

Jim Peake: This is Jim Peake at [MySuccessGateway.com](http://MySuccessGateway.com) and today I've got another fantastic call with Mr. Lloyd Chapman, the president of the American Small Business League. Lloyd is very concerned about assisting small businesses landing federal contracts.

One of the things that's happening today, being January of 2008, is the fact that the subprime mortgage mess is upon us and the country is possibly going to head into a recession if it already isn't. One of the things that gave me the impetus to give Lloyd a call and get his thoughts on this is the fact that last night, the Small Business Administration came out with a "State of the Small Business Administration."

There were some interesting points that Steve Preston brought up and I wanted to bounce a few of those off of Lloyd and get a feel for where he thinks the economy is going and the state of small business in general. Lloyd, how are you doing today?

Lloyd Chapman: I'm doing great.

Jim Peak: That's good. The backbone of the U.S. economy is probably going to have to come in and save the day again. Small businesses are generating the bulk of all American jobs in the United States and bulk of the gross domestic product. Can you talk about what's happening from your perspective with the SBA and with small businesses in general?

Lloyd Chapman: Let's start out talking about small businesses in general. We talk to hundreds of people a week who are hurting, primarily small businesses that focus their business on the federal government, government contractors and that whole market space. They're struggling and I guess it's probably indicative of small businesses all across the country.

They're having a really difficult time and it breaks my heart to talk to these people. When you talk to a thousand small businesses in January of 2008, by January of 2009, a huge percentage of them will not be in business anymore. It's been that way every year that I've been talking to people.

Small businesses are not doing well and around 56% of Americans work for small businesses with less than 100 employees, which make up 98% of all U.S. companies. Of course, one reason they're not doing so well has a lot to do with Steven Preston and unfortunately the Bush Administration.

In Preston's speech the other day, he barely touched on the fact that large businesses get federal small-business contracts. He said it was going to be harder for federal agencies to hit their small-business goals since they've removed large companies from the government's database of small businesses.

Jim Peake: So with, say, the FBI, for example, 23% of what they buy should be coming from small businesses—things like chairs, paper clips, paper, computers, et cetera.

Lloyd Chapman: Absolutely. It's a federal law and it's been in effect since 1950 and it says that 23% of the total value of all government contracts and subcontracts shall go to small businesses.

Jim Peake: That's 23% for each agency.

Lloyd Chapman: Well, for the federal government as a whole, which breaks down to 23% for each agency. Small businesses should be getting somewhere from, let's say, around \$150 billion a year, and all of our research shows that they're probably getting about \$20 billion a year, so they're well over \$100 billion a year short.

Jim Peake: Let's say that small businesses got that additional \$100 billion on top of the \$20 billion. How does that help the economy? That sounds, to me, like a pretty strong way for small businesses to grow their business and build the economy.

Lloyd Chapman: Absolutely. Let's just think about President Bush's economic stimulus package. Do you remember how much it is?

Jim Peake: It's around \$120 billion or \$150 billion. I've lost track because I know that the federal debt is about \$9 trillion, so the billions aren't that big of a deal anymore. It used to be millions, now we're talking about billions and getting into the trillions.

Lloyd Chapman: Every year that Bush has been President, they have allowed at least \$100 billion in federal small-business contracts to go to some of the biggest companies on Earth. I'm not just talking Fortune 500 corporations in America; I'm talking BAE, which is the third largest defense contractor in the world. It gets over \$200 million a year in American small-business contracts. You've got a company, Buhrmann N.V. out of Amsterdam, that gets \$100 million a year.

Jim Peake: Foreign companies can get U.S. contracts?

Lloyd Chapman: Well, not only U.S. contracts, but U.S. small-business contracts.

Jim Peake: How does that work? Why wouldn't the U.S. companies get first dibs on something like that?

