittees now consider legislation dealing with varying energy problems. About the same number have a piece of the action when it comes to the automobile, and that doesn't count committees and subcommittees which deal with other kinds of transportation.

The nation will have enough difficulty coming up with effective coordinated energy and transportation policies without making those policies survive dismemberment and reassembly by 15 or 20 different congressional committees and subcommittees.

We came to understand that it did not make sense to handle the federal budget in such a way, so we created the House and Senate budget committees through which all budget legislation must go.

If it made sense to do that, and it does, then we should take similar approaches in other subject areas which cut across a wide range of concerns and interests.

If a select committee on reorganization were formed, there are at least three suggestions which I would ask it to consider.

The first would be the creation of standing or joint committees to handle legislation dealing with energy and transportation—committees, like I suggested earlier, similar to the House and Senate budget committees. I have already introduced legislation to establish such a committee.

My second suggestion would be the limitation of the number of years a Senator can serve on a particular committee. This past summer I introduced legislation which would limit committee membership to 8 out of 12 years.

A third suggestion would be that certain days of the week be scheduled exclusively for floor action and others devoted solely to committee business. Such an arrangement would help make hearings and executive sessions more orderly and efficient, since both are now often interrupted by roll calls on the Senate floor. The present interruptions and delays also often inconvenience persons who have come great distances to testify, and make it very difficult to conduct meaningful discussions.

It is, then, my conclusion that the approval of the Senate Resolutions 104 and 109 are very important to a system which must be organized to deal with the problems of the future rather than those of the past. There is no divine wisdom connected with the way our committees are now organized, and we should realize that as our society and problems change, so too must Congress.

STATEMENT OF SENATOR LOWELL WEICKER ON S. RES. 104

Mr. Chairman, in its more than twenty years of existence, the Senate Select Committee on Small Business has carried the colors for America's small businessman and woman.

Who are these people? Our relatives, our friends, our neighbors. Perhaps our parents, perhaps our children. Their profits are in the thousands of dollars, not the millions. Their goals are modest; their dreams are worthy; their lives are spent providing us with the products and services that make life in America more pleasant for more people than anywhere else on earth.

Mr. Chairman, I am a realist in these matters. Large corporations, national and transnational, are with us to stay. We have a complex communications system linking the nation, a road and rail network bridging the farthest cities and towns, we have a national government and national needs. If we did not have large nationwide business enterprises, something would be wrong. Yet, we are as well a nation of individuals, and should be lose the promise of small individual business enterprises, something indeed will be wrong.

S. Res. 104 is merely an effort to grant to a Senate Committee legislative authority over its own subject matter. What could make better sense than giving the Small Business Committee authority over the Small Business Administration? After all, this Committee has been preparing for the task for two decades. It has been hearing the complaints, fielding the questions, seeking the solutions for more than twenty years.

Many of our distinguished colleagues will discuss the merits of this proposal in greater detail, Mr. Chairman. Therefore, I will conclude my remarks with this thought: Small business is forever falling through the cracks. More and more, government economic policy is made with national corporations in mind, and small business as an afterthought. Government regulations do the same. Unbelievable as it sounds, the alteration of one government form, about which this Committee pressured the bureaucracy, will save a stack of paper over ten thousand feet high. We want America to be the land of opportunity, yet we stack the deck, and the forms, against those who want to try. We want a government that responds to the needs of its citizens, yet we leave a vast segment of our population virtually unrepresented. Mr. Chairman, the lives of the small businessmen and women of my State, and I'm sure your own, are full of government, these citizens needs the help of a full Committee of the United States Senate.

STATEMENT OF SENATOR CLIFFORD P. HANSEN ON S. RES. 104

Historically, Congress has always been sympathetic to the needs of the small businessman. The antitrust statutes of the late 1880's recognized a need to protect the small businessman from the predatory practices of the first giant corpo-

rations. In the early 1950's, Congress established the Small Business Administration to "encourage and develop . . . the actual and potential capabilities of small business."

Ironically, the same commitment to small business has not always been reflected in the Committee structure of Congress itself. Although the Senate did establish a Select Committee on Small Business in 1950, that Committee has always been restricted by language stating: ". . . such committee shall not have power to report by bill or otherwise have legislative jurisdiction."

As my colleagues, Senators Brock and Hathaway have pointed out in the past, small business organizations have felt that the Congressional committee structure treats them as second-class citizens. Farmers, veterans and bankers can all look to Congressional committees which have authority to report proposed legislation to meet their special problems. In contrast, the Small Business Committees of Congress have had no authority to report legislation. This is especially unfortunate when you consider that: more than 90 percent of all corporations are small businesses; small businesses, directly or indirectly, provide livelihoods for 100 million Americans; and small businesses account for 43 percent of the Gross National Product.

In the last Congress, as part of its overall committee reform, the House provided its Small Business Committee with legislative authority. Members of Congress and members of the small business community widely agree that this step in the House of Representatives has already proven extremely valuable. In the House, one Subcommittee has been given legislative authority over SBA matters. This is exactly what is being proposed in the Senate. As long as the Senate lags behind in making this step, confusion will be perpetuated. It does not seem right, for example, that Conferences on legislation effecting SBA should be between the House Committee on Small Business and a Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs.

Quite clearly, creation of legislative authority for the Small Business Committee would promote efficiency and economy, eliminate confusion, create a parallel structure with the House of Representatives, provide symbolic recognition of small business at a time that they need it most, and begin devoting resources to solving problems of small business. There is simply no reason to wait any longer.

STATEMENT OF SENATOR BOB PACKWOOD ON S. RES. 104

Mr. Chairman, as a cosponsor of S. Res. 104, I am grateful for this opportunity to emphasize my support for it.

The very foundation of this country was built on the independent spirit typified by today's small businessmen. I understand that 96.7 percent of the businesses in the United States are small businesses, and that they provide 55 percent of the total business employment in our country.

At the same time, it is alarming to note that in nearly every way measurable, small businesses are losing ground to larger corporate interests. Adverse economic conditions have particularly damaged the small businessman's ability to survive in today's economy.

Mr. Chairman, I think the programs of the Small Business Administration could be the most effective economic tools at the disposal of small businessmen. But the structure and efficiency of SBA programs must first be thoroughly reviewed by Congress so that problems faced by small business can be dealt with in a comprehensive manner. The well-being of this part of the business community can be better served in this regard by a Senate committee who's primary legislative responsibility is for the SBA.

As a member of both the Select Small Business Committee and Banking Committee's Small Business Subcommittee, I feel the time has come to adopt S. Res. 104.

STATEMENT OF SENATOR ROBERT MORGAN ON S. RES. 104

Mr. Chairman, I appreciate the opportunity to express my views on S. Res. 104. I am and have been for a long time interested in the small businessmen of America. As Attorney General of North Carolina, I made it a part of my business to afford to small businessmen as much protection from the bureaucracies and monopolies as I possibly could. And for the last year, as Chairman of the

Small Business Subcommittee, I have been in a position to hear some of the problems that small businessmen have, and I think it is a position that perhaps more Senators should be in. Unfortunately, what I have heard has gone a long way towards confirming what Professor Irving Kristol of NYU concluded about this country's small businessmen in a recent article in *The Wall Street Journal*. He said there:

"A whole new class of forgotten men has emerged. Like his counterpart of yesteryear, today's forgotten man is—if the opinion polls are to be believed—a fairly respected and well-regarded citizen. No one is leading a crusade against him, and it is probable that no one really wants to. He is merely being chivvied, harassed, ruined and bankrupted by political process that takes him for granted and is utterly indifferent to his problematic condition."

If Congress is going to do a better job by the small businessman—and thereby the whole country—it would have to begin to think of the effect we have on small business as a matter of routine procedure and habit. The question, therefore, is whether or not the present Subcommittee on Small Business or the Select Committee on Small Business is functioning adequately to serve the needs of the small businessman. I rather think that the answer would have to be "No" because at the present time the legislative authority is vested in the Subcommittee on Small Business of the Banking, Housing and Urban Affairs Committee while the major portion of the staff assistance is assigned to the Select Committee on Small Business. This, in my opinion, is an untenable situation.

Last year, I had the staff assistance of only one man on the Committee for Small Business. This man was in a transition period and was obviously looking for other employment. While I do not mean to take away from his ability or his effectiveness, I do mean to say that at the time his interest was elsewhere. While the Subcommittee on Small Business was struggling along with one staff member, the Select Committee on Small Business, with no legislative authority, had a staff of more than twenty.

I personally do not believe that any Select Committee should have legislative authority and if the time comes when the Select Committee on Small Business or any other Select Committee is doing work of sufficient importance to warrant giving it legislative authority, then it should, in my opinion, be made a Standing Committee of the Senate. Thus, membership on that Committee should constitute one of the major committee assignments of the Senate.

In light of the fact that as many as 40 million Americans are employed by small businesses, it seems to me that it is of sufficient magnitude to warrant full committee status. It is small businesses in the country that constitute in my opinion the main hope for survival of the free enterprise system. We have seen in the past and we know from our experience that it is impossible for the government to break up the many trusts and monopolies that exist. Since we cannot break these monopolies up, then we should do all we can to promote small businesses in order to insure as much competition in the marketplace as we can.

I should make it clear that I have no special interest in the Subcommittee on Small Business except to say that I believe it is a good Subcommittee and that I could do a good job if provided adequate staff. Secondly, as I look at the make-up of the Select Committee on Small Business, I find that most of the members serve on the most important committees in the Senate. Thus, if the Committee is to be given legislative authority, it should be made a Standing Committee and the membership reconstituted. It would do little good to upgrade the Committee if its members are so busily involved in other legislation that they will have little or no time to devote to the issues.

Moreover, no matter what kind of resource superiority the Select Committee may have, member interest will still be the key to solving the problems of the small businessman. For this reason, I feel committee classification should be one of the most important factors discussed during your consideration of S. Res. 104. I believe that it would be essential to give any standing Committee on Small Business an "A" classification to help insure that the small businesses of this country are given the kind of attention they need.

I understand, Mr. Chairman, that your Committee now has before it a resolution which calls for a study of our present day committee set-up and for recommendations of needed changes. It seems to me that, if such a study is going to be made, it would be appropriate to postpone the change proposed by S. Res. 104 until such a study and recommendations are made. I respectfully urge the Committee not to report favorably on S. Res. 104.

See Attachment.

MEMBERS, SELECT COMMITTEE ON SMALL BUSINESS—COMMITTEE ASSIGNMENTS

Nelson—Finance; Labor and Public Welfare; Select Committee on Nutrition and Human Needs; and, Select Committee on Small Business, Chairman.

Sparkman—Foreign Relations, Chairman; Banking, Housing and Urban Affairs; Joint Committee on Defense Production; Joint Economic Committee; and Select Committee on Small Business.

McIntyre—Armed Services; Banking, Housing and Urban Affairs; and Select Committee on Small Business.

Johnston—Appropriations; Interior and Insular Affairs; and, Select Committee on Small Business.

Hathaway—Finance; Labor and Public Welfare; and Select Committee on Small Business.

Abourezk—Budget; Interior and Insular Affairs; Judiciary; and Select Committee on Small Business.

Haskell—Finance; Interior and Insular Affairs; and Select Committee on Small Business.

Mondale—Budget; Finance; Labor and Public Welfare; Select Committee on Nutrition and Human Needs; Select Committee on Small Business; Select Committee to Study Governmental Operations with Respect to Intelligence Activities; and, Special Committee on Aging.

Culver—Armed Services; Public Works; and Select Committee on Small Business.

Javits—Foreign Relations; Government Operations; Labor and Public Welfare; Joint Economic Committee; and Select Committee on Small Business.

Beall—Budget; Commerce; Labor and Public Welfare; Select Committee on Small Business; and Special Committee on Aging.

Brock—Finance; Government Operations; Select Committee on Small Business; and Special Committee on Aging.

Weicker—Commerce; Government Operations; and, Select Committee on Small Business.

Bartlett—Armed Services; District of Columbia; Interior and Insular Affairs; Select Committee on Small Business; and Special Committee on Aging.

Laxalt—Aeronautical and Space Sciences; Labor and Public Welfare; and Select Committee on Small Business.

Packwood—Banking, Housing and Urban Affairs; Finance; and Select Committee on Small Business.

Senator BYRD. Are there any additional witnesses who wish to make a statement at this time?

You are certainly welcome to have your statements included in the record.

STATEMENT OF SHELDON I. LONDON, ON BEHALF OF THE NATIONAL RETAIL HARDWARE ASSOCIATION; THE RETAIL JEWELERS OF AMERICA, INC.; THE NATIONAL SHOE RETAIL ASSOCIATION; THE RETAIL FLOORCOVERING INSTITUTE, INC.; AND THE PHOTO MARKETING ASSOCIATION

Mr. LONDON. Mr. Chairman, I would like to read a statement that will probably take 8 minutes, on behalf of the associations I represent. I am Mr. Sheldon London.

Senator BYRD. What associations do you represent?

Mr. LONDON. The National Retail Hardware Association, National Shoe Retailers Association, Retail Jewelers of America, Inc., Photo Marketing Association, and Retail Floorcovering Institute, Inc.

Senator BYRD. Very well.

If you will, please step up to the witness table. Take a seat, and proceed with your statement.

Your statement will be included in the record, as I stated, in its entirety.

If you still want to appear and read them, you may do so.

You may use the three other chairs, which, I think will expedite the matter.

The three additional persons may come forward.

Mr. LONDON. I am Sheldon I. London, a partner in the Washington law firm of London & Goldberg, appearing today on behalf of five national trade associations which support Senate Resolution 104. These organizations have a combined membership of over 40,000 member firms whose aggregate annual sales exceed the annual sales of the country's largest retail company. The member firms are, for the most part, comprised of small, independent stores.

These organizations strongly endorse Senate Resolution 104 which would provide limited legislative authority to the Select Committee on Small Business. Somehow, small business has been too quiescent for too long concerning the anomalous situation of a Small Business Committee operating for 26 years without any legislative authority.

To be sure, the Select Committee on Small Business, notwithstanding its lack of legislative authority, has been an expert commentator and an effective advocate for small business, but the nagging question remains, could it have done more if it were permitted. I believe the answer to that question is an unqualified "yes."

The charter of the Committee on Banking, Housing and Urban Affairs presents that committee with an awesome workload and a staggering agenda of critical issues. It is truly amazing that with the current legislative program that the committee could have even accomplished as much as it has in the small business area, but the fact remains that more should be done.

The associations that I represent today have actively participated with the Small Business Committee in recent years in such diverse areas as the hearings on the paperwork burden, bank giveaways and sales of merchandise and small business tax relief.

While Senate Resolution 104 would limit the legislative authority to functions affecting the Small Business Administration, it would be an important addition to the stature of the committee. It stands to reason that a committee with legislative prerogatives is necessarily given a higher priority status by individual Senators. In this way, S. Res. 104 helps to upgrade the role and importance of that committee.

Perhaps the statement of philosophy for the need for a change was best stated in an article in the Wall Street Journal by Prof. Irving Kristol (Nov. 13, 1975):

Today's forgotten man is—if the opinion polls are to be believed—a fairly respected and well regarded citizen. No one is leading a crusade against him, and it is probable that no one really wants to. He is merely being chivvied, harassed, ruined, and bankrupted by a political process that takes him for granted and is utterly indifferent to his problematic condition. I refer to the small businessman.

The professor concludes:

If small business is going to survive in this country, it is going to have to organize itself more effectively so that its interests are respected. Just why it has failed to do this, I do not know. But I do know that unless it does it will perish from neglect. And much that is precious to the American way of life will perish with it.

Whether justified or not, the small businessman today likens himself to the subject of the weather, many talk about the concerns of small business, but no one does anything about it.

In your hearings today, you have the opportunity to take a meaningful action that will build the Senate's credibility with small business. Additionally, it will bring the Senate into agreement with the House, which has given its Small Business Committee similar legislative authority now being sought by the Senate Select Committee on Small Business.

There is need for the Congress to do something for the small businessman because the country would lose too much if he continues in Professor Kristol's words to be today's "forgotten man."

The Senate support of Senate Resolution 104 is one way to reassure the small business community that we are not forgotten. As representatives of small business, we have changes to make too; we need to be more involved. Our presence here today manifests a new sense of involvement which we hope will grow in time.

Thank you.

