

Open Letter to Paul Krugman from American Small Business League President Lloyd Chapman

PETALUMA, Calif.--([BUSINESS WIRE](#))--The following is an open letter from American Small Business League President Lloyd Chapman:

“One of the most important challenges facing the Small Business Administration and the entire federal government today.”
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I am asking for your help in encouraging President Obama to issue a simple executive order that could create millions of jobs and permanently boost our economy. Here are a few economic facts.

1. Small businesses create virtually all the net new jobs in America:
 - According to the [U.S. Census Bureau](#), small businesses create more than 90 percent of all net new jobs.
 - The [Kauffman Foundation](#) found that small businesses have created virtually 100 percent of all net new jobs since 1980, meaning Fortune 1000 companies have not created a single net new job in more than thirty years.
2. The Small Business Act of 1953 requires that a minimum of 23 percent of all federal contract dollars be awarded to small businesses. It defines a small business as being independently owned, which should exclude any publicly traded company.
3. Since 2003, a [series of federal investigations](#) have uncovered billions of dollars a month in federal small business contracts being diverted to some of the largest companies worldwide.

Does it make sense for the government to direct more than 80 percent of taxpayer dollars to a segment of the economy that has not created one net new job in more than thirty years?

In February 2008 [President Obama](#) stated, “It is time to end the diversion of federal small business contracts to corporate giants.” Not only has President Obama failed to honor this campaign promise, his administration recently announced plans to end one of the [oldest and most successful minority job creation programs in U.S. history](#). Contracting expert [Charles Tiefer wrote a legal opinion about the negative impacts of this latest proposal](#).

The president could change everything by issuing a one-line executive order stating, “The federal government will no longer report contracts awarded to publicly traded companies as small business contracts.” That one line would direct billions of dollars to the small businesses that employ more than half the private sector workforce, generate half of GDP and are responsible for 90 percent of U.S. exports. President Obama could also support H.R. 3184, “The Fairness and Transparency in Contracting Act,” a bill I wrote with the help of Congressman Hank Johnson that would have the same effect. Congressman Johnson introduced the bill to the House in October.

You or your staff will probably receive a speakerphone conference call from a government press office because I sent you this letter. They will try to impugn my credibility but nothing they say changes the facts. If and when they call, please contact me, tell me who called, what they said, and allow me to respond. Journalistic integrity demands as much. Also, here’s a link to some important questions you can ask them. www.asbl.com/documents/2011asblquestions.pdf

Some people in Washington may try to argue that the 23 percent small business contracting goal is not achievable. However, the vast majority of federal contract actions are below \$100,000, and according to the [Federal Acquisition Regulation](#), should automatically be set aside for small businesses. This is not happening.

Investigations by the General Accounting Office, the Small Business Administration Office of Inspector General (SBA OIG) and Department of the Interior support everything I say. In Report 5-15 the [SBA OIG described the abuse as](#), “One of the most important challenges facing the Small Business Administration and the entire federal government today.” SBA Inspector General Peggy Gustafson recently [testified before Congress](#), confirming that the diversion of federal small business contracts to large businesses remains a major challenge facing the federal government for the seventh consecutive year.

In conclusion, the simplest path to job creation and sustainable economic stimulus is to end the diversion of federal small business contracts to corporate giants. This is a permanent, deficit-neutral solution to a long-standing problem and requires no new taxes or new spending. Please join me and encourage President Obama to issue that one-line executive order and help our nation’s 28 million small businesses save the economy.