Lloyd Chapman: Somebody from the meeting needs to talk to Steven Preston about that. I saw a report the other day that I had done by a company up in D.C. called FedMine and they're really the latest company on the scene that's analyzing federal procurement data. In the most recent statistics I've seen from them, the number-one recipient of small-business contracts in America is a category called "miscellaneous foreign contractors."

The previous year, I think it was L-3 Communications, a Fortune 500 defense contractor. If the Bush Administration, or the federal government, whichever you want to call it, would quit diverting these small-business contracts to Fortune 500 corporations and billion-dollar companies around the world, it would have a huge impact on the economy.

You have to realize, the total federal acquisition budget is around \$500 billion a year, so when you're talking about \$100 billion going to the companies where most Americans work, where I think over 95% of the new jobs are created, it would be huge. I'm not an economist, but I would imagine that one of the reasons we're going into recession has to be the fact that the Bush Administration has allowed this to happen.

I think it's devastated the middle-class economy. I was watching John Edwards on CNN the other day and he was talking about how Exxon Mobil made \$40 billion in a single year and the president of one of the nation's largest healthcare providers made \$200 million.

So during the Bush Administration, the oil companies have made record profits. I believe I saw somewhere in a newspaper story that the oil companies have made the biggest profits of any company in history during the Bush Administration.

Jim Peake: It sounds like we should all be beating a path to the oil companies and investing in them because we will see our investment dollars go way up and we'll be immune to this market swing.

Lloyd Chapman: That's one way of thinking. To tell you the truth, I think it might be time for the government to start holding hearings about these oil companies. It doesn't seem to me like oil companies should be making record profits when the American people are paying record prices for gas at the pump.

Jim Peake: It sounds like they should be reinvesting those dollars back into new refineries so that we can get more capacity on line, right?

Lloyd Chapman: Absolutely, but to me, the oil company thing is just a huge mess. I have to say that I'm stunned and surprised that there are no hearings on that. I'm not aware of any hearings or any legislation. I think there was some talk in congress about excessive profits tax or something like that.

The price of oil and the price of gas, I'll say, effects the entire country. I think I saw Hillary Clinton talking about old people up in the North and East can't pay their fuel bill and they're having a hard time heating their homes. The oil company is another story.

When you look at the Bush Administration, oil companies are making record profits and small businesses have been devastated by the Bush Administration's anti-small-business policies that have diverted at least \$100 billion a year in small-business contracts to large companies.

I'll tell you something funny, Jim, that happened to me about a month ago. I was talking to a very, very high-level government executive, I guess maybe one of the highest-level people I've ever spoken to. I told him that I talked to another government executive in 2003 that told me that 86% of all federal small-business contracts went to large companies and I was shocked.

He said, "Well, I'm sure it's at least half, but I think 86% is too high." That's the third SBA executive in three years that has admitted to me that at least half of all federal small-business contracts go to big businesses.

Jim Peake: So we don't really even know, right? So there's no transparency there.

Lloyd Chapman: You were talking about Steven Preston's speech the other day, and I think one of the things he said was that he's a big fan of transparency, which I find laughable because in December of last year, Preston removed all of the information off the government's vendor database that you could use to tell if a company is small or large.

You make small-business determination based upon the number of employees or annual revenue, and in the middle of an investigative story I was doing with CBS Evening News, they pulled that

information, so ever since then, non one can tell of a company is small or large.

I found out last week that 20 organizations have made freedom-of-information requests to the SBA, asking for the information that was pulled. We're also going to be filing a lawsuit on that one. So Preston, who said he's a big fan of transparency, pulled the information off of the government database that the public, the media, and congress can use to tell a large business form a small business.

Again, we're days away from filing a second lawsuit against the SBA for refusing to release the names of the firms that they say are getting small-business contracts. In June, Preston adopted a policy that allows Fortune 500 corporations to continue to get federal small-business contracts through the year 2012, so Steven Preston, to me, is one of the biggest enemies that small businesses have ever had and I think his policies sort of show that.