[The written statement of Mr. London follows:]

STATEMENT OF SHELDON I. LONDON ON BEHALF OF THE NATIONAL RETAIL HARDWARE ASSOCIATION; THE RETAIL JEWELERS OF AMERICA, INC.; THE NATIONAL SHOE RETAIL ASSOCIATION; THE RETAIL FLOORCOVERING INSTITUTE, INC.; AND THE PHOTO MARKETING ASSOCIATION

Mr. Chairman, I am Sheldon I. London, a partner in the Washington law firm of London & Goldberg, appearing today on behalf of five national retail trade associations which support S. Res. 104. They are the National Retail Hardware Association, the Retail Jewelers of America, Inc., the National Shoe Retail Association, the Retail Floorcovering Institute, Inc., and the Photo Marketing Association. These organizations have a combined membership of over 40,000 member firms whose aggregate annual sales exceed the annual sales of the country's largest retail company. The member firms are, for the most part, comprised of small, independent stores.

These organizations strongly endorse S. Res. 104 which would provide limited legislative authority to the Select Committee on Small Business. Somehow, small business has been too quiescent for too long concerning the anomalous situation of a Small Business Committee operating for 26 years without any legislative authority.

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"* * * If small business is going to survive in this country, it is going to have to organize itself more effectively so that its interests are respected. Just why it has so far failed to do this, I do not know. But I do know that unless it does it will perish from neglect. And much that is precious to the American way of life will perish with it."

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There is need for the Congress to do something for the small businessman because the country would lose too much if he continues in Professor Kristol's words to be today's "forgotten man." The Senate support of S. Res. 104 is one way to reassure the small business community that we are not forgotten. As representatives of small business, we have changes to make too; we need to be more involved. Our presence here today manifests a new sense of involvement which we hope will grow in time.

Senator BYRD. Thank you, Mr. London, for your statement.

STATEMENT OF BERNARD FEATHERMAN, PRESIDENT, WESTERN STEEL CO. OF PHILADELPHIA, PA., AND PRESIDENT AND SPOKESMAN FOR THE ASSOCIATION OF STEEL DISTRIBUTORS

Mr. FEATHERMAN. Mr. Chairman and members of the subcommittee, I am Bernard Featherman, president of Western Steel Co. of Philadelphia, Pa. I am here today as the president and spokesman for the Association of Steel Distributors. The Association of Steel Distributors is a national organization of privately owned steel distribution warehouse companies. We represent 230 small businesses in this field throughout the country, with average annual sales in the \$5 million to \$25 million range, and total gross sales in the neighborhood of \$2.5 billion dollars.

We employ in excess of 7,000 people directly, and indirectly employ and create work for over 40,000 people in various categories of suppliers, subcontractors, truckers, fabricators, and other servicing organizations.

Our members are vital links between the giant producers of steel, and the small fabricators who depend upon warehouses to cut or in other ways process the steel into shapes and sizes and amounts that they can handle.

As small businessmen our members have been particularly concerned with the general inequities with which Federal legislation has treated small businesses. It is not that we have been treated badly. It is that we have not been treated at all. Recognition of our special needs has generally not taken place. An attitude has prevailed that giant companies represent the needs of all businesses and that somehow, what is good for big companies is good for all American businesses.

This is not so. Of course, many measures that benefit large companies benefit small ones, too. But many times legislation that is advantageous to large firms is costly to small ones. The effects of legislation are different, too. Paperwork requirements easily met by large staffs become unduly burdensome for small firms with little internal capacity to handle the chores.

Business tax exemptions are woefully inadequate for small firms, who often must borrow at high interest rates just to pay taxes, while

the profits against which they are paying go uncollected, in long term payables. Small businesses need larger income tax exemptions in order to invest in machinery, expand job opportunities, and generate financial growth.

The Senate could consider small businesses with sales volumes up to \$10 million getting a 3-year depreciation—instead of 10 years—to reinvest capital and to employ more people.

We could list many more areas in which small businesses are disadvantaged by Government policies, but we will stress just one—which is, we believe, the basis of all the others. Small business does not have a Senate Committee of its own, empowered to act on its problems by initiating or recommending legislation.

Small businesses are the backbone of the American economy. Through our numbers, we swell the ranks of supporters for our economic system. The small businessmen of this country, with their families, represent a substantial block of citizens, without whose support big business might find itself relatively isolated from mainstream sentiments and concerns.

It is small business, not big business, whom voters identify with when they cast votes for policies or candidates favorable to business concerns. Few Americans own stock in or manage giant businesses. Most Americans own or have some family owning some type of small business.

Yet here, in the Senate, the Select Committee on Small Business cannot present its concerns for us in a formal manner. Those Senators most informed about our needs can do little about them through their own committee. While the Banking Committee does handle our legislation presently, this is an inadequate way of dealing with the special needs of America's small businesses.

Small businesses are diverse and complex. The study of their problems and needs demands the attention of a Senate committee devoted solely to small business with the power to recommend legislation.

We are heartily in support of Senate Resolution 104, and we commend Senators Hathaway and Brock who are sponsoring it for their wisdom and social conscience.

For too long the small business community has been discriminated against, through oversight at the Federal level. Senate Resolution 104 is a welcome and necessary effort to put our problems into needed perspective.

This is a necessary act. We commend its authors and sponsors, and urge all U.S. Senators to support it to adoption.

Thank you.

Senator BYRD. Thank you, Mr. Featherman.

[The written statement of Mr. Featherman follows:]

STATEMENT OF BERNARD FEATHERMAN, PRESIDENT, WESTERN STEEL CO. OF PHILADELPHIA, PA., AND PRESIDENT AND SPOKESMAN FOR THE ASSOCIATION OF STEEL DISTRIBUTORS

Mr. Chairman and members of the subcommittee, I am Bernard Featherman, president of Western Steel Company of Philadelphia, Pennsylvania. I am here today as the president and spokesman for the Association of Steel Distributors. The Association of Steel Distributors is a national organization of privately owned steel distribution warehouse companies. We represent 230 small businesses in this field throughout the country, with average annual sales in the 5 million to 25 million dollar range, and total gross sales in the neighborhood of 2½ billion dollars. We employ in excess of 7000 people directly, and indirectly employ and

create work for over 40,000 people in various categories of suppliers, subcontractors, truckers, fabricators and other servicing organizations.

Our members are vital links between the giant producers of steel, and the small fabricators who depend upon warehouses to cut or in other ways process the steel into shapes and sizes and amounts that they can handle.

As small businessmen our members have been particularly concerned with the general inequities with which federal legislation has treated small businesses. It is not that we have been treated badly. It is that we have not been treated at all. Recognition of our special needs has generally not taken place. An attitude has prevailed that giant companies represent the needs of all businesses and that somehow, what is good for big companies is good for all American businesses.

This is not so. Of course many measures that benefit large companies benefit small ones, too. But many times legislation that is advantageous to large firms is costly to small ones. The effects of legislation are different, too. Paperwork requirements easily met by large staffs become unduly burdensome for small firms with little internal capacity to handle the chores.

Business tax exemptions are woefully inadequate for small firms, who often must borrow at high interest rates just to pay taxes, while the profits against which they are paying go uncollected, in long-term payables. Small businesses need larger income tax exemptions in order to invest in machinery, expand job opportunities, and generate financial growth. The Senate could consider small businesses with sales volumes up to \$10,000,000 getting a 3 year depreciation (instead of 10 years) to reinvest capital and to employ more people.

We could list many more areas in which small businesses are disadvantaged by government policies, but we will stress just one—which is, we believe, the basis of all the others. Small business does not have a Senate Committee of its own, empowered to act on its problems by initiating or recommending legislation.

Small businesses are the backbone of the American economy. Through our numbers, we swell the ranks of supporters for our economic system. The small businessmen of this country, with their families, represent a substantial block of citizens, without whose support big business might find itself relatively isolated from mainstream sentiments and concerns. It is small business, not big business, whom voters identify with when they cast votes for policies or candidates favorable to business concerns. Few Americans own stock in or manage giant businesses. Most Americans own or have some family owning some type of small business.

Yet here, in the Senate, the Select Committee on Small Business cannot present its concerns for us in a formal manner. Those Senators most informed about our needs can do little about them through their own committee. While the Banking Committee does handle our legislation presently, this is an inadequate way of dealing with the special needs of America's small businesses.

Small businesses are diverse and complex. The study of their problems and needs demands the attention of a Senate Committee devoted solely to small business with the power to recommend legislation. We are heartily in support of Senate Resolution 104 and we commend Senators Hathaway and Brock who are sponsoring it for their wisdom and social conscience.

For too long the small business community has been discriminated against, through oversight at the federal level. Senate Resolution 104 is a welcome and necessary effort to put our problems into needed perspective.

This is a necessary Act. We commend its authors and sponsors and urge all United States Senators to support it to adoption.

Thank you.

Senator BYRD. Senator Williams is not a member of the subcommittee, but he is a member, and a very valuable member of the full Committee on Rules and Administration. He is present here at this time.

Senator WILLIAMS, would you care to make a statement? We will give you the opportunity to do so now, if you would like.

STATEMENT OF HON. HARRISON A. WILLIAMS, A U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator WILLIAMS. Well, I have been associated with this effort. While I am not a sponsor of this resolution at this time, I have been associated with this effort in the past.

This is an oversight. I am not a member of the subcommittee, Mr. Chairman, but I did want to just be present this morning to see how the ideas were being presented at this hearing, and I do not believe we have had a hearing on this subject in some time.

Senator BYRD. We have not.

Senator WILLIAMS. So I wanted to associate with those that were here, and applaud the witnesses and the statements they are making.

Senator BYRD. So, Senator Williams, you are conducting a little oversight as a member of the full committee, and you are conducting a little oversight as a member of the subcommittee?

Senator WILLIAMS. Because I am due at two other committees, somebody is doing a little oversight probably on me.

Senator BYRD. Well, the subcommittee certainly thanks you for your interest and your appearance.

Senator Taft has come in.

Senator Taft, you may come forward, take a chair at the witness table, and we will hear your statement at this point.

Mr. London, I believe you have completed your testimony. If you would please retire to the chair in the back, we would appreciate it.

Senator Taft, you may proceed.

STATEMENT OF HON. ROBERT TAFT, JR., A U.S. SENATOR FROM THE STATE OF OHIO

Senator TAFT. Thank you very much.

Mr. Chairman and members of the committee, I appreciate very much the opportunity to testify on behalf of the adoption of Senate Resolution 104.

I might say by way of background that during my years in the Senate I have served on the Select Committee on Small Business for a period. I found it somewhat a frustrating experience.

When other opportunities came along, because of that frustration, I decided I would leave the committee.

I also served on the Committee on Banking and Currency, another committee which I moved away from, but not because the work was not interesting, but in my work there I found that there is such a great volume of other material involved, and there are so many considerations otherwise involved with the legislative business of that committee, that I really did not feel that small business had what I would call a fair shake in consideration of their special problems.

I think they really do have some very special problems in the economic setup today.

The proposed grant of legislative authority over the Small Business Administration to the Senate Select Committee on Small Business is long overdue. The inability of the Senate Banking, Housing and Urban Affairs Committee to give small business the attention it needs is well documented. The importance of small business in the economy, in terms of numbers of firms and employees, has been mentioned here today. I should like to mention three points that may not immediately spring to mind.

First, I believe that the small business sector of the economy is an extremely sensitive barometer of economic conditions. In a credit crunch, it is the small business which first finds that it cannot borrow.

In a time of shortage, it is the first customer to be kept waiting. It is the sector in which we shall first notice the pinch of the impending capital shortage. It is essential that this area be watched closely, to gage the Nation's economic performance, and to preserve a sector which is vital to the maintenance of a competitive economy.

Second, the small business sector is the sector hit hardest by Government controls and regulations. All firms must fill out income tax returns, social security tax statements, census of manufacturers questionnaires, OSHA forms, and the other thousands of snowflakes in the governmental blizzard of paper dumped on the productive sector each year. Yet small business is least able to bear it.

I hope that a committee responsive to the needs of small business will be a strong voice protesting Government interference, bureaucratic bungling, and arbitrary agency actions, whether these involve HUD, HEW, DOD, FEA, OSHA, or EPA, to name just a few of the groups that jam my caseworkers' files. Perhaps such a committee can show us the hidden costs, as opposed to the assumed benefits, of Government regulations.

Some balance in this area, I think, certainly is very, very necessary.

I spoke at Dayton University last Saturday, to a seminar of small business, and many of these problems were pointed out in very specific detail by the small businessmen involved.

I was encouraged somewhat by the seminar because of the great interest involved, and this was a paid affair, and there were over 400 participants in the seminar, at their own cost, at the university.

Many of them were not actually in small business today. Many of them were employed by other small businesses that they were not principals in, or by large businesses, or were in the profession, but expressed an interest of getting into small business.

At the same time they indicated they realized the very major problems related to small business in today's ever more complex economy.

Third, what of the traditional role of small business is our society? Does not the sector of our economy which has offered our people a creative outlet for their energy and talent, and which has provided an opportunity for upward mobility which is unique in the world, deserve fair and equal treatment in the Senate of the United States? I think it does—for the sake of hope, and of progress, progress for our country.

Therefore, I think that action on this matter could be extremely helpful, and I think not only be helpful practically and over the long run, but I think it would be helpful as a significant step, sort of a bell-ringer, an indicator that America is concerned with small business, and is going to do something about trying to alleviate some of the problems that small business have come under in recent years.

Mr. Chairman, do you have any questions?

Senator BYRD. No, thank you.

Your statement is so overpowering that I simply can think of no questions.

Thank you.

Senator TAFT. Thank you very much.

STATEMENT OF THEODORE A. ADAMS, JR., BOARD OF DIRECTORS,
NATIONAL ASSOCIATION OF BLACK MANUFACTURERS, INC.

Mr. ADAMS. Mr. Chairman, I am Theodore A. Adams, Jr.

First we would like to thank the chairman for allowing us to appear before the committee this morning.

Senator BYRD. Mr. Adams, you are appearing on behalf of what organization?

Mr. ADAMS. The National Association of Black Manufacturers, sir.

Senator BYRD. That is on my list. It indicates Jerry Jones.

Mr. ADAMS. Mr. Jones sends his apologies, but being a small businessman himself, as I am, he got involved, and called me and asked me to come for him.

Senator BYRD. Please proceed.

Mr. ADAMS. Knowing that my statement will be copied in the record, I will not read it as such.

However, I would like to offer a few observations.

Senator BYRD. Your statement will be included in the record.

[The statement referred to follows:]

STATEMENT OF THEODORE A. ADAMS, JR., BOARD OF DIRECTORS, NATIONAL
ASSOCIATION OF BLACK MANUFACTURERS, INC.

The small business sector represents approximately 98 percent of the total American business community which employs two-thirds to three-quarters of the total domestic work force or about 60 million people. While this has and continues to be a substantial and significant sector in socio-economic terms, government policies have been unfortunately directed toward supporting the larger segment of the productive economy which "appears" to contribute more to the Gross National Product (GNP).

While it is understandable that the government's need to reduce inflationary pressures has tended to favor the capital intensiveness of big business over the labor intensiveness of small business, it becomes highly diseconomic policy making if one sector is sacrificed for the other.

The National Association of Black Manufacturers (NABM) wishes to draw attention to the fact that while major industries are credited with over two-thirds of the GNP, most large industries merely assemble products which are produced by small manufacturers. These same products are also distributed in major part, by small and medium sized firms.

It is therefore the declared policy of NABM that the Small Business Sector in America today is decidedly more, or as significant to the American economy as so-called "big business". Further, and from an econometric position, it is the declared policy of NABM that in order to keep one of the stated goals in the President's economic report to the U.S. Congress (dated January 26, 1976), of sustainable, non-inflationary growth—that economic priorities be shifted in favor of small business.

In order to achieve major successes in this regard, NABM wishes to recommend that the charge of the Senate Select Committee on Small Business be expanded beyond its present investigative capacity to include comprehensive legislative authorities. Such authorities should include, but not be limited to:

1. Reorganization of the Minority Enterprise Program in the Federal Government.

2. The Section 8(a) Program.

3. Title 41, Code of Federal Regulations, Subpart 1-1.13.

Under the investigative authorities of the Committee it has been found that the Government is doing the best they can with what they have. NABM believes that the respective Executive Departments and Agencies are doing the best they can primarily based on the guidance which they have been given.

That everything has been done on a "best efforts" basis. NABM firmly believes that this approach won't work primarily because specific goals have not been set and that "enforceable" laws have not been legislated.

