NATIONAL FEDERATION OF INDEPENDENT BUSINESS

By JOHN W. HARDER

We appreciate your request that we furnish to your committee our views on the economic issues which concern the Nation and our membership. We would point out, that these views originate directly with our more than 265,000 member-firms actively involved in smaller, independent business and professional pursuits—which comprise a valid cross section of our country's 5.1 million unit small business sector.

This sector's importance cannot be overestimated. Its members provide jobs for more than half of our civilian labor force. They generate an estimated 70 percent of national retail sales, 73 percent of wholesale sales, 83 percent of the construction activity, 80 percent of the service function, and 34 percent of the manufactured value added to the economy each year. Continuing federation economic surveys suggest strongly that this sector played a major role in reducing the unemployment rate from 6.1 percent in 1960 to under 4 percent today.

The issues which concern our membership are many and varied, but they can be summed up as all things affecting the ability of small business to expand and modernize, in the process creating additional job openings. Our members feel that decisions by Congress and the executive branch in the areas of labor, taxes, antitrust, and representation vitally affect this concern.

First, in the field of labor they face many problems, but currently chief among these is the affect of the minimum wage law. In our 1967 and 1968 surveys we questioned members about the effect of the 1966 revisions on their employment. Among those reporting it lower than 1 year earlier, the proportion ascribing the reduction to the wage law rose from an average 15 percent in 1967 first quarter to 36 percent in 1967 fourth quarter, then leveled in the area of 25 percent for 1968. This year we are questioning members specifically about teenage employment. Our first subsample suggests that as many as 42 percent of all small businesses employed teenagers in 1966, with such employment averaging three young people each. However, of this group only 54 percent report their teenage employment today at 1966 levels. Among the balance the average reported employment drop is 1.1 each, and 40 percent of these hold the minimum wage responsible directly or indirectly.

For these reasons our members recommend that Congress: (1) rescind the second phase of the 1966 enactment which has lowered the minimum wage dollar volume exemption from $500,000 annually to $250,000 annually; (2) provide relief from the law's requirements in the cases of workers of marginal productivity; (3) liberalize regulations affecting the employment of teenagers and simplify accompanying paperwork burdens; and (4) refrain from further expansions in the law.