Jim Peake: Does he or the executive branch call the shots?

Lloyd Chapman: The executive branch calls the shots. In fact, I've had a number of conversations, both in person and on the phone, with very high-level government executives I the last three or four years, and I bumped into a government executive at the airport one time in, I think, Los Angeles.

He told me at that time that the White House ran the Small Business Administration. I'm trying to think the of the guys' name. He's currently the President's Chief of Staff—Josh Bolten. So this was in Josh Bolten's head of the Office of Management and Budget, I believe.

This executive told me that Josh Bolten ran the Small Business Administration and all policies that the SBA [came forth] all came from the White House. In fact, I was told that when Hector Barreto supposedly resigned, he was actually fired by Josh Bolten.

What kind of gave me a feeling that was true was when someone resigns that's on the President's Cabinet or the White House Executive Staff, whatever, the President has a little press conference with them in the Rose Garden and says, "This guy was great, we're sorry to see him go, blah, blah, blah, blah, blah..." When Hector Barreto resigned, there was nothing.

Jim Peake: Vapor.

Lloyd Chapman: In fact, it might have been you, but someone told me that the White House announcement, I think, that Hector Barreto had resigned, was mentioned in some 13 pages into the White House's daily press conference after the mention of some guy was appointed to the Michigan Fisheries Board. They just really downplayed it.

Jim Peake: One thing that Preston did talk about which definitely caught my eye, and I think he nailed it right on the head, was the fact that during this new Presidential election coming up, that none of the candidates, both Democrats and Republicans, have really talked about small businesses.

They're not even addressing the issue concerning the fact that...I say the "issue," I mean, you would think that they would want to go after their votes because there are 25 million small businesses out there, employing, like you said, half of the work force, which is what, 150 million people-plus. So half of that would be 75 million, so there are a lot of people being employed by small businesses and the candidate just are not bringing it up.

Lloyd Chapman: That's interesting, isn't it? Isn't that fascinating?

Jim Peake: Does that tell you that maybe big business is running the Presidential campaigns?

Lloyd Chapman: Oh, absolutely! In fact, again, I've talked to so many people in government. It's amazing, when you think about the general public. Have you contributed any money to a Presidential campaign in your entire lifetime?

Jim Peake: No, sir.

Lloyd Chapman: Who has? Who do you know? It's very unusual. The general public, if they do make contributions they're very small, so who do you think is paying these \$100 million and \$200 million that these campaigns cost? It's AT&T and these big defense contractors like Boeing and people like that, right?

Jim Peake: I guess that's why Huckabee apparently doesn't have a lot of money because he doesn't have the infrastructure built in. Romney's got his own cash. The Clintons apparently are doing pretty well. I found something else that was interesting on the polls. I read this article here in the *Rasmussen Reports*.

I'm talking about the entire infrastructure of what's happening in the country today, that Hillary says that she would not stand in the way of any such investments, but that she said [there needed to be vetted] for more disclosure and transparency, talking about the foreigners investing into Citibank and Merrill Lynch and places like that.

Apparently the Saudis or the United Arab Emirates have put in \$10 million into a fund that is administered by the Emir of Dubai and they've donated over \$10 million to the Clinton Library, so this stuff is really ingrained in our political infrastructure and our system. So everybody is "dirty," so to speak and it's not working.

Lloyd Chapman: When people talk to me about politics and they complain about government, I always tell them the same thing: "It's much worse than you think it is." The general public, let's just say an average person like you and me, where do we get our information about what's going on in government? From television, the Internet, newspapers and magazines, right?

The GAO did a study, I think, in 2005 or 2006 that says the Bush Administration spends \$2 million a day on public relation fees. So the White House has hired two or three of the biggest public relation firms in the world and they're paying \$2 million a day and they have huge clout in the media. I think the public is dramatically misinformed.

