

SMALL BUSINESS ACT—VETO

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT APPROVAL THE BILL (S. 1672) ENTITLED
"THE SMALL BUSINESS ACT"



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To the Senate of the United States :

I am returning today without my approval S. 1672, a bill to amend the Small Business Act.

The stated purpose of this measure is to improve the legislative authority of the Small Business Administration, and I am in complete accord with that objective. Unfortunately, this legislation is also burdened with several extremely undesirable features—provisions which would represent a backward march for the Federal Government's disaster relief programs—and for that reason, I am compelled to veto it.

Last year our Nation experienced the worst series of natural disasters in recent memory. I visited several of the affected areas and talked with the victims. Many of them pointed out problems they were having with Federal aid.

As a result of those discussions, I ordered a thorough review of all Federal disaster assistance programs, and earlier this year I proposed legislation that would fundamentally restructure them. The purpose of those proposals was simple: to help disaster victims in the fastest, most efficient and most humane way possible—and in a way that would target our assistance on those genuinely in need. The Federal Government has a clear responsibility to help disaster victims who cannot help themselves, especially low-income families, but those who have their own resources should not use the general taxpayer as a crutch.

If I were to sign this bill, we would turn our back on these objectives and reinstate practices that have proven unworthy in the past. In fact, this bill would reopen a leaky financial tap in the Federal Treasury which the Congress itself closed last April.

The provisions of S. 1672 which I find unacceptable are these:

- At a large and unnecessary expense to the taxpayer, this bill would provide Federally subsidized loans and grants to all disaster victims regardless of economic need. A wealthy landowner, who could provide for himself through insurance or could easily obtain a private loan, would be entitled to a \$2500 free grant from the Government and an additional loan at only three percent interest. Alternatively, he could forego the grant and obtain a loan for the full amount at only one percent interest. A poor family could qualify for the same aid under this bill, but it is unlikely they would require as large a loan as richer families. The net result would be greater Federal assistance for the well-to-do than the needy, and an even larger bill for the general taxpayer. That is not my idea of good government.
- The cost for the taxpayer of S. 1672 would be approximately \$400 million in Federal spending for each \$1 billion in loans. While we cannot precisely forecast future costs, we do know that if our disaster experiences in the next 12 months are the same as last year, this bill would add \$800 million to the Federal budget.

—In addition, this bill would slow the Federal Government's ability to respond to disasters by creating an administrative nightmare for those agencies charged with providing assistance.

My continuing hope is that we can act this year to accomplish the much-needed reforms in our disaster assistance programs. The proposals I sent to the Congress earlier this year are designed to insure that the sincere compassion felt by all Americans for disaster victims can be translated into the most rapid, effective and equitable form of disaster assistance possible. To this end the Administration will continue to work with the Congress to enact these comprehensive reforms, and, if need be, to enact a constructive, fiscally responsible and effective interim measure which would serve until more permanent reforms can be made. In the meantime, ongoing programs will continue to be of assistance to disaster victims and will not be affected by my disapproval of S. 1672.

RICHARD NIXON.

THE WHITE HOUSE, *September 22, 1973.*