



Growing Resistance By **SMALL BUSINESS**

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■ By Presidential Proclamation and Congressional Resolution the week of May twenty-second has been designated as Small Business Week. The Senate Resolution supporting the proclamation cited the need "to strengthen the small business community, and [present] an opportunity for the people of the United States to reaffirm the importance of small

business to the overall economy of the nation."

Most of the owners and managers of the thirteen million enterprises in this country that are classified as small business will probably not even be aware that the Congress and President Carter have designated a week to honor them. These beleaguered businessmen will be too busy filling

Big Business has made its deal. But 97 percent of U.S. businesses are classified as small. They provide 52 percent of our non-government employment, 48 percent of total business output, and half of all innovative and technological developments. They are being crushed, know it, and are starting to fight.

out government forms, trying to comply with thousands of confusing and contradictory government regulations, and in general wondering how long they can survive the burden that Big Government has placed on them.

How bad has the situation become? There are now more than seven thousand different kinds of federal forms that small businesses must complete weekly, monthly, quarterly, or annually. State and local reports (many mandated by federal rules) double or triple that number. Each day, new bureaucratic rules and standards are published in the *Federal Register*; last year these new regulations and interpretations required 67,027 pages of fine print just to list. That is more than double the number of pages in the *Encyclopaedia Britannica*!

Even so devoted an advocate of Big Government as Senator Gaylord Nelson (D.-Wisconsin) agrees that the problem has become critical: "Our small businesses are sinking deeper into a morass of federal rules, regulations, and paper. They are victimized by discriminatory federal income-tax laws. They are being driven out of business by confiscatory estate taxes." He adds: "We have an important new matter of concern to America. This new issue — the health of independent small business — involves the vital, economic, social, sociologi-

cal and philosophic questions. It involves the question of survival of a competitive free enterprise system."

Four years ago, C. Jackson Grayson Jr., head of the Price Commission for President Nixon's failed Economic Stabilization Program, revealed the collectivist strategy in the convenient form of a prediction. Consider: "I am not saying that there is and will continue to be public regulation of the private enterprise system. Since 1930, we have had that — a mixed public-private system. But, in the 1970s, the pendulum of the mix has been swinging further, and faster, toward central control. Call it what you will — managed capitalism, socialism, a post-industrial state — the end result will be the virtual elimination of the free-market system as we now know it."

Dr. Murray L. Weidenbaum, director of the Center for the Study of American Business at Washington University, explains what is being done: "This new revolution . . . involves the shift of decision making from managers who represent the shareholders to a cadre of government officials, government inspectors, government regulators." A small businessman in Chicago summarizes: "More and more, the management of our company is being taken out of our hands and lodged with reg-

ulatory agencies in Washington."

Why is small business the chief target? A "small" business is usually defined as a company with fewer than five hundred employees, and less than one million dollars in annual sales. Under these standards, some *ninety-seven percent* of the businesses in the United States are classified as small. They provide about fifty-two percent of the non-government employment in this country; forty-eight percent of the total business output; and, are responsible for more than half of all innovative and technological developments that benefit us.

Looking over their shoulders, reviewing their operations, and regularly hitting them with costly new regulations are eleven Cabinet departments with regulatory functions, plus fifty-nine independent agencies and well over twelve hundred advisory boards, committees, councils, and commissions. But no one in Washington, and certainly no small businessman, knows exactly how many agencies and departments have at least some responsibility for any part of daily business operations.

The last survey of federal regulatory agencies is nearly two years old, but at that time the Office of Management and Budget reported there were more than one hundred thousand federal employees working in regulatory jobs. *Industry Week* magazine estimates that direct federal outlays for regulating business will reach \$3.5 billion this year — a twenty-one percent increase over the 1976 totals. But, of course, the cost to Washington for implementing its regulations is the merest tip of the iceberg. The annual cost to business (and thus consumers) for complying is at least \$150 billion — nine times the cost of the Marshall Plan aid we sent to Europe after World War II.

The power of the bureaucrats over business is awesome. The Consumer Product Safety Commission, for example, has virtually limitless authority over all products in the marketplace. "You name it and CPSC probably has jurisdiction over it," said Richard Simpson, the commission's



**U.S. Representative
George Hansen
seeks OSHA abolition.**

first chairman. The C.P.S.C. has the authority to ban or recall products from the market, without so much as a court hearing, simply by issuing a determination that the offensive item is unsafe. It can order rebates to consumers and even send offending executives to jail.