Think about Preston's little speech as an example, so Steven Preston comes out and talks about the state of the Small Business Administration and this, that and the other. Most of what he said was just blatantly false. The Bush Administration routinely issues information just totally false.

Jim Peake: I beg to differ with that because he said that out of all the agencies, that morale was 30<sup>th</sup> out of 30.

Lloyd Chapman: Of the SBA?

Jim Peake: Of the SBA, yes.

Lloyd Chapman: You know what? That's one thing he said that's true. I'll agree with that.

Jim Peake: He also said that 7% of banks helping in the small-business loans have bailed out, so that's like 300-and-something banks that are no longer doing SBA loans because, I believe—and I shouldn't be

quoted on this—that it's been a little bit too difficult to do business with the SBA.

Lloyd Chapman: There are several key phrases that you have to listen for in government. They talk about reducing paperwork. What that means is reducing transparency. So whenever you hear someone talk about, "We're trying to reduce paperwork for small businesses," Steven Preston's really talking about this issue of annual recertification, where companies have to certify if they're still small businesses, and he's against that.

So that's how we're going to get Fortune 500 corporations and Dutch, English and French firms out of the government's small-business database, but he's actually come out against that. The way they describe it is "we're trying to reduce paperwork for small businesses."

He talked about the SBA morale being 30<sup>th</sup> out of 30, here's why that is: When Bill Clinton left office, the SBA budget was \$1 billion a year; Bush has cut that in half so they've laid off half of the SBA staff, they've cut programs...

Jim Peake: That doesn't make any sense because obviously, the Small Business Administration should be a tool to foster economic growth. What's the idea behind that?

Lloyd Chapman: Let's think of it this way: A federal law is on the books since like 1953 that says, "A fair portion of the total value of all government contracts and subcontract should go to small businesses," and these days they say that's 23% and it's around \$150 billion a year. So if those programs didn't exist, who would benefit from that? Who benefits if the SBA budget is cut? Where does that money go?

Jim Peake: I think it would probably go to Fortune 500, wouldn't it?

Lloyd Chapman: Absolutely. All efforts for 30 years to close the SBA and end programs for small businesses are all prompted by Fortune 500 corporations, primarily those in the defense and aerospace industry.

This is something that there have never been any stories on and nobody knows it, but I was online a couple years ago and found, at Vanderbilt University, they had copies of hearings during the Reagan Administration in 1984 and 1985, where Ronald Reagan tried to close the SBA and end all federal programs for women, minorities and small businesses.

Then I think it was in 1996, Republicans proposed legislation to close the SBA. When Bush was elected President, I think within the first 48 hours, he took the head of the SBA off of the Cabinet. So for 30, 40, 50 years, the head of the SBA was always part of the President's Cabinet; he took the SBA administrator off the Cabinet and began to cut that agency's budget and staffing.

As unpleasant as [this is to] my Republican friends who don't want to hear this, Republicans have been anti-small-business for 30 years and the proof is the fact that Ronald Reagan tried to close the agency, they tried to close it again in 1996, and Bush has just about shut it down. One SBA executive told me that 'they've cut our budget to the point we can no longer carry out our mission.'

Jim Peake: Preston had talked about that and he said that they were "centralizing" everything into Washington.

Lloyd Chapman: Baloney!

Jim Peake: And limiting the field offices.

Lloyd Chapman: That's just a lie. It's like trying to centralize gas stations. Put one big gas station in Dallas. That's just silly.

Jim Peake: You want to hear something funny, talking about gas stations, and I know I'm diverting a little bit and we'll get back on topic. I was down at the Shell station and talked to one of the guys who was filling up the tanks and he said the big oil companies are dumping all the gas stations, and they're selling them to private outlets because they don't want to be responsible for the [leases] and cleanups.

Lloyd Chapman: Exactly—there you go!

Jim Peake: They just want to be in the refining business and the distribution business.