On the question of specific and enforceable goals, NABM wishes to draw a parallel situation:

(a) Imagine what would have happened if President Roosevelt had told General Eisenhower to land on the continent of Europe and do his best. Or if President Kennedy had said that he thought America should exert her best efforts to go to the moon. On the question of specific and enforceable goals, President Roosevelt told General Eisenhower to land on the continent of Europe and to destroy the German Empire. President Kennedy said, "by the end of this decade Americans will go to the moon, will land on the moon and will walk on the moon."

The Senate Select Committee on Small Business should be given legislative authority to do such things as:

Give legislative and enforceable powers to the Office of Minority Business Enterprise (OMBE) created under Executive Order 11625.

Create a cabinet-level agency (like The National Economic Revitalization Authority) which will coordinate all minority business activity.

Amend the 8(a) program so that it be made clear to all concerned that it is the intent of Congress that minorities attain "Parity" in all purchases, contracts, and subcontracts of the federal government.

That Title 41, Code of Federal Regulations, subpart 1-1.13 be given "legislative teeth" for enforcement of specific and quantified procurement goals.

Mr. ADAMS. As a businessman located in the State of Virginia, I employ 100 people. We do approximately \$2 million of business a year.

Senator BYRD. What is your business?

Mr. ADAMS. I am the president of Unified Industries, sir, located in Alexandria, Va.

Senator BYRD. What does your organization manufacture?

Mr. ADAMS. We are an engineering company, and we write and publish technical manuals to assist users of equipment in maintaining and operating the same.

One of the observations I would like to make, sir, is that it seems that the small business effort being in the banking under the Banking and Financing Committee puts us in a case where the tail is wagging the dog.

Banks do not pay me. I pay banks. In fact, last year, or this year, I paid my bank for servicing me, about \$9,000 in interest payments.

Senator BYRD. How much?

Mr. ADAMS. About \$9,000 in interest payments.

For too long the Small Business Administration has been engaged in banking, and most people feel that finance is our major problem. That is not true. If you can get the business, the finance you can obtain also. It is a problem, but it is one of many problems.

Only recently Harvard University, and I say within the last year, created a course specifically designed for the purpose of smaller companies, companies doing from \$1 million to \$55 million worth of business.

So even in the educational environment we have suffered too long from neglect.

Senate Resolution 104 is absolutely necessary to support the many problems that we have and, of course, I have listened to Senator Proxmire, but someplace the main intent of the Small Business Act has been lost.

I believe, and I cannot quote it exactly, but someplace in the charter, or the preamble of the act it says that it is necessary that we have legislation, or effort to support small business, so that they can receive a fair and proportionate share of the nation's business. That is the main point. That is what we are suffering from.

Without Senate Resolution 104, without a committee that has legislative authority, I would say that big business and money will overpower us to the extent that we will not be a nation as we know it today.

Our association, sir, supports Senate Resolution 104, and we ask that this action not be moved over to Senate Resolution 109, so that we will have to wait later on. I am sure my colleague, Mr. Stewart, who represents the white market, will help us out.

Thank you very much, Mr. Chairman.

Senator BYRD. Thank you, Mr. Adams.

Mr. Burger?

Mr. BURGER. I will defer to Mr. Stewart, if you do not mind, Mr. Chairman.

Senator BYRD. All right.

STATEMENT OF MILTON D. STEWART, PRESIDENT, NATIONAL SMALL BUSINESS ASSOCIATION, ACCOMPANIED BY HERBERT LIEBENSON, VICE PRESIDENT, GOVERNMENT AFFAIRS, NATIONAL SMALL BUSINESS ASSOCIATION

Mr. STEWART. Mr. Chairman, my name is Milton D. Stewart, I am president of the National Small Business Association.

I am accompanied here by our legislative vice president, Mr. Herbert Liebenson.

We appear here today to express the support of the National Small Business Association for Senate Resolution 104—to transfer legislative jurisdiction over the Small Business Administration from the Senate Committee on Banking, Housing and Urban Affairs to the Senate Select Committee on Small Business. I have a special role here, Mr. Chairman, in that I am a convert to this cause.

The desirability of such a transfer has been discussed within the organized small business community intermittently for some years. Over a span of more than 25 years, again intermittently, I have had the privilege of working with the members and staff of both committees. Perhaps that is why it has never seemed to me—until now—that the advocates of this change had made an adequate case for it.

Both committees have been led by, and composed of Senators of distinction and manned by hardworking staff. There is still in our view not the slightest reason for drawing the smallest invidious conclusion about our regard for one committee as against the other from the position we take here. We respect them both and equally.

We have three reasons for supporting this change now.

First, the support of 70 Members of the U.S. Senate must have the greatest weight with us. We construe their judgment in wishing to confer this jurisdiction on the Select Committee on Small Business as notice to the country in general, and to the executive branch in particular, that they want small business moved up in the hierarchy of national priorities.

The past 25 years have taught us that our greatest problem is the small businessman's status as what Prof. Irving Kristol has recently called the new forgotten man. We hope Senate Resolution 104 bespeaks a new determination in the Senate to move faster, harder and more effectively on behalf of small business.

Our second reason for supporting Senate Resolution 104 is the parallel change already made by the House of Representatives. It is not organization esthetics that is involved here. We think lodging jurisdiction over SBA in the Select Committee on Small Business can be tested best when both chambers work at it together in the same way. With similarly constituted, chartered, and oriented committees in each chamber, if the process of legislating for and overseeing SBA does not work well, it will not be because the committees are not parallel.

Finally, we may hope that relief from the needs of SBA legislation and oversight will free members of the Committee on Banking, Housing and Urban Affairs interested in small business to focus more sharply on those critical small business problems wholly within the fearsomely demanding areas of its basic legislation missions.

These examples illustrate that it is not a short list:

The future of small and independent banks, underwriters, brokers, and dealers;

The adequacy of the flow of small business capital and credit in a private money market increasingly dominated by huge wholesale financial department stores;

The national venture capital shortage which began in the tight money squeeze of 1966 and which the recession is now extending into its tenth year;

The adequacy of Federal Reserve policy to provide for a compensatory and stable stream of credit for small business, chronically crowded down and out of the long-term money market;

Small business participation in the management of the Federal Reserve System at the Board of Governors' level as suggested by Senator Humphrey—and on the board of each bank as proposed by us;

The use of bank borrowing or other debt to fuel or finance large-scale mergers whose justification is not economic but corporate-political, stock market manipulative or legal, but still dangerous industry dominance;

The needs of that host of small companies engaged in one or another branch of the still struggling housing industry;

Administered pricing and its relationship to inflation and monopoly;

Impact of oversea activities on banking standards, size and asset deployment;

Adequacy of the bank regulatory system.

All of these are great concerns. We respectfully suggest to this committee that the sponsorship of 70 Senators and the vigorous endorsement of the bulk of organized small business should lead it to report Senate Resolution 104 to the Senate floor swiftly for favorable action by the full Senate.

Thank you.

Senator BYRD. Thank you, Mr. Stewart.

[The written statement of Mr. Stewart follows:]

STATEMENT OF MILTON D. STEWART, PRESIDENT, NATIONAL SMALL
BUSINESS ASSOCIATION

We appear here today to express the support of the National Small Business Association for S. Res. 104—to transfer legislative jurisdiction over the Small Business Administration from the Senate Committee on Banking, Housing and Urban Affairs to the Senate Select Committee on Small Business.

The desirability of such a transfer has been discussed within the organized small business community intermittently for some years. Over a span of more than 25 of those years, again intermittently, I have had the privilege of working with the members and staff of both committees. Perhaps that is why it has never seemed to me—until now—that the advocates of this change had made an adequate case for it. Both committees have been led by and composed of Senators of distinction and manned by hardworking staff. There is still in our view not the slightest reason for drawing the smallest invidious conclusion about our regard for one committee as against the other from the position we take here today. We respect them both and equally.

We have three reasons for supporting this change now.

First, the support of more than 70 Members of the U.S. Senate must have the greatest weight with us. We construe their judgment in wishing to confer this jurisdiction on the Select Committee on Small Business as notice to the country in general, and to the Executive Branch in particular, that they want small business moved up in the hierarchy of national priorities. The past 25 years have taught us that our greatest problem is the small businessman's status as what Professor Irving Kristol has recently called "the low forgotten man". We hope S. Res. 104 bespeaks a new determination in the Senate to move faster, harder and more effectively on behalf of small business.

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The use of bank borrowing or other debt to fuel or finance large scale mergers whose justification is not economic but corporate-political, stockmarket manipulative or legal but still dangerous dominance;

The needs of that host of small companies engaged in one or another branch of the still struggling housing industry;

Administered pricing and its relationship to inflation and monopoly;

Impact of overseas activities on banking standards, size and asset deployment;

and

Adequacy of the bank regulatory system.

We respectfully suggest to this committee that the sponsorship of 70 Senators and the vigorous endorsement of the bulk of organized small business should lead it to report S. Res. 104 to the Senate floor swiftly for favorable action by the full Senate.

Senator BYRD. Mr. Berger, did you have something to add?

STATEMENT OF GEORGE J. BURGER, JR., ASSISTANT TO THE PRESIDENT, NATIONAL FEDERATION OF INDEPENDENT BUSINESS; ACCOMPANIED BY JOHN J. MOTLEY, AND DAVID K. VOIGHT

Mr. BURGER. Senator, I have a couple of colleagues with me.

May I ask them to join me?

There is Mr. Motley and Mr. Voight. Mr. Motley has specialized on the House side, and is intimately familiar with what is going on in the House committee.

Perhaps you or someone might like to ask him a few questions.

Senator BYRD. I do not have any questions. If these gentlemen have statements they would like to make, they may.

Mr. BURGER. I am George Burger, Jr., assistant to the president. Mr. Johnson would be here himself, but for an unavoidable conflict of dates.

On this sunny day my only regret is that my father, who worked so long and so hard for these hearings, is unable to be present.

In the interest of brevity, I would like to submit my statement as part of the record, and touch on a few high points, and make a few remarks.

Senator BYRD. Your statement will be included in its entirety.

Mr. BURGER. Thank you.

[The statement referred to follows:]

STATEMENT OF GEORGE J. BURGER, JR., ASSISTANT TO THE PRESIDENT, NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Mr. Chairman, I am sure that by this time you have heard a great deal about the importance of small business to our national economy and how the lack of a separate and distinct Small Business Committee with legislative authority makes the small businessman feel like a second class citizen; about the problems now confronting the small business community that need more attention than an understaffed Subcommittee can devote to them; about how the House of Representatives has already taken this step with great success; and about how this step would not be the creation of a new Committee but, a consolidation of resources and an elimination of confusion by placing jurisdiction over SBA in the hands of the existing Senate Select Committee on Small Business.

These are concerns that the National Federation of Independent Business (NFIB) has held for a very long time. In fact, back in 1944, in one of our early Mandates within a year of the founding of NFIB, we asked our membership to vote on the proposal that "both political parties definitely commit themselves as follows: That during the first session of the next Congress the Small Business Committees in both the House and the Senate will be established as Permanent Standing Committees with full power and authority as now granted other standing committees." The results were 86 percent in favor, 13 percent against, and 1 percent undecided.

In the 32 years since then, we have asked our membership another 20 times to vote on the issue of legislative authority for either the House or Senate Small Business Committees. The results in favor have ranged from a high of 97 percent in 1949 to a low of 76 percent in 1965. Other votes have consistently paralleled the 86 percent in favor on the original question in 1944.

It is not surprising that the membership of NFIB has consistently and strongly supported granting legislative authority to the Senate Select Committee on Small Business. What is surprising is that the Senate has taken 32 years to acknowledge this clear expression of support. Mr. Chairman, it is time for the small business community of America to get this recognition.

Throughout the years our members have not only voted on the issue of legislative authority for the Small Business Committees, but have also shared their

thoughts with us on this subject. Time after time, they have stated the theme that the voice of small business must be heard more loudly in Washington. They have recognized that small business has been forced to compete with big business and big labor to get its views across.

Small business is not afraid of competition. Indeed, competition is the very essence of small business, but it would like that competition to be fair.

Let me share with you some of the comments of our members on this subject: "More and more small business is getting the 'squeeze.' Big business is slowly putting us all away. I know we must have both; but both should be given a fair and equal say."

(Anthony J. Ellis, Ellis Restaurant No. 2, Sunset Drive-In Theatre, U.S. Route 19, Clarksburg-Shinnston Road, Meadowbrook, West Virginia 26404.)

"I number myself among the legion of small business people in the United States who are under represented in Washington. I am a firm believer in the free enterprise system and I have no objections to the legitimate lobbying activities of any group whether it be Big Labor or Big Business. However, I do feel their resources put them at a distinct and substantial advantage over the small business community when it comes to getting the attention of Congress and the bureaucrats."

(W. T. Dobson, Dobson-McOmber Agency, Inc., 2361 East Stadium Blvd., Ann Arbor, Michigan 48106.)

"I believe that small business has been one segment of our business community that has had to take a back seat for too long a period of time. We cannot spend the money that large corporations do to protect our interests in Washington, and because of this fact many small businesses are struggling for existence. Their failure would be a serious blow to our American Way."

(Fred Hellenga, Sackett's Home Furnishings, 215 S. State Street, Gobles, Michigan 49055.)

"There is no field of business that is not being taken over by 'big' money groups, 'chain organizations', or discount set ups. It is a statistical fact that the individual small businessman was and still is the backbone of our economy, but if he cannot get protection or beneficial legislation to keep him competitive, all businesses will become a part of 'big business and all small business people will be reduced to working for someone else.'"

(Helen Sharp, Sharon Motel, Box 102, Wells, Nevada 89835.)

We are pleased that the House of Representatives has recognized the problems confronting small business and has acted to ease the plight of this vital sector. During the latter days of the 93rd Congress, by a unanimous voice vote, the House elevated its Small Business Committee to full standing Committee status.

No one concerned with this change expected it to bear fruit over night. In fact, we anticipated a rather lengthy and unproductive interim period while the Committee reorganized and tested its authority. Yet, we would have to admit that this transition in the House has already proven valuable to the small business community.

The House Small Business Committee has been active in a number of important areas. It has held 70 days of hearings on a wide variety of issues, including the problems faced by small gasoline retailers, full implementation of the Robinson-Patman Act, the impact of Federal regulatory agencies on small firms, and the programs of the Small Business Administration. It is in the last area that it has made its most significant contribution.

The legislative authority granted the Committee was assigned to its Subcommittee on SBA and SBIC Legislation, chaired by Representative Neal Smith of Iowa. Under his able direction, it held 24 days of hearings during the first session of Congress. Of the 57 bills referred to it, 28 were considered and passed by the House or disposed of through other means.

This is a good record for a Committee that is exercising legislative authority for the first time. But, what is even more encouraging, is that the Committee considers this just the beginning.

On January 28, 1976, Representative Smith's Subcommittee began an in-depth study of the past, present and future role of the Small Business Administration. NFIB in its testimony stated that it believes that this investigation of SBA is long overdue and that it would never have been attempted under the old, confusing jurisdictional split in the House. Consolidation of this jurisdiction in the House Small Business Committee has not only saved the taxpayer money by ending needless duplication of effort, it has significantly enhanced the prospects for rejuvenation and reform of SBA.

Again, what the members of the small business community are asking for is a voice in the legislative process that is heard more clearly with more impact than it is now. Perhaps this is best expressed by two of our members from Nevada:

"Small business still struggles, more feebly each year, providing an important part of the where-with-all to keep this country going—in the form of jobs, money for taxes, gross national product and new ideas. We need help—give us a voice."

(Rosemary Smith, Hobby House of Las Vegas, 2011 E. Charleston Blvd., Las Vegas, Nevada 89104.)

"We believe that the small businessman of America constitutes the very backbone of our successful middle class society. We also believe that the small businessman needs to hold a stronger legislative position to make his needs known."

(John W. Sweatt, Comstock Insurance Agencies, Inc., 635 Booth Street, Reno, Nevada 89505.)

The members of NFIB are not so unrealistic that they believe that all the problems of small business would be instantly solved by granting legislative authority over SBA matters to the Senate Select Committee on Small Business. But, again, our members can best speak for themselves. One states that:

"I don't know if S. Res. 104 will solve our problems but it will, at least, give us a better chance to go down fighting."

(Jerry L. Erickson, Sherman Oaks Care Center, 1380 E. Sherman Blvd., Muskegon, Michigan 49444.)

Another said:

"I do not believe that this bill in itself will be the answer to the problems of small business. But, it will be a start, it will show that there are some Senators who believe in small business."