How capricious can the Consumer Product Safety Commission be? Consider the case of Marlin Toy Products, a small manufacturer of plastic toys in Horican, Wisconsin. Since 1962, the company had been manufacturing a small ball made of clear plastic and containing brightly colored butterflies and pellets. Millions had been sold, without the company receiving a single complaint about their safety, when the firm was told in November 1972 that the product was unsafe; if the balls ever broke open, they were warned, a small child might swallow some of the plastic pellets. The complaint had been brought by the Food and Drug Administration, which had responsibility over such toys before the creation of the Consumer Product Safety Commission.

So, at a cost of some ninety-six thousand dollars, the company recalled all of its toy balls and removed the pellets. The new toy received the approval of the F.D.A., and in 1973

Marlin worked doubly hard to make up for the lost business the previous year. In a matter of months, however, the Consumer Product Safety Commission issued its first list of "banned" products. Without ever checking with Marlin Toy Products, it included the plastic balls on its catalog of forbidden items. Stores all across the country cancelled their orders. And, before the Marlin people knew what hit them, they had lost \$1.2 million in sales.

The company was forced to lay off seventy-five of its eighty-five employees and nearly went bankrupt, all because of what the bureaucrats at C.P.S.C. called a "printer's error." The firm's manager, Ed Sohmers, said: "I was just a virgin in the woods in Washington's bureaucracy when this hit us. We have been badgered, intimidated, stonewalled, and ignored by government."

Ed Sohmers is not alone. Thousands of other small businessmen who have run afoul of the Washington bureaucracy have simply given up. For twenty-seven years, Francis L. Kelly ran a successful construction company in South Dakota. He had been commended thirteen times for his safety record by the Associated General Contractors. But, despite his enviable safety performance, he was in 1975 repeatedly fined by the Occupational Safety and Health Administration for alleged "unsafe" practices. The burden of complying with O.S.H.A., and the scores of other regulatory bodies, finally became too much. Here is what Mr. Kelly said when he announced the closing of his construction business:

"I believe my time can be better spent than completing the ever-mounting paper work required such as the forms, surveys, reports, and questionnaires sent by state and federal bureaus and agencies. I hope by stop-

ping one company I may cut the number of tax-paid workers who mail out, receive, tabulate, and file this information, much of which appears to be trivia. I can also use to better advantage the time I spend as a tax collector, deducting security and withholding taxes from my employees, keeping full records of the transactions, making monthly deposits and completing quarterly and annual reports."

Francis Kelly was not driven out of business by the rigors of competition; nor did he fail because of any incompetence or bad judgment on his part. Kelly tossed in the towel because he was fed up with the mess the bureaucrats had created: "I firmly believe in the free enterprise system and a fair profit for value received," he said. "I have never been out for the fast buck, nor do I believe in passing the buck. Under the growing bureaucratic system that keeps evolving, too many tax-paid freeloaders are making what I consider too many demands. And so, while I still have my trowel and my hammer, I am stopping."

It is not just small business, of course, that is being hit. Here are just a few of the stories that have recently made the national wire services about some of the big boys who have also been hurt:

- In January of this year, Dow Chemical Company announced that it was abandoning plans to build a petrochemical complex near San Francisco worth five hundred million dollars. The company had already spent two and one-half years, and some four million dollars, trying to get approval for the project. But, after all this time and money, the firm said it had received only four of the sixty-five permits it needed from the bureaucracy to build the plant.

- A month later, the Union Electric Company of St. Louis, Missouri, said it was abandoning a seventy million

dollar project to convert the city's trash into fuel and recoverable materials. What happened? After two years of trying to get government approval for the project — which should have had the support of every conservation-minded environmental group and agency — the company had not received approval of the project nor been given any idea when it might be approved.

• In March of this year the California State Air Resources Board (which has even tougher standards than federal requirements) ordered Kaiser Steel Corporation to hire an additional sixty-five persons for pollution-control work at its plant in Fontana. Even though the company agreed to hire the workers, and to implement many other changes the state board recommended, the state agency said it was still proceeding, in cooperation with the federal Environmental Protection Agency, with a twenty-five million dollar suit against Kaiser for an alleged 1,142 violations of clean-air standards.

But even these figures seem puny compared to what the real industry giants spend at the whim of the bureaucrats. Last year, for example, General Motors pegged its bill for "complying with or in anticipating of government regulation at all levels" at \$1.3 billion! Moreover, said G.M. vice chairman Richard Terrell: "Personally, I am convinced that a significant portion of that \$1.3 billion may be unnecessary cost. But besides the money as an indication of the magnitude of these regulatory costs, there are the skills and capacity of some of our very best people tied up in non-productive work. This is additional cost that numbers can't measure."