Lloyd Chapman: Well, they want to try to not be responsible for the fact that Americans are being gouged at the pump and they're making record profits, so if the oil companies don't own the gas stations, they can say, "Gosh, it's this local guy," and of course they're selling him the gas at record prices.

He's got to mark it up to keep his business open. So it's the big oil companies trying to shirk responsibility for jacking up gas prices.

The oil companies, by the way, in my opinion, are clearly partly responsible for what looks like an oncoming recession because, again, record fuel prices hurt everybody, everywhere.

Jim Peake: I think if you go even further, it's more of a policy thing. We've got what, half a trillion dollars already invested in Iraq. That hasn't helped anything with the oil. They said it was all going there because of the oil. Well, that doesn't seem like it's helping. The oil is still turned on. Why not take half a trillion dollars and invest it in some sort of green technology?

Lloyd Chapman: But that doesn't make Exxon Mobil and Chevron any money, see. When you invest in green technology, who benefits from that? These big corporations, as everybody knows, have huge clout in Washington and no one can pass any legislation that's going to adversely affect them because they've got so much power.

Just think of one oil company making, I believe, \$40 billion in a year. Think of how many lobbyists you can hire. I saw something on [indiscernible] website that says there are 60 lobbyists in Washington for every member of congress. Can you imagine that?

Jim Peake: I heard from Kerry's office, I think, that the number of lobbyists since Bush has been in office has quadrupled, so that means Washington's for sale.

Lloyd Chapman: Doesn't it? What else does it mean? Absolutely, Washington is for sale and the whole thing is just so sad. It's so frustrating. Again, what needs to happen is more real transparency, not Steven Preston's lip service.

I want to remind people that when Steven Preston says he's a fan of transparency, I'll be suing him in about 10 days. I'm going to federal court and I'm going to probably spend about \$100,000 in legal fees to simply find out the names of the firms that Steven Preston is considering small businesses.

Jim Peake: That's just another cell in a database though, Lloyd, because that information is available on who bought what, how much did they pay and who the contracting officer is. Those databases are out there; the only thing they have to do is add one more column.

Lloyd Chapman: Yes, it's a relational database. You can sort on any field. Back about three months ago, I was on a teleconference with Steven Preston and maybe 50 to 100 journalists. I asked him, "Why don't you release the names of all of the firms that were coded as small

businesses for the last year.” He said, “Oh, gee, that data is so huge and cumbersome and it’s just not possible.”

Jim Peake: I bet they could pay Oracle \$100,000 to get that done.

Lloyd Chapman: I’ll tell you something—until I exposed the fact in 2002, that Fortune 500 corporations were getting small-business contracts, it was online because that’s how I found it. I’m not a computer genius and one night after hours, I went to the SBA database of small businesses and the information was readily available, and that was five and six years ago. How much faster are computers today than they were six years ago, ten times faster?

Jim Peake: Yes—exponential.

Lloyd Chapman: So back in 2002, a guy who was not very good at computers, I could very fluidly go on these databases and see what was happening but today, the Bush Administration has just almost eliminated transparency, again, to the point that...how about this? My congresswoman, Lynn Woolsey, sent a letter to Steven Preston asking him to give her the names of firms that were coded as small businesses for 2006. He wouldn’t do it.

So I think in the last three, four months, I guess, my staff and I have met with around 150-plus congressional offices. So far, no senator and no member of congress has been able to get the names of the companies that were coded as small businesses.

Jim Peake: We’re getting ready to elect a new President and the Executive branch has control over appointing...Preston’s going to be out because they’re going to bring in someone new as head of the SBA. Who, in your mind, is small-business friendly that you’ve heard out of the six or eight candidates that are left?

Lloyd Chapman: I’ll have to say that I have not heard anyone say anything about small businesses. I think maybe you might hear just a passing phrase. I think Huckabee said something about small business, but the typical Republican thing is to say, “Well, small businesses want tax reform, less government and tort reform.”

