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Small business called key to solving labor problem

By DON LYLE

News Business Editor

Small business can turn the nation's unemployment problem into a labor shortage, Duane Pearsall, president of Statitrol Corp. of Lakewood, told the Denver Chamber of Commerce Small Business Council Tuesday at a meeting in the Cosmopolitan Hotel.

The labor problem can be solved simply if small business is stimulated by only 10 per cent, he said.

Pearsall, who was named small businessman of the year in 1975, explained that the chore could be accomplished by a few legislative bills.

ONE, HE SAID, could give a tax credit of \$5,000, up to a maximum of \$20,000, for each new employe hired by a small business. That would allow the small businessman, who would normally face a cost of \$12,000 for that new employe to hire them for one year for \$7,000.

He said that about half of the presently unemployed aren't working because they quit their jobs, and that makes 3.5 per cent unemployment the equal of full employment.

Business and finance

The nation's 9 million small businesses, which presently employ more than half the working people in the country, could absorb the unemployed that want to work, he said.

Pearsall also suggested that investments in small business be treated as a fixed, depreciable asset to encourage investors to spend money on small businesses as a tax shelter.

A third piece of legislation to help small business, he continued, would allow the Small Business Administration to guarantee long-term loans as well as short-term loans to encourage banks to make more money available.

BUT, HE SAID, as the situation now stands, small business is a sleeping giant and "If we don't wake up in the next 20 years, small business is dead, dead, dead."

Pearsall added, "I'm incensed with misguided legislation that's killing small business. No one in Washington is shouting for small business."

Pearsall described some of the regulations that threaten to smother small businesses with paperwork.

Office of Safety and Health Administra-

tion, he said, has an immense quantity of regulations that were intended for big business but are imposed on small business and managed like a police state.

And, he added, the overreaction of the Environmental Protection Agency has cost millions of dollars.

In some cases, he said, the agency has forced companies to install afterburners to burn solid particles from smokestacks. The critical temperature of these pollution control devices is 1,100 degrees, he said, but, as they get older, efficiency drops and some only heat to 900 degrees. "The cost is high and they contribute to effluents in the air," he said.

PEARSALL SAID THAT there should be an economic impact statement required for all legislation passed.

Warranty legislation also hurts small business, he said. One company, according to Pearsall, has been putting out a good product under a full warranty for years, but it was forced to change to a limited warranty because of potential liabilities under warranty legislation.

The pension reform act was passed to protect employes, he continued, but the reporting costs — \$1,500 to \$2,000 a year for a small business — are so high that it forced many small businesses to drop their pension plans.

More pension plans have been dropped since the legislation was passed than ever before, he added.

"In each case," he said, "the intent was to protect, but the real victim has been small business."

Small business, he said, should be nurtured, protected and encouraged to grow into big business.

It should be supported by government as a partner, not treated as an adversary, he added.

Pearsall said that the Small Business Administration defines a small wholesale business as one with sales up to \$9 million a year. The figure is \$2 million for a retail business and \$5 million in the construction industry.

A manufacturing company with 250 or fewer employes is a small business.

But, he said, the Colorado Legislature, on amendment No. 7, has defined a small business as any business that makes more than a \$50,000 net profit.

AMENDMENT NO. 7 repeals the 3 per cent tax on food and food products and requires the Legislature to make up that loss to the state treasury with corporate and severance taxes.

"The anti-business state government has put the gun to the head of business to steal \$25 million in this state," he said.

The amendment, he added, will cost jobs and destimulate business in Colorado.

Pearsall said that if every small business in the country contributed one-half of 1 per cent of its pre-tax profits, it could surpass unions as a lobbying force in Washington and local governments.

But, he said, small businessmen are too busy keeping their doors open and trying to stay in