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THE BLOG

Double Dip Recession Could be Prevented with Silver Bullet Bill

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 Like 3**Lloyd Chapman** 
Small business advocate

Today it was announced the Gross Domestic Product (GDP) numbers for last month were lower than originally estimated. Home sales and consumer confidence are down, and unemployment claims are up. Many of the world's top economists are now acknowledging that a double dip recession is a distinct possibility.

Despite President Obama's claims that the nation will avoid a double dip recession, it's hard to argue with the numbers, and they are not encouraging.

There is hope for the nation's economy in a little known bill titled the [Fairness and Transparency in Contracting Act, H.R. 2568](#). Georgia Congressman Hank Johnson (GA - D) introduced H.R. 2568. The bill currently has 26 co-sponsors, including Joint Economic Committee (JEC) Chair, Congresswoman Carolyn Maloney (D - NY).

H.R. 2568 is just seven and a half pages long. The heart of the bill is one sentence that would put more money into the middle class economy than any bill or stimulus program discussed to date. H.R. 2568 simply states the federal government can no longer give federal small business contracts to Fortune 500 firms, and thousands of other large businesses in the United States and Europe.

Sounds reasonable, doesn't it? Wouldn't 99.9 percent of all Americans agree the government should not be giving federal small business contracts to Fortune 500 firms?

Since 2003, over a dozen federal investigations have found many of the largest firms in the world have received U.S. government small business funds. ABC, CBS and CNN have covered the story. (ABC, http://www.asbl.com/abc_evening_news.wmv; CBS, <http://www.asbl.com/cbs.wmv>; CNN, <http://www.asbl.com/showmedia.php?id=1170>)

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Some of the corporate giants in America that have received billions of dollars in federal small business contracts include Bechtel, Xerox, Dell Computer, John Deere, Boeing, Microsoft, Lockheed Martin, Northrop Grumman, SAIC, Raytheon, L-3 Communications, General Dynamics and Titan Industries. According to the most recent data released by the Obama Administration, the largest recipient of federal small business contracts in fiscal year (FY) 2008 was Textron. Textron is a Fortune 500 defense contractor with 43,000 employees and over \$14 billion in annual sales. [Textron received over \\$775 million in federal small business contracts in a single year.](#)

The diversion of federal small business funds to corporate giants is not limited to those companies in the United States. Other firms that received federal small business contracts included Rolls-Royce, British Aerospace (BAE), French firm Thales Communications, Ssangyong Corporation headquartered in Seoul, South Korea and Finmeccanica SpA, which is located in Italy and has 73,000 employees.

H.R. 2568 is a free and easy way to create jobs with no new spending and no new taxes. The bill is deficit neutral and will solve a federal contracting scandal that has gone on for more than a decade. H.R. 2568 would even allow President Obama to keep a campaign promise he made when he released the statement, "It is time to end the diversion of federal small business contracts to corporate giants." (http://www.barackobama.com/2008/02/26/the_american_small_business_le.php)

H.R. 2568 could redirect over \$100 billion a year in existing federal infrastructure spending into the hands of the nation's 27 million small businesses. According to the U.S. Census Bureau, small businesses create over 97 percent of all net new jobs in America. (<http://www.inc.com/news/articles/200708/data.html>) A report by the [Kaufman Foundation](#) found that firms that are less than five years old create nearly 100 percent of net new jobs.

I know President Obama has some of the nation's top economic advisers, but so far their ideas do not seem to be working. Let's see if we can't figure this out, and come up with some new ideas. 1. Small businesses create virtually all the net new jobs in America. 2. Over 12 federal investigations found the federal government is giving billions of dollars in federal small business contracts to many of the largest firms in the world. 3. The government needs to create jobs to stop the nation's economy from sliding over the edge into a double dip recession. Ohhh, I think I have a crazy idea that we haven't tried. Why don't we try not giving billions of dollars a week in federal small business contracts to some of the biggest companies in the world? I know it's a wild and wacky idea, but what have we got to lose.

Let's just say this, there is no downside to passing H.R. 2568. Compare H.R. 2568 to President Obama's \$30 billion small business lending bill; what do you think will create more jobs? A one time shot of \$30 billion in loans to small business, or over \$100 billion a year in federal contracts every year, year-after-year.

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