That’s the legislative agenda of the Republican Party and quite frankly, small businesses don’t want tort reform. Fortune 500 corporations want tort reform, but if you go talk to 1,000 small businesses, I don’t think you’ll find one of them that says, “I need tort reform. I’ve got to have that.”

That's what Fortune 500 corporations [want], with General Motors, when you're driving an American-made car and somebody runs into the back of you and it blows up into flames and they get sued for \$1 billion or Dow Corning's breast implants bursting and giving people trouble, they get sued.

Huckabee was sort of giving lip service to small businesses but what he was actually talking about is the legislative agenda of the republican party. You can go to the American Enterprise Institute, the U.S. Chamber of Commerce, which is another Republican-run group, and they all have the same thing: tax relief, less government and tort reform. That's what large businesses want.

So even Huckabee, who even mentioned the words "small" and "business" was actually talking about the legislative agenda of a Fortune 500 corporation. I have not heard anyone running for President mention anything of any significance. In fact, I haven't even heard them say the two words "small business" together.

Jim Peake: We did a little survey on their websites back in May of 2007 and there was nothing on there about small businesses, considering it's the backbone of the U.S. economy. There was not much there on senior citizens or veterans either. It was really apparent to me that these guys just aren't connecting with the American people.

Lloyd Chapman: This is something that I believe and I think I've got some good evidence—this issue that I focus most of my attention on, the diversion of federal small-business contracts to Fortune 500 corporations, that could have never happened if there had been even one group in the country that really did represent small businesses, right? That could have never happened.

Jim Peake: Right.

Lloyd Chapman: I had to come along—some small-business guy from [Nevada], California. I exposed it, I got a congressional hearing, I got the story in the Associated Press, it ran in like 50 newspapers around the country, and had I not exposed it, it would still be going on.

From what I've gathered, small businesses don't have a voice in Washington or anyplace else because all the groups out there that supposedly represent small businesses are lobbying for Fortune 500 corporations. If you talk to any congressional staffer in Washington, any 23-year-old kid in the Senate can tell you that the NFIB, the National Federation of Independent Business of the U.S. Chamber of Commerce, lobbied for Fortune 500 corporations.

If you look at their websites, again, you'll find this repetitive platform—tax reform, less government and tort reform. That's just a Republican, big-business legislative agenda. One reason the small business issues aren't talked about by people running for President is small businesses don't have a voice.

Jim Peake: What can small businesses do with the American Small Business League to start establishing a voice?

Lloyd Chapman: They should join. Right now we're trying to stop the passage of a bill called 3567 that was passed in the House and it will allow some of the biggest venture capital firms on Earth to receive federal small business contracts. So today, if you're a small business trying to do business with the government or government contractors, you've got to compete with Lockheed, Bechtel, Boeing, Halliburton and AT&T.

If Nydia Velazquez, who's Chair of the House Small Business Committee, has her way, this Bill 3567 will pass, and now small businesses will have to compete with companies that are dominated by multi-billion-dollar venture capital companies. We're trying to stop that.

People should go to our website, [ASBL.com](http://ASBL.com), and look at it and join. The kind of small businesses that should join are the ones that have a hard time affording the \$50-a-month dues because those are the people who need the help the most, the people we're really working for.

We're hoping to stop 3567 and we've actually written a piece of legislation that we've been told will be introduced in the next 30 days called "The Small Business Fairness in Transparency and Contracting Act." That's going to preclude the federal government from reporting awards to the publicly traded companies as small business contracts.

That's going to , I think, be the silver bullet to stop the flow of federal small-business contracts to some of the biggest companies on Earth and redirect \$100 billion a year in contracts to small businesses. One thing I want to mention real quick, Jim, is that I did an interview the other day with a reporter who was doing a story about the battle between woman-owned firms in America and the Bush Administration.

In the last year of the Clinton Administration, a law was passed that said that 5% of all federal contracts and subcontracts shall be set aside for woman-owned small businesses. That was seven or eight years ago and it has not been implemented. The Bush Administration has refused to implement it so the U.S. Women's Chamber of Commerce sued them in federal court.

