

October 28, 2009

## Lack of help for small business is 'obscene'

**Fox News**—most people either love it or hate it. I'm indifferent about it, preferring to look at it as I do most media: Take what I hear with a grain of salt and watch out for bias.

Just yesterday, host **Greta Van Susteren** chatted with **David Cho**, financial reporter for the "**Washington Post**" about **how small businesses are doing**. Cho authored an article in the "Post" Oct. 22 entitled "**Rescue efforts shift to small business**." The crux of that effort is getting affordable credit into the hands of small businesses.

Fabricating Update subscribers are in businesses that could benefit most from these efforts, provided they are handled properly and in a timely manner. Some subscribers welcome the focus on small businesses, some clearly think *properly* and *timely* are not in the government's lexicon, and some think the government should stay the heck out of business altogether.

In her interview, Van Susteren said, "I thought the point of the TARP funds was to loosen up the credit, to help these banks who had toxic assets and to make it so they were more willing to help the small businesses."

Cho replied, "I think more than any other issue, the administration has really struggled to get credit to small businesses. This has been an issue that has been a thorn in their side for a long time.

"One of the problems is a lot of banks that lend to small businesses, they don't want to take money from the government. There's a stigma attached to it. They have to submit to executive comp restrictions. Why bother with all of that?"

Cho added, "[The government] just announced a program last week that basically gave access to the small community banks. Anybody less than \$1 billion in assets, smaller banks, and they could get to TARP pond. And they had to submit a plan to say this is how we will lend it to small businesses."

Van Susteren said, "We have had this crisis going on since last October. It is obscene that more attention was not put on the smaller banks and small businesses. Small businesses are the engine for getting the economy going."

Van Susteren and Cho continued the discussion, with Cho saying that the essential problem is convincing the small lenders to take the money. You can read the entire interview [here](#).

After interviewing Cho, Van Susteren cut to a live interview with small-business owner Mike Brown, **Olympus Imported Auto Parts**, Alexandria, Va. Brown's company typically does well in a recession when people choose to repair their cars rather than purchase new. However, his business, which employs 143, has seen a decline in business from customers who are "proactive about repairs, tune-ups and things to keep your car running at peak efficiency."

Brown is not suffering from the credit crunch, but he does know small business owners who are. "I know there are a number of people in the industry—our industry has had a struggle over the last 16 months or so. I know of a lot of similar businesses who have gotten into a cash crunch and the downward spiral. And those people go to try to find financing, and it is fairly dried up."

Van Susteren then asked Brown if he is confident that the administration's economic policies are on the right path. He said, "I have no confidence that we're on the right path. I have never seen economic remedies like the ones that have been proposed. I see no good news on the horizon, not with what is going on with health care and all the other programs coming from this administration."

A Fabricating Update reader who works for a thermal spray supplier shares Brown's lack of confidence in the government and thinks it should stay out of business. Responding to the October e-newsletter item about the credit crunch, he wrote, "The government has made it real clear, when they get involved, they get control.

"My vote is *less* government involvement. They are not capable of running businesses or banks; they have demonstrated it over and over.

"Keep the government *out* of health care, banks, and manufacturing.

"See Thomas Jefferson's quote that is attached to all my e-mails: "A government big enough to give you everything you want is strong enough to take everything you have."

A reader whose Michigan-based metal fabrication shop has been affected by the credit crunch said, "The credit crunch has affected our business. We are dealing with it by extending our payables out as far as we can. No the government should not get involved; I have more 'government' than I can afford now."

A reader from another Michigan shop said, "The problem is much deeper than the credit crunch. Banks are hesitant to loan money to an industry that the government [thinks] has no value. Until very recently, it has been government's view that these low-tech jobs are not needed. Ask the governor of Michigan; she herself uttered those words. If we had leaders in Washington—and I use the term leaders very loosely—who stepped up and focused on the jobs that built this nation and diligently worked towards making this marketplace attractive for job creation, as well as job retention, then I might believe that the banks are to blame. Why should the banks put themselves at risk, when they are already overextended, to an industry that our government itself does not hold dear?"

"When all the jobs are gone, maybe we will have an opportunity to be heard."

Not all Fabricating Update readers who weighed in on the credit crunch felt the government should *not* help alleviate the problem.

A long-time welder said, "Anything the government can do to help would create a better environment for the manufacturing community."

A reader who works for a fabricating equipment supplier said that since small businesses account for a large portion of the labor force, the government should and could help by: Telling the banks to free up the money; implementing tax credits on capital investments (similar to a number of years back; and offering employment incentives.

I guess we'll see if the government does something that actually helps small businesses facing credit problems. I'm not holding my breath. The wheels of bureaucracy grind much too slowly for that.

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