

into its eighth year of uninterrupted expansion." As previously stated, our behalf is that no recovery or expansion is solidly based until it is shared in by the small business sector—and we question whether small business is so sharing at present.

In view of the foregoing, we do not think this is quite the time to rock the boat by enactment of the recommended across-the-board surtax, the "improvement" in the unemployment compensation system, and the further speedup in corporate tax payments, each and all of which would definitely further drain the already strained resources of small business.

For instance, based on data on hand concerning corporate income tax burdens, it would appear that a 10 percent surcharge would increase the cumulative financial liability of corporations with tax liabilities of \$5,500 or less by \$110 million a year or more.

This is to say nothing of the burden that would be added to proprietorships and partnerships. It is to say nothing, either, of the fact that social security revisions of the past year are already increasing the employer's tax burden by a maximum \$53.20 per employee. It must be kept clearly in mind that independents, according to the Small Business Administration, employ—and pay social security taxes on—34,000,000 or more wage and salary earners.

It seems to us, too, that these recommendations should be considered from the standpoint of what they will gain Government in revenues against the damage they stand to do small business—which has been likened, truly, to the "seed-bed" of our economy. For example, according to data available, 76 percent of all corporations have tax liabilities of \$5,500 or less—these are typically the small business corporations—but they account for only 5 percent of corporate tax payments. Intensification of the tax drain on these firms would seem much akin to squeezing the turnip dry.

Our Washington office is requesting that if corporate tax collections be speeded up, there be provided an exemption for the first \$25,000 of tax liability. Such an exemption would shelter smaller firms which account for between 87 percent and 98 percent of all corporations, which average between \$10,000 or less than \$40,000 or less in tax liabilities, but which account for only between 7 percent and 19 percent of all corporate tax collections. This would seem small enough price to pay for maintaining the financial stability of these firms which are vital to our economy, but who stand to lose the most.

We might mention, that in seeking the exemption mentioned above, the federation is not making a special plea for corporations at the expense of proprietorships and partnerships. We are asking only for maintenance of the status quo, and for recognition of the fact that historically the corporate form of organization has been treated differently taxwise from other forms of business organization.

Rather than acting on these recommendations of the council, we would urge that action be taken to invigorate and strengthen small business. Among the many things which must be done:

1. In order to ease current threats to small business liquidity, pressures for higher taxes must be eliminated, and pressures on interest rates relieved, through the deepest possible reductions in Federal spending programs;