They got a federal judge to issue a ruling directing the government to institute the policy and they're still refusing. Since Bush was elected, I think woman-owned firms have probably lost somewhere between \$100 and \$200 billion in government contracts because they're not implementing a federal law.

This woman was doing a story about the SBA, in trying to stall implementing the policy, hired the RAND Corporation to do a study about woman-owned firms, and the RAND Corporation came back and said that woman-owned firms were underrepresented in 87% of the categories of goods and services procured by the government.

Again, the SBA is trying to pass a policy right now. They put it up for public comment. People can probably find it on their website or on the ASBL.com site. They're trying to stop the implementation of this law by limiting the goods and services that woman-owned firms can compete for to four out of, I think, 140 different categories.

Jim Peake: They're in the [Census.gov](http://Census.gov) database.

Lloyd Chapman: Yes. The law says in all 140 (they're called [NAICS] codes, standard industrial codes) categories with all agencies, woman-owned firms should get 5% of the contracts set aside and the Bush Administration is trying to make it in only four categories. One of them, I think, is like "cabinets" or something ridiculous, so woman-owned firms are being cheated by the Bush administration.

I know I probably sound like a liberal Democrat. I grew up in a Republican family and I met the first President Bush in the living room of the president of Chevron. I've got my picture with them on the wall of my office. I met Gerald Ford at a political event and I've also met Bill Clinton, so I think I'm a true independent.

In fact, President Bush and I had a mutual friend. I've never met President [G.W.] Bush, but former Texas lieutenant governor Bob Bullock was a mentor to President Bush and to me; I worked for him for seven years when I was younger. I was happy when Bush

was elected President. I'm from Austin, Texas and I was thrilled to see a Texan elected President.

I've never been more crushed at any presidency in my lifetime than the Bush Administration. I've seen more abuse and more corruption and more fraud and it's just so disgusting and so sad to see that.

Jim Peake: I think what's going to happen is the chickens are coming home to roost. It's turning to the point where the stock markets are going down, people are getting boosted out of their homes. There are a lot of things happening at the same time and obviously we're advocates at [www.MySuccessGateway.com](http://www.MySuccessGateway.com) of small businesses and we want to see small businesses grow.

Over 50% of small businesses, in the research that we've done, appear to be female owned and they're not even getting the 5%. That doesn't seem fair. It just seems like there is a lot amiss and I think that when America is in enough pain, they're going to start making some big changes.

I think it starts with the political system. It seems like there are a lot of things that are not working because people have been taking advantage of it so the infrastructure for the political system overall, I think, is going to have to change in order for us to get back on track and grow as a country.

One of the other things that Preston mentioned was a lot of these countries are hurting us in the international trade with these tariffs. That's something else that small businesses don't have the resources to fight as a large Fortune 500 company would.

Can you comment about things of that sort? Wouldn't the SBA be "lobbying" effort to help the politicians squash some of those tariffs against neighboring countries that are tacking them on to small businesses?

Lloyd Chapman: I have to say, I'm not very knowledgeable about that subject, quite frankly, but I think this involved the NAFTA issue a little bit. I could be wrong, but I believe that the conservatives in America, the Republicans, were real big on NAFTA, weren't they?

Jim Peake: I think so, yes.

Lloyd Chapman: Now what's happened since then is I was going to buy a Dodge three-quarter-ton truck a few years ago and I looked on the

window sticker and it said “Assembled in Mexico.” I was shocked. Now you’re seeing American companies have shifted millions of jobs overseas.

You talk about the chickens coming home to roost, that’s another thing that’s probably causing this recession, is so many big corporations are shifting jobs overseas, I think you may have seen that Halliburton is going to move to Dubai. I remember, I was talking to a former airline pilot who told me that the only airline in American that doesn’t have their maintenance done overseas is American Airlines.