(Richard M. White II, The Pack Rat Company, P.O. Box 103, Richwood, West Virginia 26261.)

Mr. Chairman, these last statements, as much as anything else, capture the importance of this bill. Members of the small business community do consider themselves a forgotten majority. While they recognize that government cannot solve all their problems, they strongly suspect that it might well be the source of altogether too many of them. Even more important than this, they do not like being ignored. This feeling is even more distressing when they believe that the voice of big business and big labor is increasingly dominant in the political discussion of our time.

The Senate has recognized the importance of small business by the creation of the Select Committee on Small Business—but that recognition is a qualified recognition as long as "... such committee shall not have power to report by bill or otherwise have legislative jurisdiction." A qualified recognition is a stigmatized recognition.

The very importance of small business to our national economy is reason and merit enough for this legislation. But, in addition, this resolution gives the United States Senate an opportunity to give the small businessman the full recognition that he needs and deserves.

This whole testimony can best be summed up by a quote from a Michigan member:

"In this bicentennial year nothing could be more fitting than to recognize the role small business has played in our nation's growth."

(Kenneth A. Staley, Staley Grocery, 401 Antrim Street, Charlevoix, Michigan 49720.)

Thank you.

Mr. BURGER. When I heard Senator Cannon mention the fact that he had heard from my father that the Senate Small Business Committee, if I heard him correctly, would need greater staff, well, I too have talked with my father, and I am not about to controvert Senator Cannon. I know my father has had things to say about the staff of the Senate Small Business Committee, but it has not had anything to do with lack of numbers.

In his remarks Senator Proxmire talked about the possibility that the small business might lose clout in the Senate. Well, Senator, we have been following developments on the House side closely.

Believe me, small business has not lost clout as a result of the transfer of legislative authority to the House Small Business Committee.

Also, there were some remarks about what is a No. 1 small business problem, and financing was mentioned. Financing, Senator, is important, but we conduct quarterly a survey of our members. This survey is done by professional economists. We ask our members to tell us what are their most important problems.

In the latest report inflation was cited as a No. 1 problem, taxes as the No. 2 problem, Government regulations and redtape the No. 3 problem, and financing and interest rates the No. 4 problem.

In any event, we are supporting this resolution, as we have in the past, because we feel that small business has problems that are peculiar to itself that need specialized attention.

Thinking things over, it has occurred to me that Congress, to a certain extent, has recognized this fact. There is the Robinson-Patman Act in 1936, the Small Business Committees in 1940, the Small Defense Plants Corporation during the Korean period, the Small Business Administration in 1953; and just the other year legislative authority on the House side.

Why, I ask myself, after all those years, does the House, in 1974, act as it did?

Well, there are 435 Members over there, and there are probably many who had many different reasons, but among these reasons, I am sure, was the conviction that the problems of small business have become so complex and critical that they need the attention of a committee with legislative power.

Now, basically what the members of the small business community are asking for is a voice, a direct voice, in the legislative process, that is heard more clearly with more impact than is possible now.

Perhaps this is best expressed by one of our members from Nevada, who stated "small business still struggles, more feebly each year, providing an important part of the wherewithal to keep this country going—in the form of jobs, money for taxes, gross national product, and new ideas. We need help—give us a voice."

This was stated by Rosemary Smith, Las Vegas, Nev.

Now, the members of NFIB are not so unrealistic that they believe that all the problems of small business would be instantly solved by granting legislative authority over SBA matters to the Senate Select Committee on Small Business. But, again, our members can best speak for themselves.

Mr. Jerry L. Erickson of Muskegon, Mich., says: "I don't know if S. Res. 104 will solve our problems, but it will, at least, give us a better chance to go down fighting."

Another member, Richard M. White, the Pack Rat Co., Richwood, W. Va., states: "I do not believe that this bill in itself will be the answer to the problems of small business. But it will be a start, it will show that there are some Senators who believe in small business."

Mr. Chairman, the last statements, as much as anything else, capture the importance of this bill. Members of the small business community do consider themselves by and large a forgotten majority.

While they recognize that Government cannot solve all their problems, they strongly suspect that it could perform better on those that

can be solved were it better equipped, and the better equipping is where Senate Resolution 104 comes in.

Even more important than this, they do not like, as they feel they are being, to be ignored. This feeling is even more distressing when they believe that the voice of big business and big labor is increasingly dominant in the political discussion of our time.

This whole testimony can best be summed up by a quote from Mr. Kenneth A. Staley, Staley Grocery, Charlevoix, Mich., who states: "In this bicentennial year nothing could be more fitting than to recognize the role small business has played in our Nation's growth."

That, Mr. Chairman, is exactly why NFIB feels that this resolution should be passed, and should be passed now.

I thank you.

Senator BYRD. Thank you, Mr. Burger.

I have a statement from Senator Hatfield, which he has supplied to me, and that statement will be passed on to the official reporter for inclusion in the record. [See p. 36 of these hearings.]

Senator Griffin regrets that he has been unable to attend the hearings. He is a member of the subcommittee, and he is the minority member. The subcommittee consists of only three members. He will closely examine the record, and he has asked that the record be left open until after the recess so that some additional statements may be entered into the record.

I have already indicated that that will be done, but I thought I should state for the record that Senator Griffin wishes it to be done.

Dr. Samuel Z. Cardon, president of the American Association of Small Research Companies.

Mr. Cardon, would you please proceed?

STATEMENT OF DR. SAMUEL Z. CARDON, PRESIDENT, AMERICAN ASSOCIATION OF SMALL RESEARCH COMPANIES

Mr. CARDON. Thank you.

In addition to being president of the American Association of Small Research Companies, I am an officer in General Technical Services, Inc., a small research and development company located in Upper Darby, Pa.

The officers and board of directors of the association are all executives in small research and development and high technology companies. The purpose of the association is to work for improving the competitive posture of our community of companies. It was started some years ago, partially in response to criticism from Small Business Administration personnel that there appeared to be wide differences of opinion among us as to what the key problems of our community of companies are.

With support from SBA, NSF, NASA, and the Commerce Department, we ran two conferences in 1972, and workshops in 1974 and 1975. We are preparing a conference for ERDA on Business Opportunities for Small R. & D. Companies at ERDA, which will be held here in Washington next month—March 24 and 25, at the Shoreham Hotel.

Our conference have come up with a total of a dozen or so recommendations of reasonable actions the Government could take to improve the chances of survival and growth of the small R. & D. and

high technology company. Several of the recommendations were incorporated in the report of the Commission on Federal Procurement Policy, but as yet little has been done to implement them.

I feel that the main reason it has been so difficult to get things done in the interest of small business is that despite protestations to the contrary, we have been very low on the priority lists of both the legislative and executive branches of Government.

The Small Business Administration when called upon to plead a small businessman's case in the Administration, finds itself opposed by agencies headed by Cabinet members, far more influential than an SBA Administrator in high Government councils.

One SBA official some years ago, now retired, chided me for my impatience about getting changes in procurement regulations which would benefit small R. & D. companies, by noting that there are very few in Washington seriously interested in small business and changes have to be forced.

The situation, however, has changed somewhat. The President noted in his state of the Union message that the public is disillusioned with big business, big government, and big education.

There appears to be considerable sympathy for bringing the small company and independent inventors back into the mainstream of the economy to help solve some of the problems in energy primarily and in other problem areas as well. There is the fear that the big boys, with heavily vested interests, will not only be less directly effectual, but may in the furtherance of their own interests actually work to stall and bury needed new technical developments.

You gentlemen are undoubtedly aware of legislation introduced last week by Congressman Mottl in the House and Senator McIntyre in the Senate, entitled "The Energy Research and Development Free Enterprise Act of 1976." The bills' purpose, as stated by Congressman Mottl, is to

increase small business and individual inventor participation in Federal energy R. & D. programs, reverse the trend towards monopolization of our new energy field, stimulate innovation and competition in the energy industries, and improve the distribution of Federal R. & D. funds.

This bill thus reflects the public's feeling that small business is likely more trustworthy and effectual than their large competitors.

We believe that in order to take advantage of this mood in the country, the Senate Select Committee on Small Business must be given legislative authority to allow it to act directly on legislation like the bill cited above, rather than go through committees which have primary responsibilities in other areas and only incidental interests in the small business community.

Incidentally, I would like to point out that the best thing that can be done for small companies is to help them get more business. Their chances for survival and growth would thereby be improved, and all the other problems would become less important and critical.

Banks would be more willing to provide needed capital; it would be easier to get competent employees; we could pay taxes; we would not mind paying taxes. In my own company I have not really had the problem that much because I have not made enough profit to worry about taxes—we could hire competent management, and all these other problems that people talk about that the small businessman has.

Our problem is not primarily banking, though this is a problem under the current conditions. We have much bigger problems in marketing, promotion activity, Government business practices, and so on, though incidentally, especially in R. & D. and high technology field there is convincing evidence that we can outperform our big competitors in technical output, cost, and other performance criteria, if given the chance.

To deal with all our problem areas we require a special Senate committee that not only considers all our problems but will also have authority to legislate possible solutions.

The House last year gave legislative authority to its Small Business Committee. We in the American Association of Small R. & D. Companies urge the Senate to give its Small Business Committee the same authority.

Thank you.

Senator BYRD. Thank you, Dr. Cardon.

[The written statement of Dr. Cardon follows:]

STATEMENT OF DR. SAMUEL Z. CARDON, PRESIDENT, AMERICAN ASSOCIATION OF SMALL RESEARCH COMPANIES (AASRC), WASHINGTON, D.C.

In addition to being president of AASRC, I am an officer in General Technical Services, Inc., a small R. & D. company located in Upper Darby, Pa. The officers and board of directors of the Association are all executives in small R. & D. and high technology companies. The purpose of the Association is to work for improving the competitive posture of our community of companies. It was started in 1972 partially in response to criticism from Small Business Administration personnel that there appeared to be wide differences of opinion among us as to what the key problems of our community of companies are.

With support from SBA, NSF, NASA, and the Commerce Department, we ran two conferences in 1972 and workshops in 1974 and 1975. We are preparing a conference for ERDA on Business Opportunities for Small R. & D. Companies at ERDA, which will be held here in Washington next month—March 24 and 25, at the Shoreham Hotel: Our conferences have come up with a total of a dozen or so recommendations of reasonable actions the Government could take to improve the chances of survival and growth of the small R. & D. and high technology company. Several of the recommendations were incorporated in the report of the Commission on Federal Procurement Policy but as yet little has been done to implement them.

I feel that the main reason it has been so difficult to get things done in the interest of small business is that despite protestations to the contrary, we have been very low on the priority lists of both the legislative and executive branches of government. The Small Business Administration when called upon to plead a small businessman's case in the Administration, finds itself opposed by agencies headed by cabinet members, far more influential than an SBA administrator in high government councils. One SBA official some years ago (now retired) chided me for my impatience about getting changes in procurement regulations which would benefit small R. & D. companies, by noting that there are very few in Washington seriously interested in small business and changes have to be forced.

The situation however has changed somewhat. The President noted in his State-of-the-Union message that the public is disillusioned with big business, big government, and big education. There appears to be considerable sympathy for bringing the small company and independent inventors back into the mainstream of the economy to help solve some of the problems in energy primarily and in other problem areas as well. There is the fear that the big boys, with heavily vested interests, will not only be less directly effectual, but may in the furtherance of their own interests actually work to stall and bury needed new technical developments. You gentlemen are undoubtedly aware of legislation introduced last week by Congressman Mottl in the House and Senator McIntyre in the Senate, entitled "The Energy Research and Development Free Enterprise Act of 1976". The bill's purpose as stated by Congressman Mottl, is to "increase small business and individual inventor participation in Federal Energy R. & D.

programs, reverse the trend towards monopolization of our new energy field, stimulate innovation and competition in the energy industries, and improve the distribution of Federal R. & D. funds". This Bill thus reflects the public's feeling that small business is likely more trustworthy and effectual than their large competitors.

We believe that in order to take advantage of this mood in the country, the Senate Select Committee on Small Business must be given legislative authority to allow it to act directly on legislation like the Bill cited above, rather than go through committees which have primary responsibilities in other areas and only incidental interests in the Small Business community.

Incidentally, I would like to point out that the best thing that can be done for small companies is to help them get more business. Their chances for survival and growth would thereby be improved, and all the other problems would become less important and critical. Banks would be more willing to provide needed capital; it would be easier to get competent employees; we could pay taxes; we could hire competent management, etc., etc.

Our problem is not primarily banking, though this is a problem under the current conditions. We have much bigger problems in marketing, promotion activity, government business practices, etc., though incidentally, especially in the R. & D. and high technology field there is convincing evidence that we can outperform our big competitors in technical output, cost, and other performance criteria. To deal with all our problem areas we require a special Senate Committee that not only will consider all our problems but will also have authority to legislate possible solutions.

The House last year gave legislative authority to its Small Business Committee. We in the American Association of Small R. & D. Companies urge the Senate to give its Small Business Committee the same authority.

Senator BYRD. The list of witnesses includes the following named persons who have not yet appeared:

Mr. Joe Denson, District of Columbia Chamber of Commerce, District of Columbia;

Mr. Jose Aceves, Latin American Manufacturer's Association;

Mr. Oliver O. Ward, president, Smaller Business Association of New England, Inc.

Are any of those gentlemen present?

[No response.]

Senator BYRD. Very well.

Their statements will be included in the record, if supplied to the subcommittee.

Mr. Burger, what is your definition of small business?

Mr. BURGER. In the context of our membership, sir?

Senator BYRD. Yes.

Mr. BURGER. Any firm that is independently owned and operated, and not dominated in its industrial classification, regardless of its location, of its participation on any particular level, retail, wholesale, manufacture, regardless of its form of business organization.

Senator BYRD. What is your definition, Dr. Cardon?

Mr. CARDON. We accept most, in general, what the SBA has laid down for rules for service organizations, and I think in the R. & D. field they say under 500 employees, and the same thing, they are not dominant in their field, and primarily are service organizations that are doing R. & D. for others, for customers, whether the Government or private industry.

Senator BYRD. There is no line drawn with respect to the amount or volume of business?

Mr. CARDON. I think SBA, in some of their service classifications say under \$2 million now for business. Most of our members actually are in the 1 to 10 employees class, technical employees, although one of our members does have 200 employees.

Mr. BURGER. Senator, most of our members' gross sales run about \$200,000 or under, but we do have some that are rather large. I recall one meatpacker responding to a survey some years ago who had 1,500 employees.

Now, this is not a tiny business, but compared to Armour, Swift, it is not dominant in its line of industry.

Senator BYRD. All right.

Is there any other witness who wishes to testify for or against Senate Resolution 104?

[No response.]

Senator BYRD. Very well.

Gentlemen, we thank you for your testimony and, as I have stated, the record will remain open until after the recess for further statements.

That concludes today's hearings on Senate Resolution 104, and the subcommittee will stand in recess awaiting the appearance of certain Senators and other witnesses perhaps who will wish to testify with respect to Senate Resolution 109.

[Additional statements on Senate Resolution 104, received by the subcommittee, are as follows:]

STATEMENT OF OLIVER O. WARD, PRESIDENT, GERMANIUM POWER DEVICES CORP., AND PRESIDENT OF THE SMALLER BUSINESS ASSOCIATION OF NEW ENGLAND

Mr. Chairman: Whether or not Senate Resolution 104 should be acted on favorably should rest on what is in the overall best interests of the small business community.

We fully understand the sensitivity factor that prevails on Capitol Hill when there is a move underway to modify the rules that affect the jurisdiction of a Congressional committee. We believe that jurisdictional changes should be treated with great care. There would be certain legislative chaos if the Congress had constantly to referee disputes in committees over what is and what is not their given responsibilities.

We have heard that Banking and Currency feels it should have legislative authority over the SBA because that Committee is responsible for "financial aid to commerce and industry". We submit that financial assistance is only one of several areas of responsibility outlined in the Congressional mandate establishing the SBA. Programs of management assistance, procurement assistance and advocacy, are equal to or perhaps even more important than the financial assistance programs. This is clearly so with the vast preponderance of small business who do not go to the SBA for money.

It has been our experience that the activities of the Small Business Subcommittee have been almost completely addressed to financial assistance programs at the expense of all the other responsibilities that the Agency is charged with. The Subcommittee has shown limited imagination in terms of short and long range problems of small business in today's changing world.

