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December 15, 2014, 03:00 pm

US government vs. small business

By Lloyd Chapman 5 9 1 1 0

Think how insane it would be for the United States to send troops to fight in a foreign country and then send in a second group of troops to fight the first group of troops.

That's a perfect example of what happens in government in all federal programs to assist the 28 million small businesses where most Americans work.

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According to the most recent data from the U.S. Domestic Product (GDP) and over 90 percent of all U.S. exporters.

Small businesses are the irrefutable heart and soul of our national economy. That's why Congress passed the Small Business Act in 1953. That law established a variety of federal programs to assist small businesses. The largest and most significant of all those programs is the federal law that mandates that a minimum of 23 percent of all federal contracts be awarded to small businesses.

I view that program as one of the most efficient and effective economic stimulus programs in history. What better way to invest 23 percent of federal infrastructure spending than to direct those funds to the small businesses that create over 90 percent of our nation's net new jobs.

A long series of federal investigations have uncovered the undeniable truth that for over 30 years, the White House, Congress and federal agencies have been involved in a coordinated campaign to dismantle all federal programs to assist American small businesses. The irrefutable examples are too numerous to mention. I will highlight some of the most blatant examples.

There is only a single small federal agency in Washington to assist small businesses, the Small Business Administration (SBA). The SBA budget is approximately 0.015 percent of the Pentagon's simultaneous trillions of dollars are unaccounted for at the Pentagon.

Ronald Reagan tried to close the SBA twice during his administration by combining it with the Department of Commerce. Shortly after President Obama was elected I predicted he would try and resurrect Ronald Reagan's plan to close the SBA by combining it with the Department of Commerce. He proved me right in January of 2012 when he announced his plan to do exactly that. I released a series of press releases and blogs to bring attention to the President's plan to close the SBA.

Luckily for me, several journalists published stories that agreed with me. Maybe it's just a coincidence, but after those stories were released, President Obama ceased to mention his plan to combine the SBA with other federal agencies.

Several members of Congress have discussed closing the SBA and proposed legislation to shutter the agency. Oklahoma Senator Tom Coburn held hearings on the topic of closing the SBA. Most recently North Carolina Senator Richard Burr (R) has proposed legislation to close the SBA by combining it with other federal agencies. In a Washington Post article he said combining the SBA with other federal agencies would save "staggering amounts of money every year."

Burr's statement seems to defy all reason and logic considering the miniscule SBA budget in comparison to the trillions of dollars that continue to be unaccounted for at the Pentagon. Donald Rumsfeld announced over \$2.3 trillion was unaccounted for at the Pentagon the day before that created a "safe harbor from fraud penalties" for firms that are uncovered committing contracting fraud to hijack federal small business contracts.

The most startling fact is that one of the largest opponents of federal programs to assist small businesses is the Small Business Administration.

The SBA Office of Inspector General began reporting rampant fraud in federal small business programs in 1995. At that time the SBA Administrator refused to take any action to address the fraud.

In 2005, the SBA Inspector General released Report 5-15 that stated, "One of the most important challenges facing the Small Business Administration (SBA) and the entire Federal Government today is that large businesses are receiving small business procurement awards and agencies are receiving credit for these awards." Every SBA Inspector General for a decade has reiterated that statement and yet no SBA Administrator has adopted any policies to halt the rampant abuse.

No president and not one member of Congress have written legislation to stop the fraud and abuse in federal small business programs.

After investigating the SBA's handling of the federal program to award 3 percent of all federal contracts to service-disabled veteran-owned small businesses (SDVOSB), the Government

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Accountability Officers (GAO) essentially accused the SBA of encouraging fraud in GAO Report

In 1990 the Pentagon adopted the Comprehensive Subcontracting Plan Test Program (CSPTP) under the pretense of "increasing subcontracting opportunities for small businesses." In reality it did just the opposite. The "Test Program" eliminated all publicly available data that could be used to track a prime contractor's compliance with their small business subcontracting goals. It also eliminated all penalties prime contractors had previously faced such as "liquidated damages" for failing to comply with their small business subcontracting goals.

Every president and every Congress for 25 years has agreed to allow the Pentagon to continue testing the theory that removing all transparency and penalties on small business subcontracting programs will somehow help small businesses. Not surprisingly, the Pentagon has refused to release any data on the CSPTP during the last 25 years.

Both houses of Congress have now voted to renew the CSPTP into its 28th year of testing even though they have never ever seen any reports or data on the program.

I think it's time for the president, Congress and the Pentagon to understand cheating American small businesses is not patriotic. It weakens our national economy and it is devastating to our national spirit.

It is a prime example of everything the American people despise about their government and everything that must change if our nation is to endure.



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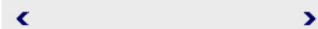
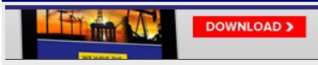
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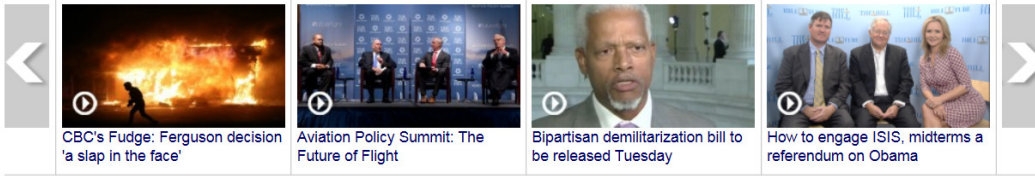
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