

April 14, 1969

Honorable Maurice H. Stans
Secretary of Commerce
Washington, D. C. 20230

Dear Mr. Secretary:

I enclose some recent information on the program of loans to minority group members administered by the SBA. It is discomfoting, and I think bears some close watching, since publicity on it, especially if the trend should continue, would be most unfortunate. You may recall the recent Evans & Novak piece which raised this question. That may be simply a hint of the trouble we might have.

Sincerely,

John R. Price
Counsel to the Assistant
to the President for
Urban Affairs

Encl.

CC: DPM

JRP/djb



U.S. GOVERNMENT
SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

March 27, 1969

Honorable John Price
Staff Assistant to the President
The White House
Washington, D. C. 20500

Dear John:

Following our phone conversation, I am given to understand that the SBA Minority Business Enterprise Program is in serious trouble. Apparently our field staff is not even putting our direct economic opportunity loan money "on the street" i.e., two million dollars of EOL money is going unutilized. In addition, there has been a dramatic increase in the number of complaints into our Equal Opportunity Offices.

Fitting a function to the data on "NUMBER OF LOANS TO MINORITY GROUPS" indicates that we will be back where we were before Project OWN started (i.e., a rate of less than 2,000 loans annually to minority group members) by May 22, 1969. This would be a drastic decline from the peak of 6,900 annual loan rate reached on November 7, 1968. If this became a matter of public information, as it probably would, the impact on the Agency, the Administration and the inner-city communities would be calamitous.

The trend in the annual rate of loans to Negroes confirms the above analysis. At the rate we are now going, by May 1, 1969, we shall be back to a pre-Project OWN situation of a rate of less than 1,500 loans annually to Negroes. The high point in this category was also reached on November 7, and was approximately a rate of 5,700 loans annually.

I would appreciate it if you would keep the audience of this information extremely small. I have some ideas on how this situation may be rectified and look forward to meeting with you again.

Sincerely,

Eamon M. Kelly

P. S. The Vice President's erroneous remarks--both factually and philosophically--of the other day will also have serious deleterious effect on the program.

enclosure