Under the Chairmanship of Senator Gaylord Nelson, the Senate Small Business Committee has overtaken an aggressive and imaginative role in preserving free enterprise. Numerous tax hearings have been held and positive benefits already resulted during the past year. The Small Business Committee has also aggressively taken on such crucial problems as the paperwork burden, small business as it relates to the economic and social ideals of American life, reporting burdens of small pension plans, hearings on SBA surety board guarantee, procurement, solar small business development to note the most critical. SBANE believes the same attention to the operation and responsiveness of all the SBA programs as they impact on small and medium sized businesses on a constant and in-depth perspective is needed for the SBA. We believe that only a committee that is committed solely to small business is the only hope that the SBA will receive the attention it deserves.

There is a very positive momentum taking place throughout this country to do more than just express sympathy for the wants and needs of small busi-

ness. The Commission on Federal Paperwork has already made progress in reducing this expensive and often needless burden. Thanks to the initiative of the Senate Small Business Committee, there is now an official Small Business Advisory Committee to the Internal Revenue Service. More and more regulatory legislation is being passed excluding small business. SBA jurisdiction for the House Small Business Committee was included in the initial step at overall committee reform.

For all too long, it was good enough for politicians to say they were a friend of small business and do nothing about it. This isn't good enough any more. Everyone of the phalanx of Presidential hopefuls stumping New England in recent months have a positive program for small business, and these are among the lead issues in their campaigns.

All of a sudden, national publications are beginning to recognize the unique problems and importance of the survival of small business. Beginning last June with the Business Week feature, "Small Business: The Maddening Struggle to Survive", followed by three major features in the Wall Street Journal on small business in the last 90 days. Gentlemen, this publicity has been long overdue and symbolizes the wave of concern over the future of small business that has swept the country on its 200th birthday.

Your favorable support of S. Res. 104 will keep the momentum going. It will put this long overlooked Agency in the limelight it deserves. The arguments for the status quo are thin and insubstantial. Small business is much too vital a sector of the economy to allow the Senate Small Business Committee to function without the jurisdiction it deserves, based on its well-recognized understanding of the real problems which small business faces in this country today.

Thank you very much.

STATEMENT OF WILLIAM C. McCAMANT, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF WHOLESALE-DISTRIBUTORS

My name is William C. McCamant, and I make these remarks in my capacity as Executive Vice President of the National Association of Wholesaler-Distributors.

The National Association of Wholesaler-Distributors (NAW) is a federation of 98 national commodity-line associations with approximately 32,000 member firms representing merchant wholesaler establishments or warehouse operations in the 50 states.

Merchant wholesaling is an industry composed mainly of small, independent firms. According to U.S. Department of Commerce data, 88 percent of the total number of merchant wholesaling firms posted annual sales of less than \$2 million each in 1972, and 97 percent had fewer than 50 employees. We are nonetheless a significant factor in the economy, with sales by merchant wholesalers estimated at \$450.7 billion in 1975—and expected to reach \$498 billion this year.

NAW welcomes this opportunity to express our industry's support for S. Res. 104, granting the Select Committee on Small Business legislative authority over measures concerning the Small Business Administration.

This is a modest, yet significant, step toward providing a recognized, effective Senate committee charged with investigative, oversight and legislative responsibility for the interests of America's small business community.

Many competent witnesses have emphasized the importance of small business in our economy—and statistical data available clearly documents this importance. In addition to providing employment for over 3.2 million Americans, the wholesale distribution sector of the economy provides the market coverage necessary for efficient distribution of everyday consumer and business needs. According to a recent NAW survey, the typical individual wholesaler establishes the market connection between 133 manufacturers and 593 businesses—many of which are also small businesses.

Yet the problems which we as small businessmen face cannot at the present time receive attention from *one* committee in the Senate—one which is familiar with our unique situation—and I might add, has the resources to examine and correct problems we may encounter. Rather, these problems are referred to standing committees of the Senate based on the subject matter—even though the impact a certain legislative proposal would have on small business may differ substantially. This piecemeal approach does little to assure small businesses that their concerns receive adequate attention in the Senate of the United States.

The enactment of S. Res. 104 would alleviate this situation in one specific subject area—the Small Business Administration. It seems ironic indeed that at the present time, legislation dealing with the Small Business Administration—which was established to “encourage and develop . . . the actual and potential capabilities of small business”—is considered not by a specific small business committee in the Senate, but rather by a small subcommittee of the Senate Banking, Housing and Urban Affairs Committee.

S. Res. 104, which would transfer such legislative jurisdiction over SBA to the Select Committee on Small Business, thus seems a logical proposal and one which represents a positive step toward establishing a clear—and effective—channel of communication between the small business community and the United States Senate.

We are confident the Select Committee on Small Business would dispatch these additional responsibilities with the same concern, judiciousness and effectiveness it has shown in the past. That committee has already held 63 days of public hearings during the 94th Congress. (It is interesting to note that the Small Business Committee held 19 days of oversight hearings on the SBA last year, while the Banking Subcommittee with legislative jurisdiction over that organization has held only 5 days of hearings in the last 5 years.)

Even without legislative authority, the Select Committee on Small Business has shown remarkable results in its efforts to help small businessmen. The Tax Reduction Act of 1975—which at its inception earmarked virtually all business tax relief to big business—was modified in the Senate to assure a measure of relief for small business. Legislation has been introduced to continue these measures on a permanent basis; additional proposals to achieve much-needed reform of estate tax law are under consideration. These are just two examples of the many subject areas the Select Committee on Small Business has chosen to explore. These efforts point to a deep concern and understanding of the nature and problems of small business on the part of the Members and staff of the Select Committee on Small Business.

We urge the Committee on Rules to act favorably on S. Res. 104. By doing so, you will provide small businessmen with an effective forum in which to present their views with respect to the Small Business Administration—and most importantly, an assurance that those views, and the interests of small business in general, will be considered in the most effective and efficient manner possible.

STATEMENT OF JOHN L. DEBOLT, EXECUTIVE DIRECTOR, MENSWEAR RETAILERS OF AMERICA

Menswear Retailers of America is the national trade association of 4,600 independent men's wear specialty merchants who own and operate approximately 9,100 stores throughout the United States.

Our organization, as representative of small business, appreciates this opportunity to enter, for the Record, our support of Senate Resolution 104.

We have long recognized the Senate Select Committee on Small Business as the natural conduit for examination of issues affecting the small business community.

We believe this important Committee will be strengthened in having legislative authority over programs affecting the Small Business Administration.

Members of the Select Committee have the opportunity to devote the greatest degree of attention to the mounting problems of small business. In this regard, the proposed action is timely and gives greater validity to the Select Committee.

Our support in this matter is not a new position. Menswear Retailers of America adopted formal policy nearly two years ago seeking such transfer of authority and we welcomed the previous action of the U.S. House of Representatives.

We urge early action in adopting Senate Resolution 104.

STATEMENT OF THOMAS F. WENNING, ASSOCIATE GENERAL COUNSEL, NATIONAL ASSOCIATION OF RETAIL GROCERS OF THE UNITED STATES, INC.

The National Association of Retail Grocers of the United States (NARGUS) is a national nonprofit trade association representing owners and operators of local retail food stores. NARGUS has approximately 40,000 members in all states in the Union and approximately 37 affiliated state and local associations.

NARGUS members operate retail grocery stores including smaller outlets, convenience stores, and supermarkets. NARGUS wishes to express its support for Senate Resolution 104 that would create the Senate Committee on Small Business with legislative authority.

The current Senate Select Committee on Small Business has been in existence since 1950 but with the qualification that there shall be no power to report by bill or have legislative jurisdiction.

In essence, small business has been given a committee that can only listen and not act. Small business has in effect been remediless since other committees with subject matter jurisdiction have established other priorities that receive preferential recognition. The United States House of Representatives has seen fit to cure this deficiency by providing the House Small Business Committee with legislative authority. Senate Resolution 104 would appropriately establish similar legislative powers in the Senate Small Business Committee. Senate recognition of the small business community need for legislative representation is long overdue.

Small business is a vital element of the United States economy entitled to full effective Senate legislative representation. Small business represents 43 percent of this country's Gross National Product and 48 percent of the Gross Business Product. Over 90 percent of the nation's corporations are considered small businesses. Small business employees comprise 55 percent of the U.S. business employment, providing livelihoods for 100 million people.

Problems of the small businessman need to be addressed and resolved. Paperwork burdens, tax and estate problems, financing, and bankruptcy are just a few examples of subjects having special impacts on small business that need to be actively pursued. Legislative solutions may be necessary. The Senate Select Committee on Small Business is the logical forum to be utilized and to be given legislative authority. The Select Committee on Small Business has 21 full-time staff members solely concerned with small business. The expertise of the staff could be used productively and efficiently for legislative purposes. In effect, the Senate would be economizing on committee assignments, staff funding, and legislative authority.

NARGUS strongly supports Senate Resolution 104 and urges the Senate Committee on Rules and Administration to favorably report the resolution for full Senate approval.

STATEMENT OF JOHN L. KOMIVES, DIRECTOR, CENTER FOR VENTURE
MANAGEMENT

The purpose in this statement is to express my support of S. Res. 104 calling for the Senate Select Committee to have oversight jurisdiction over the U. S. Small Business Administration.

Over the years (since 1953), there has been a discernible move to raise the status of the SBA to a full-fledged effort to assist new and small business to start and become prosperous. As we begin the bicentennial celebration, it is fitting to note that there are some 13 million new and small businesses in the United States. Surely this segment deserves the same attention and interest by the federal government as the 3 million farmers in the Department of Agriculture or the 5,000 major business firms served by the Department of Commerce or the 18 million unionized people served by the Department of Labor or the 8 million people served by the Veterans' Administration. Each of these segments is served by their own oversight committee in the Senate and/or the House of Representatives.

Secondly, when the SBA was formed in 1953, it was an amalgam of the Reconstruction Finance Corporation and the Small Defense Plants Administration. At that time, the major thrust of SBA was the lending of money ala RFC practices. Clearly this came under the natural purview of the Banking and Finance Committee. Since that time, SBA has undertaken a new role and functions in areas that far transcend only a financial institution.

Thus, SBA needs a Senatorial oversight function that includes insight and expertise considerably beyond a financial function. This would be accomplished under S. Res. 104.

Thirdly, there are major problems in the entire area of finance that the Senate Banking and Finance Committee needs to address its oversight function. The major bank financial strength, the REIT debacle, the New York City budget, the One Bank Holding Company, and the Big Bank, Little Bank and computer relationships, the Eurodollar market and the less-developed countries who have

major borrowings from United States banks are but a short litany of major concerns of this vital Senate Committee. The United States Small Business Administration has a low priority in this litany and yet it needs major attention.

Private enterprise is best expressed by new and small business and it needs the attention of SBA. The U. S. Senate needs to provide direct, standing oversight over this agency.

I have been active in numerous areas with the U. S. Small Business Administration at the federal and local level over the past six years. I believe that direct Senatorial oversight will do much to improve this agency and make it a more effective agency of the U. S. Government.

STATEMENT OF MYRON B. WOLF, EXECUTIVE DIRECTOR, NATIONAL COUNCIL
OF SALESMEN'S ORGANIZATIONS, INC.

National Council of Salesmen's Organizations, Inc., composed of over sixty thousand commissioned salesmen, located throughout the United States, coming from over one hundred industries, is very much interested in the constructive efforts of the Senate Small Business Committee.

The overwhelming majority of our membership, and we believe this holds true of the many thousands of other commissioned salesmen who are not affiliated with NCSO, come from small businesses rather than the limited number of giant corporations.

The viability of these smaller businesses constitutes the backbone of the income of the overwhelming number of American families.

The Small Business Committee, in recognition of this fact, has brought to light many of the problems that small businesses face and which carry a great deal of weight in their ability to survive.

We have long hoped for and are happy to learn, that efforts are being made to give this Committee legislative jurisdiction in matters dealing with functions of the Small Business Administration under S. Res. 104.

It is our understanding that this parallels action taken by the House of Representatives in the last Congress.

We urgently request that the Senate Subcommittee on Standing Rules of the Senate will act favorably on this resolution for the benefit and well-being of the thousands of small business firms and the millions of citizens of the United States who depend upon them.

Thank you for your consideration.

STATEMENT OF ALBERT R. VAN TIEGHEM, PRESIDENT, NATIONAL SOCIETY OF
PUBLIC ACCOUNTANTS

The National Society of Public Accountants endorses the provisions of Senate Resolution 104 relative to the Select Committee on Small Business. We believe that the conversion of this important committee from a select committee to a standing committee with legislative authority will provide small business with a stronger voice in its own destiny.

The experience of the House since the change to standing committee status was made in the last Congress has certainly demonstrated both the need for such action and the effectiveness that can be expected.

Of course, we do not wish to see expansion of committees to each and every conceivable specialized subject, nor do we believe that new committee bureaucracies should be allowed to emerge.

We note, however, that the proposed committee would have exclusive authority only with regard to functions of the Small Business Administration. The Chairman of any other standing committee would have the opportunity to consider any extraneous matters and to report prior to consideration by the Senate.

The matter of additional staff can be controlled with careful attention to the management of present committee staff.

It is important that confusing and conflicting jurisdictional lines be clarified and that the small business community which is so vital to the economic well-being of our country feel that they are receiving the recognition that they merit. Conversion of the present Select Committee on Small Business to a standing committee with legislative authority will do much to bring about that recognition.

STATEMENT OF JAMES R. WILLIAMS, PRESIDENT, NATIONAL RETAIL MERCHANTS
ASSOCIATION

The National Retail Merchants Association is a national non-profit trade association composed of over 3,000 members representing more than 30,000 retail outlets in the United States. Two-thirds of our members are small businesses whose sales are under \$1 million annually. Our membership has a vital interest, therefore, in the disposition of Senate Resolution 104, which would grant legislative authority over the Small Business Administration to the Senate Select Committee on Small Business.

S. Res. 104 serves to bring into focus a serious and basic problem with respect to the consideration of the views and interests of small businesses regarding a very broad spectrum of legislation considered by the United States Senate. In this last year alone, a great many bills affecting small businesses have not been formally considered from the viewpoint of small businesses themselves. Those measures include bills dealing with environmental planning, taxes, credit, anti-trust issues, minimum wage and other employee-related issues, transportation, warranties, energy and consumer affairs. That list is by no means exhaustive. NRMA has frequently testified before numerous Senate Committees which have jurisdiction over these disparate matters. While Senators have invariably listened intently and courteously to our views, the special and distinctive problems of small businesses—and more particularly, small retailers—are frequently lost sight of as bills proceed through the legislative process. To take one central and crucial issue which cuts across the jurisdictions of many Senate Committees: there is no requirement that Committees of the Senate—or of the House either, for that matter—take into consideration the effect on competition of new laws affecting businesses. There is evidence, we believe, that the impact of certain recent Federal laws affecting the retail industry has reduced the economic viability of small, independent retailers by imposing onerous and unnecessary costs, penalties, recordkeeping requirements and reporting requirements on them.

In our view, therefore, the issue is broader than the proposal, embodied in S. Res. 104, to transfer legislative authority over the Small Business Administration from the Small Business Subcommittee of the Senate Banking Committee to the Senate Select Committee of Small Business. The Small Business Subcommittee of the Banking Committee has done an excellent job on matters which have been referred to it. The Subcommittee does not have the authority under the jurisdiction of the Senate Banking Committee, however, to report out legislation which would, for example, direct the Federal Trade Commission to establish special procedures for aiding small businesses in complying with new trade regulations. Nor does the Subcommittee on Small Business of the Senate Banking Committee have the jurisdictional authority to consider the impact on small businesses of an amendment dealing with noise-testing in retail establishments under the Occupational Safety and Health Act. Numerous other examples could be cited which point up the need for specific and mandated small business input in the drafting and reporting of legislation in the Senate, and for a full Senate Committee which can treat small business problems comprehensively and generically.

NRMA's experience with the Senate Select Committee on Small Business has been exceptionally rewarding. We believe that the Select Committee has both the depth and breadth of expertise in its membership and staff to respond well to the concerns and needs of small businesses. We believe, therefore, that it would be highly salutary if the Select Committee were granted legislative authority over small business matters—even if such authority, for logical reasons, was shared with Standing Committees of the Senate.

