

# Outlook for Small Business in 1959 Considered Bright by SBA

By A. ROBERT SMITH  
Mail Tribune

Washington (Special)—The outlook for small business during the coming year is considered bright by economists of the Small Business Administration who keep their finger on the nation's economic pulse.

They foresee a period of greater stability in the small business field with a healthy decline in the number of small business failures. They doubt that credit will be tightened any further by actions of the Federal Reserve Board in the coming year. They believe the inflationary movement has slackened and will not show any substantial acceleration in the year ahead.

These forecasts—plus the fact that SBA is now in a stronger position to offer financial assistance to small business firms because of recent legislative action—are in marked contrast with the past year when small business failures hit a post-war high due

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to the recession.

**Estimate Failures**  
SBA estimates the number of failures for 1958 will run around 15,000, compared with 13,739 failures in 1957, 12,676 in 1956, 10,969 in 1955, 11,086 in 1954 and 8,862 in 1953. The peak of failures was reached last March when 1,495 firms folded.

General building contractors who collapsed during the building decline of the past year or more, notably in residential housing, accounted for many of the small business failures. During the first half of this year, failures were higher also in lumber and lumber products, printing and publishing, metalworking, retailers of furniture and home furnishings, apparel and accessories, auto dealers and gas stations, SBA reported.

**Two Relevant Factors**  
While critics of the administration's now-a-banned tight money policy blame it for the excessive failures, a charge SBA economists don't directly challenge, SBA points out two relevant factors which must be weighed in evaluating what's been happening to small business.

One is that the average number of failures in small business enterprises over the past 50 years has been between 13,000 and 14,000 a year—so the 15,000 expected failures of this year is not much out of line. This average, of course, includes heavy failures during the Great Depression, but it also includes wartime years when failures were few. Surprisingly, failures during the Roaring Twenties were much higher—over 23,000 in 1922 and in 1928, for example—than today's collapses.

The second factor is that the number of firms has increased greatly. The number of construction firms nearly doubled from 1946 (244,000) to 1957 (477,000). In 1946, there were 139 failures of construction businesses, whereas last year there were 2,105.

**"Weeding Out" Period**  
In a broad sense, the past year or two has been a "weeding out" period for the host of new enterprises launched after the end of World War II when consumer demand shot sky high. Only those enjoying some favorable economic position or those strong enough to withstand the onset of a competitive economy—a buyers' market instead of a sellers' market—are destined to survive.

Another factor making for a prediction of greater economic stability for small business in the period ahead is that the average age of small businesses in this country is now about seven years, whereas after the war when so many new enterprises were started the average age was only three years. This means there is relatively more business experience guiding these surviving successful companies.

**Business Loans**  
During the period of recession, an increasing number of companies turned to SBA in quest of credit. Applications for business loans went from about 300 to 400 a month to 800 to 1,000 a month. This, SBA officials say, reflected an insufficiency of available private credit from banks. SBA's rate of approval of loan applications now runs around 65 per cent, a slight increase.

SBA bumped against its lending ceiling several times, but Congress came to the rescue to provide more funds. SBA's revolving fund authorization now has gone up from \$530 to \$650 million, and the amount that can be outstanding in business loans has been increased from \$305 to \$500 million.

Congress also cut the maximum interest rate from 6 to 5½ per cent on SBA loans. When banks participate in a loan, the interest rate on their share is not limited. The maximum amount of a loan to one firm was raised from \$250,000 to \$350,000.

**Permanent Federal Agency**  
SBA, moreover, is now a permanent federal agency under the act passed last July. From its creation in 1953 until then, it was regarded as a temporary agency to provide financial help to small firms getting into defense work during the Korean war.

During the fiscal year, which ended last June 30, SBA made 4,014 business loans amounting to \$194,997,000, plus 1,559 disaster loans totaling \$17,305,000.

But in July, August and September, the number of loans approved sharply increased over the same period of the previous year, indicating that small business firms will be making use of SBA's increased lending authority this coming year. For September alone the number of loans approved was a third higher than September last year. Approved in Oregon  
During the past year, Octo-

ber, 1957, through September, 1958, SBA approved 81 loans for firms in Oregon. The total amount of these loans was about \$4.5 million, ranging from a \$4,100 loan for a Myrtle Creek washing and drying laundry service to a \$275,000 loan to the Oregon Turkey Growers as Salem for processing the big birds. The smaller loan was entirely from SBA, whereas the larger of the two had the participation of a local lending institution for part of it.

Other Oregon firms to gain approvals this past year included: Jewett Office Supply, Medford, \$15,000; John's Plumbing and Heating, Myrtle Creek, \$12,000; Myrtle Creek Building Supply, \$25,000; George and Dean Lewis Logging company, Applegate, \$15,000; Gilman's Dairy Farm, Inc., Medford, \$10,000; Bernard T. Thompson, Medford dentist, \$15,000.

## Fund Presented for Purchasing Volumes

In memory of the late Mrs. Charlotte Collins, Dr. and Mrs. Richard B. Stark of New York City have presented the Jackson County library with a fund to purchase memorial volumes.

## Court Records

**DISTRICT COURT**  
Dan O. Talbott, overload, \$79; insufficient binders, \$15.  
Haywood R. Calkins, failure to stop, \$10.  
Vernon Buck, overload, \$29.  
James D. Whitely, overload, \$179.  
Dave W. Regan, violation basic rule, \$15.  
Tibor J. Zsenbery, no muffler, \$15.  
Augustine F. Lewis, overload, \$172.  
Shirley R. Kelly, failure to stop, \$10.  
Robert J. Vaughn, racing on public highway, \$20.  
Glen A. Branch, exceeding position limit of dark geese, \$20.  
Ruth K. Dean, violation basic rule, \$15.  
James W. Brewer, overweight and overload, \$18 (twice), \$5.  
Harold W. Wilburn, failure to stop, \$10.  
Douglas A. Harsh, violation basic rule, \$15.

**CIRCUIT COURT**  
Mabel F. Silver vs. Alva C. Silver, divorce complaint.  
Donna Jean Leaf vs. Chadwick Oliver Leaf, divorce complaint.

For a bit of old Ireland, there is the town of Erin, Wis., Donegal Road intersects Dublin Drive and Shamrock Road crosses Emerald Drive.

New Jersey has 699 square miles of inland water, comprising more than 800 lakes, ponds, bays and harbors.

books of the year, "Time of Wonder," by Robert McCloskey and "Rifles for Watie," by Harold Keith.

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## Benson Says Economy Moves Forward Again

Alma, Wis.—(UPI)—Agriculture Secretary Ezra Taft Benson yesterday claimed the national economy was moving forward strongly again because the Eisenhower administration avoided "extreme action urged on it by panicky New Deal-Fair Deal politicians."

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