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THE BLOG

Jobless Claims Soar as Obama Continues to Shortchange Small Business

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 Like 6**Lloyd Chapman** 
Small business advocate

I was talking to a friend's 8-year-old son the other day. I asked him, "If you were the President and wanted to stimulate the economy and create jobs, and you knew small business created 100 percent of net new jobs, how much of the stimulus money would you give small businesses?" The boy thought about the question for about three seconds and responded, "100 percent."

President Barack Obama should put this kid on his team of economic advisers. It seems to me this 8-year-old boy knows more about creating jobs than President Obama and everyone on his economic team. To date, President Obama has allocated only a fraction of federal stimulus funds directly to the 27 million small businesses that employ over 50 percent of the private sector workforce, and create virtually 100 percent of America's net new jobs.

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The latest jobless numbers seem to be one of many indications that President Obama's economic policies are not working for small businesses.

Today, the U.S. Department of Labor reported that new unemployment claims surged to 500,000 last week. The increase was higher than many economists predicted, and it is the first time unemployment claims have topped 500,000 since November of 2009.

Many of the nation's top economists are now saying the chances of a "double dip" recession are more and more likely.

On August 16, Nouriel Roubini, Chairman of Roubini Global Economics and a professor at New York University's Stern School of Business [stated](#), "Risk of a double

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dip recession in advanced economies (US, Japan, Eurozone) has now risen to 40%.”

Any day now we will see yet another example of the Obama Administration’s policies that not only ignore small business, they could even be described as anti-small business. The Obama Administration is preparing to release the latest data on the volume of federal contracts that have been awarded to small businesses. Federal law requires a minimum of 23 percent of all federal contracts to be awarded to small businesses. I have already seen the latest government small business contracting data. The American Small Business League (ASBL) is estimating that of the nearly \$1 trillion in federal dollars awarded during fiscal year 2009, less than 5 percent actually went to legitimate small businesses.

I believe that the Obama Administration will try to obscure the actual volume of federal contracts awarded to small business in at least two ways. First, the administration will claim that the federal acquisition budget is half of its actual volume. Next, the administration will include thousands of large businesses in its small business data. The ASBL’s analysis of the government’s latest small business contracting data found 60 large businesses in the [top 100 recipients of federal small business contracts](#). Additionally, the ASBL’s analysis found that those large businesses received over 65 percent of the dollars awarded to the top 100.

[Since 2003, over a dozen federal investigations have found large recipients of federal small business contracts like Dell Computer, Boeing, Rolls-Royce, British Aerospace \(BAE\), Wal-Mart, Microsoft, Xerox, Textron, Lockheed Martin, L-3 Communications, Titan Corporation, Thales Communications, Ssangyong Corporation headquartered in Seoul, South Korea and Finmeccanica SpA, which is located in Italy with 73,000 employees.](#)

President Obama even recognized the magnitude of the problems during his campaign when he [released the statement](#), “It is time to end the diversion of federal small business contracts to corporate giants.”

There is one magic bullet that could save the national economy from a double dip recession and create millions of new jobs. H.R. 2568, the Fairness and Transparency in Contracting Act, would stop the diversion of small business contracts to large businesses, and redirect over \$120 billion a year in existing federal infrastructure spending to the middle class. H.R. 2568 was introduced by Georgia Congressman Hank Johnson (D - 04) and currently has 26 co-sponsors.

I am intimately familiar with H.R. 2568. I wrote the original draft of the bill while on vacation in Durango, Colorado during the summer of 2008. H.R. 2568 states the federal government can no longer report awards to publicly traded firms as small business awards. No new taxes, no new spending. This deficit neutral bill will serve as the most significant economic stimulus proposed to date, and would create millions of net new jobs.

Recently, H.R. 2568 co-sponsor [Congresswoman Carolyn Maloney \(D - NY - 14\)](#) [delivered](#) a strong endorsement of the bill on the floor of the House of Representatives.

I have some advice for President Obama: Conduct a poll, and ask people if they think



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I have some advice for President Obama. Conduct a poll, and ask people if they think Fortune 500 firms and other large businesses should receive federal small business contracts. If the public agrees with me, pass the bill.

I wouldn't be surprised if they came to the same conclusion as my 8-year-old economic adviser. Small businesses are the backbone of the nation's economy. If we want to stimulate our nation's economy, we need to direct federal infrastructure spending to our nation's 27 million small businesses.

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