We urge that the Subcommittee on Standing Rules of the Senate consider S. Res. 104 from the perspective we have set forth above. We certainly believe that the Select Committee ought to be granted legislative jurisdiction over the Small Business Administration. If that decision were taken, however, we would recommend that it be regarded as an appropriate first step in expanding the legislative mandate of the Select Committee on Small Business to include all substantive bills which, if enacted, would have a clear impact on the welfare and viability of American small business enterprises.

Senator BYRD. The subcommittee will now resume its hearing, and in this instance, with respect to S. Res. 109.

Senator BROCK is one of the principal authors of that measure, along with Senator STEVENSON.

The statement of Senator Stevenson will appear in the record at this point.

[The statement of Senator Stevenson follows:]

STATEMENT OF SENATOR ADLAI E. STEVENSON ON S. RES. 109

Mr. Chairman, Senate Resolution 109, which I have introduced with Senator Brock and 50 of our colleagues, would establish a temporary select committee to study the Senate committee system. The select committee would be charged with the responsibility for conducting a study of the committee system including the structure, jurisdiction, number and optimum size of committees, the number of subcommittees, in other words all aspects of the committee system. It would recommend to the Senate ways to optimize the effectiveness of committees and the efficient use of Senators' time. This resolution is similar to S. Res. 113, introduced in the 93d Congress which was supported by the Democratic conference and the joint leadership.

The Senate is operating today under a committee system established 30 years ago in the legislative reorganization act of 1946. It is a testament to the leadership of Senator Monroney and the other Senators who led the successful fight in 1946 that the system has worked as well as it has these past 30 years. But much has changed during those years, and it is time the Senate faced the change.

Although the number of standing committees has remained almost constant, increasing from the 15 established in 1946 to 18 in this session, the number of subcommittees, special, select and ad hoc subcommittees, has grown from 58 to 130. The jurisdictions spelled out in 1946 don't always fit the issues of 1976. As a result, we often end up like the pleaders in early English Common Law trying to weave into our legislation the magic phrase that will get us in "the right court"—or the right committee. Energy is one example. Fourteen standing committees, as well as one select committee, operating through 38 subcommittees have dealt with some aspect of energy legislation. Food policy and the whole range of international economic issues are other examples.

The Senate has adjusted to changes in many ways: more joint referrals, more special studies, more ad hoc joint hearings, more subcommittees. But these improvisations have not afforded adequate staff resources for continuous and comprehensive attention to all the new issues by all the Senators. We sometimes end up re-inventing the wheel simultaneously in different subcommittees. And we often end up dealing with parts of an issue with no mechanism to put the parts together.

Not only have the issues changed during the past 30 years, but the structure of the executive branch has changed. The House of Representatives has changed its structure. A new congressional budgetary process has been established.

The nature of our responsibilities has also undergone change. The people rightly expect their Congress not alone to enact laws but to review the laws and look ahead and anticipate problems before they explode—to make sure in other words that the government is working. The oversight function is an important duty of the Congress, and one I admit to believing it is ill-equipped to handle. There are some 183 provisions mandating some type of congressional review, and the trend is increasing. During the last 5½ years, Congress has enacted at least 47 laws requiring either legislative review of, or consent for, administrative actions in at least 87 separate situations or contingencies. Nearly all these provisions require some form of notification, report, or consultation with committees of the Senate. Yet, we have done precious little to adjust our committee system to this new dimension.

We offer no preconceived notions as to what is the proper realignment of jurisdictions or the best structure of committees or subcommittees. I for one don't feel we need radical surgery, just a continuation of the process begun in 1946. It would be up to the select committee, representing all the members and all the jurisdictional interests in the Senate, to make recommendations to the Senate. This is the only way to accomplish the task without placing a standing committee in the awkward position of studying itself. But this select committee would have no legislative jurisdiction, it could only recommend.

The resolution needs at least one amendment. The reporting date needs to be changed. I would suggest the committee be given until the end of this session to make its report to the Senate. Then, its report, along with the recommendation of the Culver Commission, could be taken up as one of the early matters of business by the 95th Congress.

Mr. Chairman, I greatly appreciate your willingness to hold this hearing and urge this subcommittee and the full rules committee to act favorably on this proposal by the end of the month.

STATEMENT OF HON. BILL BROCK, A U.S. SENATOR FROM THE STATE OF TENNESSEE

Senator Brock. Thank you, Mr. Chairman.

As I said earlier today, I will try to expedite your time in the process by excerpting from the prepared statement that I will submit for the record.

Senator BYRD. Your statement will be made a part of the record.
[The statement of Senator Brock follows:]

STATEMENT OF SENATOR BILL BROCK ON S. RES. 109

I am here today to testify in favor of S. Res. 109, a resolution that will establish a Select Committee on Committees in the U.S. Senate. I introduced this legislation in the 93rd Congress, S. Res. 89, and Senator Stevenson and I reintroduced it again on March 11, 1975 in this Congress.

The purpose of the Select Committee on Committees is to conduct a study of the Senate Committee system. The Committee will be composed of 12 members, 6 from the majority and 6 from the minority, to be appointed by the President of the Senate upon recommendation of the majority and minority leaders. A chairman from the majority and co-chairman from the minority are to be selected by the committee members. A majority of members will be a quorum for business; however, the committee may set a smaller number required to take testimony. All rules of procedure must be consistent with both this resolution and existing rules of the Senate. Any vacancies shall not affect the remaining members' authority.

The committee will conduct a thorough study into jurisdiction as well as the related factors of size, procedures, and effectiveness of the Senate Committee system. From this investigation recommendations to improve the system will be made.

The committee may spend money from the Senate contingent fund, hold hearings when the Senate is both in and out of session, subpoena witnesses and documents, and employ any personnel they need. The chairman or any designated member shall preside and oaths may be administered. Subpenas may be issued by the chairman or any designated member.

The committee will need a moderate budget, \$600,000-\$700,000, to carry out its activities. Close coordination with the Commission on Senate Operations is expected.

The committee report was to be due no later than February 28, 1976, of course this will have to be modified. Interim and supplementary reports may also be submitted. The committee will cease to function 60 days after the submission of its final report. All committee expenditures will be paid from the Senate contingent fund with vouchers approved by the chairman.

Since 1789, when the Standing Committee on Enrolled Bills—now part of the Rules and Administration Committee—was established, Senators have been dependent on groups of their peers to consider the business of the Senate.

From the standpoint of their jurisdiction, the standing committees of the Senate are a hodge-podge of incongruous arrangements, more the result of precedent—or accident—than design. For example, many committees deal with wholly unrelated fields of legislation; worse yet, there is incredible overlapping. The Committee on Aeronautical and Space Sciences has jurisdiction to study and report on space activities "which are peculiar to or primarily associated with the development of weapons systems or military operations," but the Armed Services Committee has jurisdiction over "aeronautical and space activities peculiar to or primarily associated with the development of weapons systems or military operations." Furthermore, the Armed Services Committee has jurisdiction over the maintenance and operation of the Panama Canal; yet, the Commerce Committee also has jurisdiction over the Panama Canal. And so, it goes. The Committee on Veterans' Affairs reports legislation on soldiers' and sailors' civic re-

lief, while the Armed Services Committee deals with soldiers' and sailors' homes. The Committee on Agriculture covers forestry and forestry reserves other than those created from the public domain; the Committee on Interior and Insular Affairs handles forest reserves created from the public domain. The Committee on Public Works has jurisdiction over flood control and river and harbor improvement; the Committee on Interior and Insular Affairs has jurisdiction over irrigation and reclamation.

Another basic issue is that of intercommittee coordination within the Senate. Some coordination is deemed desirable in order to avoid jurisdictional disputes—and no matter how carefully constructed the definitions of jurisdiction are, there will always be legislation which cuts across committee boundaries. Such coordination can generally be accomplished by four methods: (1) realignment of committee jurisdictions; (2) interlocking committee memberships; (3) intercommittee bill referrals; and (4) joint committees and joint staffing. The question is: how much coordination is desirable? Taken to the extreme, it might dangerously speed up the legislative process and increase majoritarian control at the expense of minority rights and interests. It is important to note that four of the eighteen standing committees of the Senate are formally identified as exclusive committees. Both parties have established rules limiting a Senator's membership to one of these exclusive committees. Thus, fully three-fourths of the Senate has an opportunity to serve on an exclusive committee. These exclusive committees are Appropriations, Armed Services, Finance, and Foreign Relations. Despite the major reduction of the number of House and Senate standing committees accomplished by the Legislative Reorganization Act of 1946, there is, nevertheless, dissatisfaction with the committee system. This dissatisfaction stems from the fact that there has been a proliferation of subcommittees.

Do we need more joint committees? In the 1946 hearings on legislative reorganization there was very little enthusiasm expressed for joint committees. House members, in particular, complained that Senators dominate joint committee meetings; in turn, Senators argued that joint committees impaired their appellate jurisdiction. In the 1965 hearings, however, the mood of Congress was different, and there was widespread and vocal support for more joint committees. George Galloway has offered these arguments in support of joint committees: They are more economical of the time and energy of legislators and administrators, substituting a single inquiry for two separate studies or investigations; They speed up the legislative process; They help to maintain coordinate equality with the executive branch, by preventing it from playing one house off against the other; and When measures are matured by joint actions, differences between the House are not likely to arise and require subsequent adjustment in conference. Galloway's case is less than convincing if it is analyzed in light of bicameralism and the check and balance system. Former Senator A. S. Mike Monroney made this clear in 1945, when he responded to Harvard Professor Arthur N. Holcombe's suggestion that more joint committees be created: "Doctor, don't you agree that 90 percent of all the legislative work in Congress is done in committees? Wouldn't we then be moving toward a 90 percent unicameral system?" "No doubt you are correct," replied Professor Holcombe, "but that would be a movement in the right direction." This is letting the cat out of the bag. The various proposals to establish new joint committees—and dozens have been suggested—should be viewed with skepticism. An excessive number of joint committees—particularly if they are given full legislative powers—might tend to weaken bicameralism. On the other hand, joint committees performing investigatory, advisory and oversight functions do not raise so many objections.

Certainly, joint hearings before two or more House and/or Senate committees to receive testimony should be encouraged as this practice would simply save time without changing the organizational structure of the Congress. Arguing that select committees often duplicate the efforts of the standing committees, Senator LaFollette urged, in 1945, that select committees be abolished. The act of 1946, as originally passed in the Senate, prohibited select committees, but this provision was stricken in the House. Even so, according to Monroney, "the spirit of the Act clearly indicated that . . . this special work should be done by the regularly constituted standing committees." Of course, it is obvious that Congress has, in this respect, continued to violate the spirit of the act, even to the present. Oddly enough, little concern over this problem was expressed

in the thousands of pages of hearings in 1965. Accepting the fact that Congress will continue to create these temporary committees, the point that they should be held to a minimum is well-taken by Monroney. He said: "On special committees you never get to a point where you can do without them, but the law of diminishing returns applies. For instance, if we have two or three special committees in the House working, they will have the spotlight of public interest: but if you spread that to ten or fifteen committees, you undermine the value of the special committee weapon, and you destroy the very effective use of special committees' prerogatives and equipment." Select or special committees should be discouraged, but not prohibited. In duplicating regular committee efforts, they tend to weaken the standing committees. Perhaps a limit should be established for the number of special committees which can exist in any one Congress under the rules of the Senate. Standing committees differ to some extent from one another in the nature of their membership.

For instance, attorneys serve on the Judiciary Committee. Businessmen may be attracted to the Government Operations Committee. The Interior Committee is generally made up of Senators from the western states in which federal land policy is vital to the interest of many citizens. However, the most important factor in determining committee membership is seniority; the Senator's background, previous elective experience, interests, ideology, state and personal goals are minor factors. Committee resources include staff, office space, printing, consultants and direct assistance from the General Accounting Office, Congressional Research Service legislative counsel, the Congressional Budget Office, and the Office of Technological Assessment. The quality and quantity of these resources determine, to some extent, the success of committees. An extensive study needs to be made of the resources available to committees and of the manner in which they can make use of technological advances in fields such as information retrieval and program analysis and evaluation.

The actual workload of a committee depends on the number of bills referred to a committee, the quality and quantity of work demanded by these bills and the substance of legislation considered. Table 1 contains a numerical count of all bills referred to, and reported by, the standing committees of the Senate for the 93d Congress, first session through July 20, 1973. Although these statistics are incomplete and do not cover the whole session, they at least establish *prima facie* evidence that the workload varies drastically from one committee to the next.

The quality of a committee's legislative effort is more difficult to measure. Yet, in the final analysis, it is probably the most important factor, calling to mind Aesop's fable of "The Lioness": A great rivalry existed among the beasts of the forest over which could produce the largest litter. Some shamefacedly admitted having only two, while others boasted proudly of having a dozen. At last the committee called upon the lioness. "And to how many cubs did you give birth?" they asked the proud lioness. "One," she replied sternly, "but that one is a lion!" Arguments on quality notwithstanding, it is clear from quantitative analysis that committee workloads vary greatly. Setting aside the Appropriations Committee—which is in a category by itself—the committees with the heaviest workloads are Judiciary, Interior and Insular Affairs, Commerce, Finance and Labor and Public Welfare. The size of the committee seems to have little relationship to the committee's workload. Thus, the Judiciary Committee, the busiest committee in terms of bills referred to it, has sixteen members—the same number as Armed Services, which handles not even one-tenth the legislation. Of course, number of bills is not a true indicator of workload in the qualitative sense. Armed Services does deal with intricate legislation, but, clearly so does Judiciary.

In any case, more detailed study is needed to determine the real workload of the committees. Some committees handle so little legislation that it is difficult to justify their existence. Included here would be Aeronautical and Space Sciences. The figures would also seem to suggest that the recent creation of the Veteran's Affairs Committee was unjustified. Because the workload of the twin District of Columbia Committees is so light in each house, it would seem that the suggestion, made by members of Congress during the 1945 Legislative Reorganization Act hearings to establish a joint committee on the District of Columbia may have been a valid proposal.

In looking at the various committee reform proposals, we should remember the warning of Edmund Burke—that not all change is reform—and ask the following question: does the proposal tend to weaken or strengthen the committee

system? That is, does it promote bicameralism, independence of the executive, Senate control over its committees, deliberation, protection of the minority and compromise? If the answer is no, such a proposal should be viewed with skepticism. It may actually be no reform at all. Committee reform must be considered by the Senate. The time for committee reform is now. A strong committee system means a strong Congress. The people deserve a people's branch which can be heard.

TABLE 1.—WORKLOAD OF STANDING COMMITTEES IN THE U.S. SENATE, 93d CONG., 1st SESS.¹

Committee	Size of committee	Public bills referred	Reported	Private bills referred
Aeronautical and Space Sciences.....	11	4	1	0
Agriculture and Forestry.....	14	75	10	0
Appropriations.....	24	2	0	0
Armed Services.....	16	68	4	0
Banking, Housing and Urban Affairs.....	15	138	24	0
Commerce.....	18	249	25	0
District of Columbia.....	7	16	1	0
Finance.....	16	233	1	0
Foreign Relations.....	16	70	9	0
Government Operations.....	18	91	7	0
Interior and Insular Affairs.....	16	286	16	399
Judiciary.....	16	717	21	0
Labor and Public Welfare.....	17	212	24	0
Post Office and Civil Service.....	9	73	4	0
Public Works.....	16	78	12	0
Rules and Administration.....	9	90	12	0
Veterans' Affairs.....	9	51	4	0

¹ As of July 20, 1973.

Senator Brock. Mr. Chairman, I do appreciate your willingness to hold the hearing on this matter, and consider its merit.

As I say, with your permission, I will submit the basic part of the statement for the record. I will just pick out a few points.

Since 1789, when the Standing Committee on Enrolled Bills—now part of the Rules and Administration Committee—was established, Senators have been dependent on groups of their peers to consider the business of the Senate.

From the standpoint of their jurisdiction, the standing committees of the Senate are a hodge-podge of incongruous arrangements, more the result of precedent, or accident, than design.

For example, many committees deal with wholly unrelated fields of legislation, worse yet, there is incredible overlapping.

I cite a number of instances.

For example, the Committee on Aeronautical and Space Sciences has jurisdiction to study and report on space activities “which are peculiar to, or primarily associated with the development of weapons systems, or military operations.”

Another basic issue is that of intercommittee coordination within the Senate. Some coordination is deemed desirable in order to avoid jurisdictional disputes, and no matter how carefully constructed the definitions of jurisdiction are, there will always be legislation which cuts across the committee boundaries. Such coordination can generally be accomplished by four methods:

- (1) Realignment of committee jurisdictions.
- (2) Interlocking committee memberships.
- (3) Intercommittee bill referrals.
- (4) Joint committees and joint staffing.