I had a problem with a credit card one time. I was on vacation and they thought since I was 1,000 miles away from my home, someone had stolen my credit card number and I had to call in for customer service, which was in India. The connection was bad and I couldn’t understand the person, so I skipped that credit card and pulled out my American Express and tried to use that and the same thing happened.

So I called customer service there and it was also in India. The computer companies’ tech support is overseas. I think in the last few years, all these different policies that have allowed American companies to shift jobs overseas have been very detrimental to the economy. Again, it’s that same old issue where the big businesses get what they want and the small businesses get nothing.

Jim Peake: It seems like if there’s going to be free trade, it should be free trade both sides; otherwise why do business? It doesn’t even make any sense.

Lloyd Chapman: I saw an article in *Vanity Fair* a couple months ago that was talking about false claims act litigation. I don’t know if you’re familiar with that, but it’s a law that Abraham Lincoln actually passed. It says if you find somebody cheating the government you can sue them and you get to keep 25% of the damages that you recover.

The only problem is you have to first submit it to the Justice Department to see if they want to pursue it. There’s this lawyer in Florida that’s been trying to file dozens of these huge lawsuits where government contractors have cheated the government out of billions in Iraq and the Justice Department is stopping it.

The day that the Bush appointees leave the Justice Department, I predict an avalanche of investigations and litigation exposing

billions and billions in fraud in Iraq and all around the country. In fact, people can Google “9 billion missing in Iraq” and it’s a story online about how a cargo plane flew to Iraq with \$10 billion in cash on pallets and blocks of \$100 bills.

Jim Peake: Yes, whatever happened to that?

Lloyd Chapman: They lost \$9 billion—they didn’t know where it was. So when Bush talks about cutting the SBA budget to save taxpayers money...they lost more money than it would take to run the SBA for a decade, and they don’t know where it is. Anyway, the good news is that as soon as Bush is out of office and somebody else is in there, we’re going to find out how bad this mess really is.

I don’t think the real impact of what Bush has done is going to hit until he’s gone for about a year, and I think people are going to be stunned at the damage he’s done not only to the economy, but to America’s reputation around the world. Again, I’m a Republican from Austin, Texas.

Jim Peake: Wow. So folks can go to your website and sign up and it doesn’t cost any money right now, is that right?

Lloyd Chapman: You can join free and we’re trying to get people to become supporting members at \$50 a month. I’ve won six federal lawsuits so far, I’ve exposed billions in fraud and abuse. I’ve forced the government to change probably about six different policies. I think, I’ve probably in the last 10 years through my lawsuits and lobbying have directed maybe \$30, \$40 billion in federal contracts back to small businesses.

I remember the *Washington Post* did a story on a congressional hearing that I got back in 1992 and the first thing I ever did, I got half a billion dollars in small-business contracts out of the Air Force on the Lockheed F22 Stealth Fighter contract. People should join the American Small business League.

If you don’t get involved in government, you can’t complain, so if a small business is out there listening to your podcast and they don’t want to join the American Small Business League or some group, then you can’t complain. I would think that people should join whoever you think is going to lobby for you.

I would suggest that people go to the website of any group that you think is lobbying for you and see if you can find the issue on there. If you go to the U.S. Chamber of the NFIB you’ll find no mention

of the diversion of federal small-business contracts to Fortune 500 corporations, but you will on the American Small Business League website.

So find the group that's actually lobbying for what you care about and join and support them because again, if you're not involved, you can't complain.

Jim Peake: That's very good. Well, this has been awesome, Lloyd. I can't thank you enough for your time.

Lloyd Chapman: Thank you, Jim.

Jim Peake: This is Jim Peake over at [MySuccessGateway.com](http://MySuccessGateway.com) wrapping up with Lloyd Chapman, president of American Small Business League. You can find him at [ASBL.com](http://ASBL.com). Thanks so much, Lloyd.

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