



Press Release

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U.S. SMALL BUSINESS ADMINISTRATION CELEBRATES 50th ANNIVERSARY

Governor Easley Proclaims September 23, 2003 as 'SBA Day' in NC

Charlotte, NC – The U.S. Small Business Administration is celebrating its golden anniversary in 2003. North Carolina Governor Mike Easley has proclaimed September 23, 2003 as “Small Business Administration Day” in North Carolina to commemorate SBA’s 50th anniversary.

Since its creation in 1953, the SBA has helped more than 20 million Americans start, grow and expand their businesses – placing more than \$170 billion in direct or guaranteed loans into the hands of entrepreneurs.

Since 1958, SBA has approved over 15,600 loans for approximately \$2.7 billion dollars in the state of North Carolina.

“We are proud to celebrate the accomplishments of SBA and our partners to help businesses in North Carolina and around the country,” said Lee Cornelison, North Carolina SBA District Director.

Although the SBA was officially established in 1953, its philosophy and mission were shaped years earlier through predecessor agencies, largely as a response to the pressures of the Great Depression and World War II. The Reconstruction Finance Corporation, created by President Herbert Hoover in 1932 to alleviate the financial crisis of the Great Depression, was SBA's grandparent. The RFC was basically a federal lending program for businesses large and small that had been hurt by the Depression. It became the personal project of Hoover's successor, President Franklin D. Roosevelt.

Concern for small business intensified during World War II when large industries beefed up production to accommodate wartime defense contracts, and smaller businesses had difficulty competing. To help small businesses participate in war production and give them more financial viability, Congress created the Smaller War Plants Corporation in 1942.

The SWPC provided direct loans to private entrepreneurs, encouraged large financial institutions to make credit available to small enterprises, and advocated small business interests to federal procurement agencies and big businesses.

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The SWPC was dissolved after the war, and its lending and contract powers were handed over to the RFC. At this time, the Office of Small Business in the Department of Commerce also assumed some responsibilities that would later become characteristic duties of the SBA.

Its services were primarily educational. Believing that a lack of information and expertise was the main cause of small-business failure, the OSB produced brochures and conducted management counseling for individual entrepreneurs.

Congress created another wartime organization to handle small business concerns during the Korean War, this time called the Small Defense Plants Administration. Its functions were similar to those of the SWPC, except that ultimate lending authority was retained by the RFC. The SDPA certified small businesses to the RFC when it had determined the businesses to be competent to perform the work of government contracts.

By 1952, a move was on to abolish the RFC. To continue the important functions of the earlier agencies, President Dwight Eisenhower proposed creation of a new small business agency -- the Small Business Administration.

In the Small Business Act of July 30, 1953, Congress created the Small Business Administration, whose function was to "aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns." By 1954, the SBA already was making direct business loans and guaranteeing bank loans to small businesses, as well as making loans to victims of natural disasters, working to get government procurement contracts for small businesses and helping business owners with management and technical assistance and business training.

Over the past 50 years, the SBA has expanded its array of programs tailored to encourage small enterprises. Agency programs include financial and federal contract procurement assistance, management assistance and specialized outreach to women, minorities and veterans. The SBA also provides loans to victims of natural disasters and specialized advice and assistance in international trade. Nearly 20 million small businesses have received direct or indirect help from SBA programs since 1953, as the agency has become the government's most cost-effective instrument for economic development. In fact, SBA's current business loan portfolio of roughly 219,000 loans worth more than \$45 billion makes it the largest single financial backer of U.S. businesses in the nation. Last fiscal year alone, the SBA backed more than \$12.3 billion in loans to small businesses. More than \$1 billion was made available for disaster loans, and more than \$40 billion in federal contracts was secured by small businesses with SBA's help.

Today, the SBA is simplifying the way it does business to best serve 21st Century entrepreneurs. Forms and procedures have been streamlined, and around-the-clock access to information can be found on www.sba.gov and www.sba.gov/nc.

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