The question is, and I think the answer needs to be determined: How much coordination is desirable?

Taken to the extreme, it might dangerously speed up the legislative process, and increase majoritarian control at the expense of minority rights and interests.

It is important to note that 4 of the 18 standing committees of the Senate are formally identified as exclusive committees. Both parties have established rules limiting a Senator's membership to one of these exclusive committees.

Thus, fully three-fourths of the Senate has an opportunity to serve on an exclusive committee. They are, of course, Appropriations, Armed Services, Finance, and Foreign Relations.

Despite the major reduction of the number of House and Senate standing committees accomplished by the Legislative Reorganization Act of 1946, there is, nevertheless, dissatisfaction with the committee system. Partly it stems from the fact that there has been a proliferation of subcommittees.

A second question is, do we need more joint committees?

In the 1946 hearings on legislative reorganization there was very little enthusiasm expressed for joint committees. House Members, in particular, complained that Senators dominate joint committee meetings; in turn, Senators argued that joint committees impaired their appellate jurisdiction.

In the 1965 hearings, however, the mood of Congress was different. There was widespread and vocal support for more joint committees.

George Galloway has offered these arguments in support of joint committees:

They are more economical of the time and energy of legislators and administrators, substituting a single inquiry for two separate studies or investigations.

They speed up the legislative process.

They help to maintain coordinate equality with the executive branch, by preventing it from playing one House off against the other; and

When measures are matured by joint actions, differences between the House are not likely to arise and require subsequent adjustment in conference.

Galloway's case is less than convincing if it is analyzed in light of bicameralism and the check and balance system.

Former Senator A. S. Mike Monroney made this clear in 1945, when he responded to the Harvard professor, Arthur N. Holcombe's suggestion that more joint committees be created: "Doctor, don't you agree that 90 percent of all the legislative work in Congress is done in committee? Wouldn't we then be moving toward a 90-percent unicameral system?"

"No doubt you are correct," replied Professor Holcombe, "but that would be a movement in the right direction."

This is letting the cat out of the bag. The various proposals to establish new joint committees—and dozens have been suggested—should, I think, be viewed with skepticism.

An excessive number of joint committees, particularly if they are given full legislative powers, might tend to weaken the fundamental process of bicameralism.

On the other hand, joint committees performing investigatory, advisory and oversight functions do not raise so many objections.

Certainly, joint hearings before two or more House and/or Senate committees to receive testimony should be encouraged, I think, as this practice would simply save time without changing the organizational structure of the Congress.

Arguing that select committees often duplicate the efforts of the standing committees, Senator LaFollette urged, in 1945, that select committees be abolished.

The act of 1946, as originally passed in the Senate, prohibited select committees, but this provision was stricken in the House. Even so, according to Senator Monroney, "the spirit of the Act clearly indicated that * * * this special work should be done by the regularly constituted committees."

Of course, it is obvious that Congress has, in this respect, continued to violate the spirit of the act, even to the present. Oddly enough, little concern over this problem was expressed in the thousands of pages of hearings in 1965.

Accepting the fact that Congress will continue to create these temporary committees, the point that they should be held to a minimum is well taken by Senator Monroney. He said:

On special committees you never get to a point where you can do without them, but the law of diminishing returns applies. For instance, if we have two or three special committees in the House working, they will have the spotlight of public interest; but if you spread that to 10 or 15 committees, you undermine the value of the special committee weapon, and you destroy the very effective use of special committees' prerogative and equipment.

Select or special committees should be discouraged, but not prohibited. In duplicating regular committee efforts, they tend to weaken the standing committees. Perhaps a limit should be established for the number of special committees which can exist in any one Congress under the rules of the Senate.

Standing committees differ to some extent from one another in the nature of their membership. For instance, attorneys serve on the Judiciary Committee. Businessmen may be attracted to the Government Operations Committee. The Interior Committee is generally made up of Senators from the Western States in which Federal land policy is vital to the interest of many of their citizens.

However, the most important factors in determining committee membership is seniority; the Senator's background, previous elective experience, interests, ideology, State and personal goals are minor factors. Committee resources include staff, office space, printing, consultants and direct assistance from the General Accounting Office, Congressional Research Service legislative counsel, the Congressional Budget Office, and the Office of Technological Assessment.

The quality and quantity of these resources determine, to some extent, the success of the committees. An extensive study needs to be made of the resources available to committees and of the manner in which they can make use of technological advances in fields such as information retrieval and program analysis and evaluation.

The actual workload of a committee depends on the number of bills referred to a committee, and the quality and quantity of work demanded by these bills and the substance of legislation considered.

Table 1, which I have appended, contains a numerical count of all bills referred to, and reported by, the standing committees of the Senate for the 93d Congress, 1st session, through July 20, 1973.

Although these statistics are incomplete and do not cover the whole

session, they at least establish *prima facie* evidence that the workload varies drastically from one committee to the next.

The quality of a committee's legislative effort is more difficult to measure. Yet, in the final analysis, it is probably the most important factor, calling to mind Aesop's fable of "The Lioness."

The Senators know the fable, so I will not repeat that.

Arguments on quality notwithstanding, it is clear from quantitative analysis that committee workloads vary greatly. Setting aside the Appropriations Committee—which is in a category by itself—the committees with the heaviest workloads are Judiciary, Interior and Insular Affairs, Commerce, Finance, and Labor and Public Welfare.

The size of the committee seems to have little relationship to the committee's workload. Thus, the Judiciary Committee, the busiest committee in terms of bills referred to it, has 16 members—the same number as Armed Services, which handles not even one-tenth the legislation.

Of course, number of bills is not a true indicator of workload in the qualitative sense. Armed Services does deal with intricate legislation, but, clearly so does Judiciary.

In any case, more detailed study is needed to determine the real workload of the committees. Some committees handle so little legislation that it is difficult to justify their existence. Included here might be Aeronautical and Space Sciences.

The figures would also seem to suggest that the recent creation of the Veterans' Affairs Committee might have been unjustified. Because the workload of the twin District of Columbia Committees is so light in each House, it would seem that the suggestion, made by Members of Congress during the 1945 Legislative Reorganization Act hearings to establish a joint committee on the District of Columbia might have been a valid proposal.

In looking at the various committees reform proposals, we should remember the warning of Edmond Burke—that not all change is reform—and ask the following question: does the proposal tend to weaken or strengthen the committee system?

That is, does it promote bicameralism, independence of the Executive, Senate control over its committees, deliberation, protection of the minority and compromises?

If the answer is no, such a proposal must be viewed with skepticism. It may actually be no reform at all. Committee reform must be considered by the Senate. The time for committee reform is now.

I deeply believe a strong committee system means a strong Congress. The people deserve a people's branch which can be heard.

I might say, Mr. Chairman, in conclusion, that while I know the concerns of a number of individuals about the so-called Imperial Presidency, as Arthur Schlesinger refers to it, I am one who believes that this world will demand that the United States have a strong Chief Executive.

In order to protect the American people under those circumstances we must have a strong and effective Congress to balance that strong Executive, and that is exactly what I seek here, not to predetermine any issue to the nature of the particular reform, or to suggest any jurisdictional question, but to suggest that it is in our interest to undertake a serious extensive and detailed study of the problem, and to see if there is not some resolution to its apparent inadequacies.

Senator BYRD. Senator Brock, your statement is a very provocative, and thoughtful, and deliberate one.

Senator BROCK. Thank you, sir.

Senator BYRD. It reflects a great deal of thought and effort, and study, and work, in depth.

I found it very interesting in listening to your statement.

I know over the period of the last 2 or 3 years you have been strongly an advocate of creation of a committee of this kind. I think that your position is well taken.

I hoped that Senator Stevenson, and the other Senators, would have been here. They were ready earlier to appear, but we had to disperse with the other witnesses on S. 104 first; now, I understand those Senators at the moment are on their way over here.

Senator BROCK. We are all a little bit confused, and hurried this morning. I was trying to hear Dr. Kissinger in my committee on Government Operations, and he was not here. I do not know what happened to him.

Senator BYRD. Senator Moss, would you have a chair, please, at the witness table?

Senator Brock, do you have any estimate as to the cost of a select committee on committees, as to the staffing needs of such a committee?

Senator BROCK. Senator, I am a little reluctant to give a flat figure, and say that is an absolute guarantee. I think that it might require as much as \$600,000 or \$700,000 of staff and consultant support from various academic and other institutional groups. But I really do not know. I am just not that competent to judge the costs of this kind of a study. It is an extremely difficult study to make.

Senator BYRD. How did you arrive at the figure of \$700,000 or \$800,000?

Senator BROCK. We tried to analyze previous study commissions, both internal and external, to evaluate their staff requirements, and just to calculate what it would take, what kinds of fields of study would be required, and taking into account the fact that the Senate acted under the Senator's leadership to create the study of the Senate operations in hoping that their work would fold nicely with this, we could depend upon them for the more functional studies in terms of mechanical operations, and not have to undertake that kind of work.

Senator BYRD. You do not see any overlapping of effort as between those two?

Senator BROCK. No, sir. I think they would be highly complementary. I think they need some of the experience this committee might provide, but I think this committee could draw valuably on what they learn in their own States.

Senator BYRD. How long do you think it would require to complete this study by this committee if it were created?

Senator BROCK. If we could begin early this year, so that we avoid the delay that will obviously occur later on in the conventions and in the general election, I would hope that we might be able to complete the study in a year.

Senator BYRD. Within a year?

Senator BROCK. Yes, sir.

I think it would take that long to do it adequately, though.

Senator BYRD. Senator Moss, would you please proceed with your statement?

I am delighted that you are present.

STATEMENT OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE
STATE OF UTAH

Senator Moss. Yes.

In order to expedite it, I think I will stay with the text, because I likely would wander around more and give more examples if I tried to do it ad lib.

Mr. Chairman, rarely in my tenure as a Senator have I supported a Senate resolution as strongly as I support Senate Resolution 109.

Senator BYRD. Why would you wander around more?

Senator Moss. Well, I begin to embroider things, and put more illustrations on them when I try to wander around.

Senator BYRD. All right.

Senator Moss. There really is nothing more important to the way the Senate conducts its business than the way its committees are structured, and the way the workload is distributed.

I am tempted to interpose right there. I have three committees going right now, and I have come in here to testify to a fourth committee, and that is part of the problem, the maldistribution of workload.

But every Senator knows that in the present system the committees are oddly structured, and the workloads are grossly inequitably distributed. And yet, except for a few minor changes in 1970, there have been no substantial alterations of this system since the Legislative Reorganization Act of 1946, which is 30 years ago.

The time for a major overhaul is long overdue, and there is no doubt in my mind that a large majority of the Senate will vote in favor of the comprehensive study called for in this resolution, if they get the opportunity to do so.

Make no mistake about it, this is bound to be a frustrating and difficult job for the members of the Select Committee. Some jurisdictions are going to be changed. Some large and powerful committees are bound to be reduced in their influence and scope as the need for more equitable and rational workloads are established.

Let me just give you two examples of areas where unclear and overlapping jurisdictions have caused serious problems of delay and inefficiency.

One, of course, is science and technology. Three separate committees have some jurisdictional claim in this area, creating a situation that required consideration by three committees, when a relatively simple request to reestablish a Science Office in the White House came along.

Now, we have finally emerged with a pretty good bill, which passed the Senate yesterday. The point is that it has taken an inordinate amount of effort and more than 8 months to accomplish what should have been done in a few weeks.

Furthermore, we still have to go to conference with the House, so it will be several more weeks before we are finished. I am proud of the bill that has emerged, but I am not proud of the way in which it was accomplished. It was simply too cumbersome, and we cannot continue with such grossly inefficient approaches to problems of such paramount importance.

Another area is energy legislation. Energy, of course, has emerged as one of the most serious, pervasive, and difficult problems that the

Nation has faced. And yet, we seem to be floundering in an incredible multiplicity of piecemeal approaches because so many people have some part of the responsibility. I do not know how many committees and subcommittees now have some jurisdiction in energy, or in an energy-related area—they are so numerous that I am not sure that anyone even has an accurate count—but I do know that something must be done to straighten it out.

Mr. Chairman, the time is growing short. We are already into February, and this is a Presidential election year. I urge swift favorable action on this resolution, and I also suggest that the special committee be given extraordinary powers to complete the study before the beginning of the next Congress, otherwise it would not be until the 96th Congress, beginning in 1979, that these urgently needed changes could be implemented.

Perhaps we could consider a special session, after the election, solely to consider this matter. Perhaps the amount of money allowed the special committee to procure outside consultants could be increased so that it could perform its task more expeditiously.

In any event, Mr. Chairman, I strongly urge this subcommittee to give this matter its priority attention, and approve the resolution without further delay.

As a comment on that energy situation, I serve on one of the committees that has a piece of the action.

Senator BYRD. You are doing a little embroidering now.

Senator Moss. I am doing a little of the embroidering, and I will try to make it brief. But when we went to conference with the House on that incredibly complex bill we had, we must have had 20 or 25 Members of the Senate, we had nearly a fourth of the Senate sitting in conference there, and we had more intermural debate around and amongst ourselves on the Senate side than we had across the aisle with the House side in coming to some of these decisions that had to be made.

It was the most inefficient procedure, although I think the energy bill came out finally pretty good. It still is a strange looking animal, because of all these impinging views that had to be reconciled again in a conference with the House.

Senator BYRD. Senator Moss, you referred to the giving of extraordinary powers to such a special committee.

What did you have in mind when you referred to extraordinary powers?

Senator Moss. Well, I was thinking most of giving them speedy jurisdiction and broad powers to commission outside agencies or consultants to work with them, more than normally we do in our committee examinations.

I agree with the Senator from Tennessee about utilizing services of the commissions that are already in existence now, looking at procedures in the Senate. What they have can be a good building start on what this special committee would consider on jurisdiction.

Senator BYRD. That committee is not community procedures that you have in mind, but precedents and rules. You have in mind procedures within the context of the rules, is that not right?

Senator Moss. Yes.

Senator BYRD. Now, Senator Moss, could you at this moment indicate what, in your judgment, this committee would cost, the length of

time it would need in which to complete its task, and the size of the staffing?

Senator MOSS. Well, I have not really given it a lot of thought, and I do not know that I can defend a figure, except that the request that was made for \$900,000 does not seem to be excessive to do the job. It may not be quite as much, because I am as anxious, as my statement indicates, to move as rapidly as possible and try to do it in a shorter period of time.

If you get too large a staff, and too much input in this, it just inevitably extends the time.

Senator BYRD. Senator Brock and Senator Moss, do you feel that the Subcommittee on Rules could be supplied with an estimate of the start-off costs that would be required to get this committee going and moving in a reasonable and effective way?

When you speak of \$700,000 or \$800,000, I think the subcommittee might have to cough a little bit to keep from strangling over that figure.

Perhaps, as the committee went along, and was in a better position to know its needs, it could come back before the Rules Committee and ask for additional moneys to be able to justify the request.

Will you be able to, along with Senator Stevenson, the principal author of this resolution, supply in the immediate future a figure that can be justified and supported with some facts which would enable the subcommittee here to reach a judgment as expeditiously and in as informative way as possible?

Senator BROCK. Yes, sir.

I would just like to ask a question.

Do you have in mind the possibility of acting this week? If you do, it would require a very quick response. If you wanted us to wait until after the recess, no problem at all. We could give you some fairly decent figures by late this afternoon, I imagine, but it would depend upon your own schedule.

Senator BYRD. I think your position would be stronger, and the subcommittee would be in a better posture, if we could have, not a shoot from the hip estimate, but one that reflects a more considered judgment.

So with that thought in mind, I think I can speak for the subcommittee, in saying it would want to wait until after the recess, so that we can have better input by you and the other Senators in that regard.

Senator BROCK. That would be helpful, I think, if we have that much time.

I honestly do not see how we could act, or you could act any faster than that, anyway, even if we had it today.

I think we can prepare for you a calendar of expenditures, as you would normally do for a committee, and the types of professionals that would be required.

Senator BYRD. At least in the startoff stage, and also looking down the road, if you could project what the final estimated cost of this would be.

Senator BROCK. All right, sir. We will have that for you prior to the end of the recess.

[The following information was subsequently received for the record:]

U.S. SENATE,
Washington, D.C., February 10, 1976.

Hon. ROBERT C. BYRD,
Chairman, Subcommittee on Standing Rules, Committee on Rules and Administration, Russell Senate Office Building, Washington, D.C.

