

business by the Department of Defense is lower than it has been at any time during the past 5 years—3.4 percent.

The small business investment companies continue to have their troubles. Formerly, the investment of private capital in these companies exceeded substantially the amount of the Government investment. Today, I understand this no longer is true.

We continue to get complaints—and many of them—from small business concerns displaced by urban renewal and other federally financed projects. We know that within the past few months, legislation has been passed providing more liberal moving allowances, et cetera, but it is still true that many owners of displaced small businesses are unable to find an acceptable substitute location. They simply go out of business.

Hundreds of small business foundries are threatened with dissolution because of their inability to purchase the expensive new equipment required by the law to combat air pollution.

Many small business tool and die makers are being squeezed out of business because Ford, Chrysler, and General Motors are establishing tool and die shops within their own plants.

Small business franchisees are handicapped, harassed, and unable to operate as independent businessmen because of the lack of mutuality in their franchise agreements.

Small business seems to have a myriad of problems associated with our tax laws. Subchapter "S," Corporations—those electing to be taxed as partnerships—face numerous pitfalls in their efforts to take advantage of the benefits afforded by this legislation. We need a small business investment credit law that corresponds with the big business 7-percent investment credit. There are some press reports to the effect that you oppose this. A plow-back arrangement is needed to permit small business concerns to retain and plow back a greater share of their earnings. The present estate tax laws are harsh and inequitable to the owners of small business concerns. These laws seem to encourage the owners of small business to sell out to their giant competitors and this feeds the trend toward giantism and industrial concentration that already is plaguing the small business community.

Reports are received that the regulations issued by the Wage and Hour Division are so voluminous and complex that compliance can be achieved only with difficulty and by employing the services of a specialist accountant or attorney; that these regulations also require excessive records and bookkeeping by the small business concerns. Adequate assistance and guidance, it is claimed, is not being made available by the appropriate Government agency.

I could go on—there are others—many others—and while, on the surface, it may appear that some of these do not fall within the purview of the operations of the Small Business Administration, it is my understanding that you have in your employ a dozen or more economists who could bring these and other problems to your attention and recommend remedial measures. If necessary and appropriate, you could ask the Congress to provide you with greater authority or enact other legislation that would bring about the needed assistance. I believe you will find that section 8, especially 8(c), places a duty upon SBA to investigate and study such matters, that is, "matters materially affecting the competitive strength of small business." But you could ask the