

NATIONAL FEDERATION OF INDEPENDENT BUSINESS

BY C. WILSON HARDER, PRESIDENT

We appreciate your kind invitation to comment, from the small business standpoint, on the President's 1967 Economic Report and the Annual Report of the Council of Economic Advisers.

We have studied both documents closely. Much of the Council's data is not news to us. It has been reflected for some time in indicators based on our economic surveys. The President's recommendations, based on the Council's findings, equally are not new. Unfortunately and apart from that which indicates thought must be given to contingency plans for peace—a recommendation which we made to Mr. Gardner Ackley on April 12, 1966—we find much in these recommendations which may well harm rather than help future economic growth.

First, however, as to the Federation and its surveys. With a membership of almost a quarter of a million smaller, independent enterprisers the Federation has as a member more than 1 of every 20 small businesses in our country. This membership is broadly representative of all small business, by vocation, size, and geographic distribution.

Our surveys are based on responses received from about 1 of every 60 small businesses yearly, and from about 1 of every 240 small businesses quarterly. Samples from quarter to quarter are comparable.

In any case, the Council pictures strong economic growth to the end of 1965, which, it claims, had to be dampened down. It states that restraining measures undertaken "began to take effect in the spring (of 1966)" and that "By the closing months of 1966, it was clear that the brakes had worked."

Our indicators for 1966 1st Quarter showed the restraining measures taking effect, particularly in the Contract-Construction industry. We are happy to enclose a copy of our April 8, 1966 analysis which reflected our findings. Copies of this report were furnished to your Joint Committee as well as to other Committees and Executive Branch agencies.

As 1966 progressed, and as our 80,000 responses for the year accumulated, indications became increasingly clear that the brakes were in fact working. The question suggested was whether their application had been too uneven or harsh, resulting in a threat to throw the small business vehicle off the road into the ditch of recession.