

## Why Small Business is Fed Up with Government

Posted By [Chuck Blakeman](#) On January 28, 2010 @ 1:27 am In [Opinion](#) | [119 Comments](#)

*"...what really grinds the gears of small business owners is the near-complete inattention by lawmakers on who creates jobs."*

So said Kimble Fletcher Ainslie in a [Cato Institute article](#) <sup>[1]</sup> from December 20, 2001 titled "Bush Ignores Small Business."

Eight years later under a different president, Catherine Clifford's article [in CNNMoney.com](#) <sup>[2]</sup> on September 30, 2009 continued the criticism of lawmakers ignoring small business:

*"Business owners really bring out the pitchforks when they consider the speed with which billions of dollars were distributed to large Wall Street firms and banks. That is what sticks in the small business owner's throat more than anything..."*

Banks received \$700 billion dollars in handouts in October 2008, with almost no regulations or restrictions. In February 2009, big businesses and big state governments received \$787 billion, an incomprehensible \$1.5 trillion total dollars. General Motors alone received \$30 billion dollars when they would not have qualified for a credit card. This is a big problem if you're trying to solve a crisis.

The top job provider in the U.S. economy is businesses under 10 employees and those with 11-19 employees is second. Seventy-nine percent (79%) of all business in America have less than 10 employees. But the politicians clearly don't understand this.

In February while big businesses and big state governments were receiving \$787 billion, the politicians threw a \$255 million bone to small businesses in the form of the SBA ARC loan program, providing a potential \$35,000 for a business that could get one. That's 2/100th of one percent of the \$1.5 trillion dedicated to the single largest job growth sector in our economy.

Almost a year later less than 50% of this paltry sum has been loaned. Had the stringent ARC loan standards been applied to the big banks and big businesses, none of them would have received a dime. Adding insult to injury, in December, Republican Senator Olympia Snowe, a self-proclaimed small business advocate, introduced legislation to kill the program and return the remaining 55% back to the Treasury immediately.

That \$35,000 could have meant a lot to true small businesses. Of the 44,000 loans the SBA backed last year, fewer than 15,000 were for more than \$150,000.

Small business owners are not fed up with the government because they don't get handouts. They are fed up with the special relationship between politicians, big business and big banks. It's hard enough to grow a small business. Swimming upstream against the constant deluge of advantages, handouts, bailouts, special loan programs and preferential treatment given to big businesses is the real rub.

The mis-named Small Business Administration is of no help. When the SBA was created in 1953 the big business lobby got their political friends to define small business as any business with under 500 employees, which is 99.7% of all businesses in America. It's like calling everyone under 7' tall "short". So it's no surprise that almost all of the SBA's attention is on businesses that are 6-7' tall. Businesses under 5' 4" aren't on the radar. So even with the SBA true small businesses are on the outside looking in.

Australia recently passed the Fair Work Act of 2009 legally defining a small business as having fewer than 15 employees. A similar law in the U.S. would be a good start. Then small business needs the creation of a real SBA, not so they can get handouts, too, but so they have a seat at the table to level out what has been an un-level playing field for decades.

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[1] Cato Institute article: [http://www.cato.org/pub\\_display.php?pub\\_id=3810](http://www.cato.org/pub_display.php?pub_id=3810)

[2] in CNNMoney.com:

[http://money.cnn.com/2009/09/30/smallbusiness/arc\\_loan\\_update/](http://money.cnn.com/2009/09/30/smallbusiness/arc_loan_update/)