Faced with such a price tag, you would think that the executives at General Motors would be screaming to high heaven, demanding that the gov-

ernment get off their backs, supporting Conservative resistance with advertising and contributions, fighting the bureaucrats in the courts. Hardly. "We are not saying that regulation is bad *per se*," Terrell added. "Nor do we see our relationship to government as an adversary role. Government is not the enemy."

The big boys have already made their peace with the regulators. In many cases, Big Government is their protector and friend. New safety and emission requirements might drive up the price of a mid-size car by five hundred dollars, or more, with gas consumption and maintenance requirements going up accordingly. But



Bill Barlow
denied entrance to
OSHA and won.

G.M. (or Ford, or Chrysler) doesn't pay the bill. All the costs, plus a profit on the additional paraphernalia, are passed on to the consumer. We pay the taxes that support the regulators, and we pay the higher prices for goods and services because of their decisions. As Senator Paul Fannin of Arizona noted, "There are some industrialists who feel unusually comfortable with regulation, because they believe it cushions them from the rigors of competition."

So big business goes right on financing the chief proponents of Big Government. As Patrick Buchanan points out in the April issue of *Conservative Digest*, "the networks and national press — are being subsidized by the advertising dollars of the Fortune 500." The anti-business radicals of Public Television were last year subsidized by big business to the tune of eighteen million dollars. The anti-

business colleges and universities receive many scores of millions more. Radical and anti-business journals like *The Progressive* carry advertisements from General Motors and A.T.&T. that pay their bills and keep them going.

Big business is not fighting Big Government. The corporate bureaucrats have made their deal. The job of financing and leading the fight for Free Enterprise has fallen upon the small entrepreneur — the businessman who has built his company from scratch, often laboring seventy hours a week for less money than he could earn working for somebody else, but who values his independence and is willing to take financial risks to achieve it. Such a man is F.G. "Bill" Barlow, president of Barlow's, Incorporated, an electrical contractor and sheet-metal fabricator in Pocatello, Idaho.

Alan Stang touched on this story last month, but it is well worth examining in detail.

When an O.S.H.A. compliance officer showed up at Barlow's plant in September 1975, Bill Barlow refused to admit him. The man from O.S.H.A. had not received any complaints about Barlow's; there was no record of unsafe working conditions or serious accidents at the plant. It was simply that O.S.H.A. was making unannounced inspections of that type of company in that part of the country, and Barlow's was on the list.

When Bill Barlow refused to permit the O.S.H.A. inspection, the Oshacrats got a court order, directing him to submit to the inspection. That order was served on January 5, 1976 — but again Bill Barlow refused to allow the inspector to tour his plant unless O.S.H.A. could produce a search warrant. No judge will issue a search warrant, however, unless he can be shown "probable cause" that the law has

been violated. And O.S.H.A. had absolutely no evidence that the law *was* being violated.

After being served with a court order compelling him to submit to an O.S.H.A. inspection, Bill Barlow once again refused. This time he filed suit against O.S.H.A. in U.S. District Court, claiming that its inspections are unconstitutional because they violate his Fourth Amendment protection against unreasonable searches by government and requiring that probable cause be shown before a search warrant is issued. On December 30, 1976, a panel of three federal judges in Boise, Idaho, agreed with him. The judges had read the Constitution. In their decision, they declared: "We therefore hold that the inspection provisions of OSHA which have attempted to authorize warrantless inspections of those business establishments covered by the Act, are unconstitutional, as being violations of the Fourth Amendment."

In its summary judgment, the panel also ruled: "That defendant, the Secretary of Labor of the United States of America, and all other defendants, and their successors in office, and all other persons acting by, through or under them, are hereby forever and permanently restrained and enjoined from conducting or attempting to conduct any general searches or inspections of the non-public portions of the premises of the plaintiff herein pursuant of Section 8(a) of the Occupational Safety and Health Act of 1970."

Of course O.S.H.A. immediately announced that the court's decision would be appealed, and in the meantime requested a stay of execution of the decision. "We consider the right of inspection absolutely vital," O.S.H.A. national administrator Morton Corn declared. But all Oshacrat inspections in Idaho were

stopped. The case has since been appealed to the U.S. Supreme Court; and, in the meantime, Justice William H. Rehnquist has issued a stay of the injunction against inspections for all businesses except Barlow's, Incorporated. In other words, O.S.H.A. has for the moment regained the unconstitutional power to inspect any other firm without first getting a duly authorized warrant.

Yet, because Bill Barlow was determined to fight his case against O.S.H.A. all the way to the Supreme Court, it is now O.S.H.A. that is on the defensive. And a number of other small businessmen are following his example. In Reedley, California, Mel Salwasser has also refused to permit O.S.H.A. to inspect his business without a proper warrant. Salwasser, who is as determined to defend his liberties as Bill Barlow, puts it this way: "We must reduce the size of government. This wonderful country is ours. It belongs to us. The people are the masters of the government and not the government the master over the people. The O.S.H.A. act must be abolished in its entirety."