DEAR ROBERT: We are enclosing a suggested budget for a Committee on Committees. We would anticipate the Committee having a reporting date of no later than November 15, 1976. The proposed budget is based on the premise that the Committee will be able to make use of existing congressional resources, i.e., CRS and GAO. If this does not prove feasible, the Committee may have to seek increases in the amount authorized for consultants. We are suggesting a relatively small professional staff, but because of the importance of the work coupled with severe time restraints, we have purposely set salaries at a high rate to attract the best people available.

It is our hope that the Senate will have an opportunity to act on this Resolution by the end of this month. The members could then be appointed and the Committee organized in March giving it more than seven months to complete its assignment. This is a tight schedule, but we are convinced it is a feasible schedule.

Thank you again for your cooperation and if we can provide any additional information, please let us know.

With best wishes,

Sincerely,

ADLAI E. STEVENSON.
BILL BROCK.

Suggested budget: Senate Select Committee on Committees

[Tentative Appropriation: \$296,700 annually]

EXPENDITURES

Salaries for staff:

Staff director	\$36,000
Majority counsel	34,000
Minority counsel	34,000
Professional staff	32,000
Professional staff	25,000
Professional staff (minority)	25,000
Subtotal	186,000
Office manager	15,000
Assistant office manager	12,500
Secretary	10,000
Secretary	10,000
	47,500
Total staff salary	233,500
Stationery and supplies	2,300
Consultants	50,000
Periodicals and publications	1,300
	53,600
Balance forward	287,100
Telephone and telegraph	700
Equipment	4,500
Travel	1,500
Witness fees	2,900
	9,600
Total estimate	296,700

Senator Moss. I would be glad to cooperate in that, and certainly make what input I can.

My urging, of course, was to do this as rapidly as possible, and not propose a study that would stretch over, say, 2 years time. That would make some difference in the amount of money needed.

If it is going to be a long process, you spend a lot more money.

Senator BYRD. Now, Senator Moss and Senator Brock, do you know of any opposition to this resolution?

Senator Moss. I do not know of any spoken opposition. I think there is kind of an inertia, which I think is what has held us up for 30 years, held the Senate up in that length of time. But the House did put into effect quite a bit of reorganization of their committee structures just a year ago, and so it seems to me that this is the time to update ours. At present, we do not match committee to committee with them, but things are getting further apart in our dealings with the House.

When we go off to a conference, sometimes we go to an unfamiliar committee, compared to the committee we are representing. I think that indicates how out of kilter we have become over the years.

Senator Brock. I would agree.

I, myself, on my own part, Senator, know of no opposition to the undertaking of a study by some process, either in this Subcommittee, or in the special committee which might be created.

I think in general there is a feeling on the part of every colleague that I have discussed this with, senior, junior, Republican, Democrat, it does not matter, that perhaps we have let the matter go too long without some adjustment.

Senator Moss. May I bring up one other point that just occurred to me?

I serve on the Budget Committee now, and we have borrowed essentially what the OMB breakdowns are in describing functions, and we find that these functions cause crossing back and forth among our committee jurisdictions.

It would be time to look at that budget operation and see how that might affect committee organization.

Senator BYRD. I am not a cosponsor of this resolution, for the simple reason that I am chairman of the Subcommittee on Rules. This fact does not inhibit me from introducing a resolution of my own that referred to my subcommittee because of its jurisdiction, but the fact that my name was not listed as a cosponsor, I am sure you know already, does not mean that I am an opponent of the resolution.

I am just the contrary, as I have indicated to you, in my private conversations with you, Senator Brock.

Senator Brock. Yes, sir.

Senator BYRD. And it would be my desire to expedite the action on this resolution as soon as possible.

Senator Griffin, who is the minority member of the subcommittee, has sent to me a note stating that he regrets that he has been unable to attend these hearings, but that he will closely examine the record. He has asked that the record be left open until after the recess.

So I think that answers your question and mine as to when the estimate ought to be provided to the subcommittee.

So then additional statements may be entered into the record.

Senator Stevenson is the principal author of this resolution. He had prepared himself to appear at 9 o'clock this morning, when it was first indicated by me that the Subcommittee would open its hearings today on Senate Resolution 109, and then would go from there to its consideration of Senate Resolution 104.

I have explained the reasons earlier as to why the subcommittee saw fit to reverse that order and proceed with Senate Resolution 104 initially.

Now, the result is that Senator Stevenson is tied up in another committee and cannot come to this committee at this time.

His statement, which I have in my hand, will be included in the record.

I do not feel that there will be any objection on the part of either you, Mr. Brock, or Mr. Moss, that in view of the fact that Senator Stevenson is the principal author, that his statement appear in the record at the beginning of the hearing on Senate Resolution 109.

Senator Moss. No objection.

Senator Brock. No objection.

Senator Byrd. His statement will be immediately followed by yours, Mr. Brock, inasmuch as you are the principal cosponsor.

Senator Brock. Thank you, Mr. Chairman.

I neglected to ask your permission to present, on his behalf, a statement by Senator Percy, if I may.

As well, I have been asked to advise you that at least on the part of six Senators, they request permission to submit statements for the record.

Senator Byrd. The record will remain open for the statements by those Senators, or any other Senators, and the statement that you have brought with you from Senator Percy will be included in the record at this point.

[The statement of Senator Percy follows:]

STATEMENT OF SENATOR CHARLES H. PERCY ON S. RES. 109

Mr. Chairman, I commend this Subcommittee for holding hearings on S. Res. 109, which would create a Senate Select Committee on Committees to study and recommend reforms for the committee structure of the Senate. At the outset let me say that I strongly support this legislation.

It has been close to thirty years since Congress passed the Legislative Reorganization Act of 1946, the last major realignment of the Senate committee structure. It would be an understatement to say that much has happened since then. The new issues and problems of our society are such that the problems and needs of one area are directly affected by those of every other area. We cannot talk about energy without talking simultaneously about the economy, the rights of consumers, employment, foreign affairs, and the structure of government. As Vice President Rockefeller summarized at a symposium before the Government Operations Committee this week, "No problem can be dealt with in isolation."

The 17 Standing Committees of the Senate, the more than 130 Subcommittees, plus the various Special, Select, and Ad Hoc Committees, represent a very fragmented approach to the problems of the nation. Rigid lines of jurisdiction and the all-too-often lacking element of coordination among Committees frequently results in duplication of effort and resources. A number of Committees and Subcommittees deal with a single issue along parallel lines.

S. Res. 109 represents an attempt to re-examine the Committee structure of the Senate to discover whether our perceptions of thirty years ago are still relevant today, and if not, where adjustments might be made. I believe that such an endeavor is long overdue.

The role of the Congress in our system of government has undergone an important evolution over the past few years, and this evolution is continuing. More

and more responsibility is being placed upon the Congress both by the demands of society as a whole, as well as on the initiative of the Congress itself. Congress today is more than ever before an active body and an initiator of events.

If Congress is to equip itself to handle its expanding responsibility in an effective and decisive manner, it must examine its own Committee structure.

I was pleased by the recent initiative of the Senate to create a new Commission on the Operations of the Senate to examine the adequacy of our operations other than Committee jurisdiction. This, however, is not enough. Truly, the Committee system represents the core of the Congressional process. It is in committee where proposed legislation is tested against social reality, where the many creative inputs and ideas of the various sectors of the legislative community are sifted, compared, distilled, and in the end perfected before delivery to the Senate floor. It is the Committee which more than any other entity holds the power of life or death over legislation.

The complexity and urgency of the Congress' workload demands at the very least the initiative of study and examination. The recent experience of the House of Representatives and its Select Committee on Committees, I believe, demonstrated the positive value that can come out of such a study by pinpointing specific problem areas and recommending constructive solutions.

There is no putting aside the fact that Committee jurisdiction is one of the more sensitive topics in the Senate. The experience of the House Select Committee on Committees, particularly the defeat of many of its specific recommendations on the House floor, demonstrates this point. In creating a Select Committee on Committees in the Senate, I hope that we will guard against superficial expressions of concern and pay heed to the recommendations this committee will make.

Let me express once again my support for S. Res. 109 and my appreciation to this Subcommittee for holding hearings on this most important measure.

Senator BROCK. Thank you.

Senator BYRD. So without objection, the statement by Senator Stevenson will be placed at the beginning of the hearing on Senate Resolution 109.

Additionally, the subcommittee will want to hear from Senator Stevenson in person before it closes the hearings.

I may very well call upon you, Senator Brock, and Senator Moss, to reappear for the purpose of answering questions.

Senator BROCK. I am available at your convenience, Mr. Chairman.

Senator BYRD. Now, before you leave, Mr. Moss, the Rules Committee is trying to complete its hearings on the funding requests of all Senate committees at a hearing tomorrow morning.

Is there any possibility that Aeronautical and Space Sciences would be ready to be heard Friday morning on Senate Resolution 368, its pending funding resolution?

Senator MOSS. We had not planned to appear. I inquired earlier about whether we could possibly be on. I had been told no, that it would more likely be after the recess. So I made other commitments that will make it impossible for me to be here tomorrow.

Senator BYRD. Well, I will inform the chairman.

Thank you again, Senator Brock, for your very scholarly statement.

Senator BROCK. Thank you so much, Senator.

Senator BYRD. I will inform Senator Cannon, the chairman of the Rules Committee, as to your response to that question.

I ought to state for the record that Senator Cannon had to go to another subcommittee to attend a markup on a bill, and for that reason he had to leave this hearing, which he attended earlier, and his intention was to return. He will certainly review the record of the statements made.

Senator Moss. I can assure you he is there. That is the committee I just came out of.

Senator BYRD. What committee is that?

Senator Moss. The Aviation Subcommittee of Commerce. We are marking up ADAP bill.

Senator BYRD. He explained he had to go to that committee, and his intention was to then return on this one. He will review your statement, and the statement of others, with interest, and we will all sit again in connection with this resolution.

Thank you, Senator Moss.

Senator Moss. Thank you.

Senator BYRD. I will submit a statement by Senator Claiborne Pell, which is to be included in the section of the hearings dealing with Senate Resolution 104. (See pp. 35-36 of these hearings.)

That completes the list of witnesses at this time.

The subcommittee will stand in recess awaiting the call of the Chair.

[Whereupon, at 11:55 p.m., the subcommittee recessed, subject to the call of the Chair.]

[The subcommittee subsequently received a statement by Senator Metcalf and a letter from Senator Humphrey on S. Res. 109, which statement and letter are as follows:]

STATEMENT OF SENATOR LEE METCALF ON S. RES. 109

I am delighted to be able to submit this statement and to endorse wholeheartedly the establishment of a temporary Select Committee to Study the Senate Committee System.

No more eloquent testimony of the need for reexamination of Committee jurisdiction can be found than the following excerpt from the Congressional Record for February 4, 1976:

"Mr. MANSFIELD. Mr. President, I ask unanimous consent that House Memorial No. 1328, adopted by the Florida Legislature, be referred jointly to the Committees on Public Works; Interior and Insular Affairs; Commerce; Banking, Housing and Urban Affairs; Agriculture and Forestry, and the Joint Committee on Atomic Energy."

A Resolution of the Florida Legislature had to be referred to a plethora of committees.

As I am sure others will point out in some detail, the basic structure of this body's committee system—apart from procedural changes—is much the same now as it was in 1947 following implementation of the previous year's Legislative Reorganization Act.

We have, of course, created new standing committees—Aeronautical and Space Sciences, Veterans' Affairs, and Budget—since the 1946 reorganization, when the number of such committees was reduced from 33 to 15. And other salutary changes have been made in the way we work in committee.

The seniority custom has been modified, to insure a more equitable distribution of assignments on important committees. Trends begun in provision of the 1970 Legislative Reorganization Act have continued to improve our committee operations, most notably in equalization of the burden of committee assignments for Senators, in strengthened committee staff capability, in adoption and publication of rules of procedure, and in opening committee business to public view.

But important as these changes are, they do not go to what I believe is the heart of the matter—the problem of committee jurisdiction.

The Joint Committee on the Organization of the Congress, which in 1965 and 1966 reviewed aspects of committee operation, recommended a number of jurisdictional changes, including areas over which the committees were exercising jurisdiction without clear authority in the rules. As finally enacted, however, the 1970 Reorganization Act provided only for a change in the name of the Senate Committee on Banking and Currency—to Banking, Housing and Urban Affairs—and established a new Committee on Veterans' Affairs.

In short, the rules defining the jurisdiction of our committees are essentially the same today as they were when first set out 30 years ago.

Now I am certain all of us recognize that, as a practical matter, the areas for which each of our committees is responsible cannot be engraved in stone, covering every conceivable contingency and every governmental activity now and in the foreseeable future. The leadership needs a measure of flexibility. Joint and consecutive referrals can result in improved legislation, bringing to complex policy questions a broader perspective than can be supplied by a single committee.

But the present situation is by no means reasonably and appropriately flexible, nor are joint referrals in many areas occurring because of a rational choice based on subject matter complexity. And our neglect of the problem of committee jurisdiction has by no means been benign.

Surely all of us are aware of the costs of such jurisdictional tangles as that which occurred two years ago, when the Senate—with five committees vying for a place in the sun—attempted to deal with the potential of solar energy for heating and cooling buildings. Or of the Senatorial energy lost in the creation of ERDA, which followed shortly thereafter. Or of the depths to which committee strife has plunged us in our efforts to establish a sensible policy with regard to recovery of the mineral wealth of the deep seabed.

We must not ignore our fractured committee jurisdictions any longer. We simply cannot afford the price we are paying, in sloppy, often contradictory legislation, in the low esteem we are held by the public, and in our inability to initiate—and sustain—needed governmental activities in the face of executive opposition.

I am also convinced that the way to begin is to assign responsibility for a systematic review of committee jurisdiction and related questions to a temporary, select committee established solely for that purpose.

Such a committee, in my judgment, will complement not only the studies presently underway in the new Commission on the Operation of the Senate—which is precluded from looking into the jurisdictional question—but the work of the Joint Committee on Congressional Operations as well.

The Joint Committee, it should be noted, was considering hearings on committee jurisdiction in early 1973, when I was its Chairman. But in the course of House debate on the resolution which ultimately created a select committee of the House for this purpose, Gerald R. Ford, then the minority leader—in violation of the rules of the House—opposed the Joint Committee approach by simply reading the names of its Senate members and asking rhetorically whether the House wanted these men to pass on the jurisdiction of committees of the House.

He took this position despite the fact that the Joint Committee has no legislative authority and only sought to inquire into the situation carefully and develop any necessary recommendations for orderly consideration of legislation by comparable committees in each body.

In subsequent action, however, the House Select Committee recommended and the House in October 1974 passed a resolution including a directive to the House Members of the Joint Committee for continuing study of House committee jurisdiction and workload. Further, the Joint Committee's House Members were urged to work with Senate Members in an effort to rationalize committee jurisdiction between the Houses.

I hope that now, beginning with the establishment of a Select Committee, the Senate will also act to bring a semblance of order out of our jurisdictional chaos.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., February 4, 1976.

HON. ROBERT C. BYRD,

Chairman, Subcommittee on Standing Rules of the Senate, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing in regard to current subcommittee hearings on S. Res. 109, a resolution to establish a temporary select committee to study the Senate committee system. I request that this statement of my views on this resolution be included in the subcommittee hearing record.

As you know, this legislation is similar in concept to a resolution I introduced in both the 93d and 94th Congresses. Subsequent events have only confirmed my

belief that reform of Senate committee jurisdictions must be undertaken without further delay.

There is a great need for this study. The jurisdictions of the Senate committees have not been examined in depth since the Legislative Reorganization Act of 1946. As we all know, times have changed. New programs have been added; new challenges face our governing institutions. Yet there has been little change in the manner in which Congress examines, reviews, and authorizes legislation.

Recent events have highlighted the need to improve congressional procedures. Jurisdictions over important policy issues of today are split among a host of congressional committees. The workload of the various committees varies significantly.

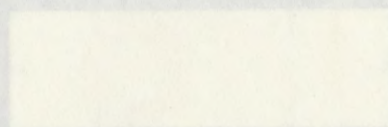
S. Res. 109, which I have cosponsored, would address these problems, so that the Senate and, indeed, the Congress can take a stronger role in policy initiation.

Thank you, Mr. Chairman, for this opportunity to express my views.

Sincerely,

HUBERT H. HUMPHREY.







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