Second, studies show that we will have to produce 1.7 million new jobs annually in the years ahead. At the same time federation surveys have indicated that new and additional jobs are provided through small business expansions and modernizations. But these depend on financing. And here we get into the area of taxes, for studies show that smaller firms depend importantly on internal sources for funds for business improvements (in our first subsample for 1969 we find that only 30 percent of respondents received business loans within the past half year). At the same time we find, and authoritative economic studies concur, that constantly rising tax rates, are eroding seriously the strength of these internal sources. Concurrently, our economic data indicate a series of constant increases in the cost of goods, which in turn reflects on investment in both inventories and receivables.

Because of the foregoing, and in an effort to cut through the current economic squeeze, our members recommend strongly that Congress, in its current overhaul of the tax structure, enact a "plowback" allowance which would permit them to reinvest in their operations, tax free, up to 20 percent ($30,000 ceiling) of their additional yearly investment in additions to inventory and receivables (we might note that in the 7 percent investment credit, small business has, in effect, a "plowback" for investments in depreciable equipment).

Third, and further in the area of taxes, our members are concerned with the plight of people in economically depressed areas. They are concerned with the problem of the ghettos. But they feel that there can never be an end to the ghetto problem unless action is taken to restrict the migration from rural to urban areas. They have seen (as reflected in our surveys) how well tax incentives have worked in encouraging job-producing expansions and modernizations, and they urge that this concept be expanded and extended, as proposed by Congressman Joe L. Evins, yourself, and others, in the form of the rural development bill which provides an extra 7 percent credit and other features for firms locating new plants in underdeveloped nonurban areas.

Fourth, as your committee has pointed out in the past, the goals of the Employment Act cannot be reached without there being a free, competitive economy. This, as you said, cannot exist without strong enforcement of the antitrust laws. Reports being received from federation members indicate considerable concern over the rash of conglomerate mergers which has beset the economy and bedeviled small business through the resultant increase in concentration in our economy. Equal, if not greater, concern is being expressed over the growth of dual distribution in the many industrial classifications of the country which so often results in unfair competition with supplier-retailer selling in the same markets with his independent distributors at prices which approximate their buying costs. And, concern is voiced over our stop-start antitrust policies under succeeding administrations, much of which is due to the fact that the position of Assistant Attorney General in charge of antitrust seems to be but one seat in a game of musical chairs.

To correct these situations in antitrust enforcement, our members recommend that Congress: (1) insist that the Federal Trade Commission complete as quickly as possible its current study of the con-