In Anchorage, Alaska, a courageous roofing contractor named Glenn Smart has taken his case against O.S.H.A. to court, too, and a Superior Court judge in Alaska has ruled that he can legally refuse admittance to state Oshacrat inspectors if they do not have a warrant. The attorney general of Alaska has already announced that he will take the case against Smart to the State Supreme Court. But Smart also means to fight it all the way.

Representative George Hansen (R-Idaho) has applauded these actions. The Conservative Congressman, who heads a nationwide campaign to abolish O.S.H.A., said he hoped other small businessmen would follow Bill Barlow's example and re-

fuse to permit O.S.H.A. inspections of their premises. Hansen knows who the fighters are. They are not members of the Fortune 500 — the corporate bureaucrats who have made their deal — but determined small businessmen with limited means who believe liberty is worth whatever it costs.

George Hansen's colleague in the House from Idaho, Congressman Steven Symms, has been just as outspoken concerning O.S.H.A. This March, while testifying before the House Subcommittee on Compensation, Health and Safety, he said: "It



Mel Salwasser
reminded bureaucrats
of the Constitution.

seems to be that OSHA is the kind of law that the Bill of Rights was designed to protect the American people against. Here is a law that permits government agents to enter a private establishment to look for possible violations of federal regulations so complicated that most lawyers could not understand them, not to mention a small businessman, without probable cause or any reason to suspect that violations exist. This is a right that is not afforded the police even in a capital felony case — and for good reason. Yet, it is construed as proper by some for government to operate in this fashion in the name of safety, health or some other public good."

Bill Barlow told me that the harassment by government of the small businessman has gone from bad to worse to desperate in the twenty-five years since he went into business. The three divisions of his company have a total of twenty-five employees. But the paperwork necessary to comply

with various local, state, and federal agencies takes him and his small office staff several hundred hours a year. All of this work for the government, of course, is done at his own expense. Which means that the price must be passed on to his customers.

"Without all of this useless government meddling, we could cut our prices by one-third," this angry businessman told me. Think about that for a moment. Because of all these government regulations which Bill Barlow doesn't want, doesn't need, and which in many cases actually reduce the quality of his service to his customers, Barlow's prices for his goods are thirty-three percent higher than would otherwise be necessary. The situation with the federal government has gotten so bad that Barlow doesn't even try to bid on government contracts any more. "The amount of paperwork that is necessary to do a job for the government is unbelievable," he says. "It would actually cost us more money than the job would be worth to take one."

Perhaps the most discouraging aspect of his battle against the federal bureaucracy, says Barlow, is the number of other businessmen who should be just as active as he is in fighting the regulators, but aren't doing so. "There are many, many men who have told me that they admire my own efforts, but they are just unwilling to stick their own necks out," he says. In most cases, Barlow believes, it is fear — fear of government harassment — that stops other small businessmen from doing more. "There are so many ways they can get you today; if O.S.H.A. doesn't do it, the I.R.S. will."

But his battle against the federal regulators, and his outspoken defense of Free Enterprise, has not cost him a single customer, Bill Barlow told me. Neither has his membership in The

John Birch Society. Bill is very proud of that membership and is convinced that the answer to this country's problems will come when enough businessmen and other Americans "get educated, and then get organized," in programs like those of the Society.

Barlow says his legal battles against O.S.H.A. have been expensive, and he estimates that the total cost of battling the Oshacrats all the way to the Supreme Court may run as high as one hundred thousand dollars.* It is an awfully big price for a small company to pay, yet Bill Barlow is not hesitating. "I'm going to fight them to the bitter end," he says. And there is little doubt that this determined American means to win.

Two thousand miles to the east, another small company has run afoul of another federal regulatory body. Two years ago, the Environmental Protection Agency called one of the officers of Tivian Laboratories in Providence, Rhode Island, to learn if they ever used certain chemical formulations in their electroplating business. Since neither of the chemicals in question had ever been used in their Rhode Island operation, Dr. Marvin Antelman told the caller no and promptly forgot about it.

A few days later, however, the firm received an elaborate questionnaire from E.P.A., asking many of the same questions (but in far more detail) that had been covered in the earlier telephone call. This time, however, the federal agency asked the firm to divulge information about its operations and its services for customers that the company considered confidential. So Dr. Antelman re-

*To help pay some of these court costs, supporters of Bill Barlow have formed the Committee for Constitutional Challenge to O.S.H.A. Donations to support their efforts can be sent to Post Office Box 994, Idaho Falls, Idaho 83401.

fused to complete the questionnaire.

