

The trends we found, and which we reported, appeared broadly as follows (we include as yet unpublished indicators for January 1967):

[In percent]

	1966				
	1st quarter	2d quarter	3d quarter	4th quarter	January 1967
Percentage respondents indicating—					
Business volume same as 1 year earlier.....	30	31	31	32	(¹)
Business volume higher than 1 year earlier.....	51	48	48	47	(¹)
Business volume lower than 1 year earlier.....	17	18	19	20	(¹)
Inventories higher than 1 year earlier.....	40	39	39	36	23
Building construction within past year.....	23	22	23	22	21
Purchase of new equipment within last year.....	55	54	53	52	48
Accounts receivable higher than 1 year earlier....	43	41	41	40	20
Usually able to generate capital from own earnings.....	54	51	51	53	(¹)
Difficulties with collections.....	30	30	34	32	(¹)
Dependence on banks when outside funds needed.....	66	63	62	60	(¹)

¹ Question not part of 1967 survey.

With fewer respondents reporting sales volume higher than 1 year earlier, and more reporting it same or lower—with an increasing percentage reporting difficulties with collections—with a decreasing percentage reporting ability to generate from earnings the working capital needed for operations—as opposed to a decreasing percentage indicating confidence in ability to depend on banks for outside financing, the suggestion was strong that small business was being subjected to an increasingly severe economic squeeze. Judging by indicators available for January, this squeeze has not abated.

Of course, “tight money” contributed to the squeeze. Of all respondents to our survey in January 1967, 46 percent indicated they had applied at banks for loans during the past year—64 percent for working capital purposes, and 37 percent for capital equipment and construction purposes. Of all who applied, 72 percent indicated that their needs had been met in full, 12 percent partially, and 8 percent not at all. Of those whose needs had been met only partially or not at all, 16 percent indicated resort to insurance companies, 16 percent to finance companies, 18 percent to suppliers, and 6 percent to Small Business Administration.

Among those who reported needs met fully by banks, there was a reported average interest charge of 6.6 percent in 1966 against 6.1 percent in 1965. Those who resorted to insurance companies reported the charges as 6.3 percent against 5.8 percent. In the finance company category the reported average charge was 7.5 percent against 6.1 percent; in the supplier category 6.6 percent against 5.9 percent; and in the SBA category (due, no doubt, to a combination of SBA and other help) 6.5 percent against 5.9 percent.

One important effect of this squeeze is seen in trends in small business new job formation. This effect is important because of the fact that small business provides well over 40 million jobs for our country (source: Report by the Library of Congress to the House Small Business Committee) and, according to Senator Winston Prouty, provides a source of livelihood for more than 60 percent of our people.