When Tivian Laboratories also refused to comply with a second notice from the E.P.A. to complete the nosy questionnaire, the agency filed suit against the company. It not only demanded that the Court require that all of its irrelevant questions be answered, in full, it also requested that the company be fined twenty-five thousand dollars a day until the questionnaire was completed.

Tivian decided to file a countersuit against the E.P.A. seeking twenty million dollars in damages and penalties. But, perhaps even more important, the firm's president prepared a series of questions, called "interrogatories," for the *Environmental Protection Agency* to answer. And he asked the Federal District Court in Rhode Island to demand that the E.P.A. respond. The interrogatories sought information not only about the E.P.A.'s actions against Tivian Laboratories, but also questioned the entire function of the Environmental Protection Agency, why it was founded, the relationship of its director to the secretive Council on Foreign Relations, the real purpose of such debilitating government regulation, and so on.

"In our first court hearing, the judge ordered the E.P.A. to answer our interrogatories," the company president told me. Since that time, however, the case has gotten embroiled in legal wrangling — including an action by E.P.A. asking that Tivian's president not be allowed to represent his company, since he is not a lawyer. He has therefore had to prepare further briefs for the court, citing legal precedents and constitutional grounds for his actions. The harassment meanwhile continues as fines and penalties sought by the Environmental Protection Agency against Tivian Laboratories — for refusing to play paper

tag with the bureaucrats — have mounted to \$1.8 million and are rising every day.

Then there is Ben Goehring, president of Goehring Meat, a family-owned business in California that has served the Western states for more than twenty-five years. The meat industry, of course, is one of the most



Dr. Marvin Antelman
told EPA what to
do with its forms.

regulated businesses in the world, and Goehring Meat operates under virtual round-the-clock federal inspection. Thanks to O.S.H.A., the Goehring brothers have also been forced to make costly and unnecessary revisions in their plants — changes that many workers feel actually increase the likelihood of injury on the job.

Recently, a new federal scheme to supervise pension plans has forced the Goehring family to spend several thousand dollars on attorneys in order to revise their program to meet the federal guidelines. When all of the paperwork is completed, Mr. Goehring told me, "we will have a worse plan than we had."

But perhaps nothing illustrates the problems that small business has of trying to comply with the demands of the regulators better than Goehring's experience in getting approval, and then losing it, for a new piece of machinery that would mechanically debone meat. In the past, meat was cut from the bone by hand — a costly, time-consuming process that was not terribly efficient. If the meat wasn't cut close enough to the bone it meant losing valuable food; but if workers tried to cut too close, or got careless for just a moment, it meant chips of

bone in the product. So when a company invented a machine that would do this automatically, and with far greater efficiency than could be achieved by hand, naturally the Goehring's were interested.

After countless tests and inspections, the new machine had been approved by the Food and Drug Administration. Goehring Meat spent ninety-five thousand dollars to buy and install one. But, before the first side of beef could be run through the machine, the company got bad news from Washington: the F.D.A. had received complaints that the mechanical deboner might somehow increase the number of bone chips left in the meat. And since all-meat sausages must be just that — all meat — Goehring Meat could not use the new machine if it wanted to sell its products to the public.

So, for over a year, an efficient piece of equipment costing ninety-five thousand dollars has sat idle in the plant — a machine, we remind you, that Goehring Meat had not purchased until it had received F.D.A. approval. But, in dealing with the regulators, what is perfectly proper one day might at the whim of some needle-nosed bureaucrat be totally forbidden the next, with no change in the law, and very little possibility of winning an appeal.

Having sympathy for the Goehring problems, it occurred to me that the real story of what federal regulators had done to small business in this instance might lie with the company that manufactured the mechanical deboner. After all, here is a firm that had F.D.A. clearance to spend a million dollars or so to manufacture a new piece of equipment, had obtained orders from meat companies all over the country, but at bureaucratic whim suddenly found itself with a white elephant.

My concern proved groundless; the company is doing extremely well, thank you. It is making machines as fast as it can, and shipping them all overseas. Naturally, because our government is concerned about our balance-of-payments deficits, it assists in such sales all that it can. The Department of Commerce and the Export-Import Bank couldn't be more helpful. When Communist Poland wanted to purchase twenty-two of these efficient, safe, and cost-saving devices, it found that it had plenty of friends in Washington. The sale went through without a hitch.

So here is the cruel irony for Goehring Meat: While they are now forbidden permission to use a machine for which they paid ninety-five thousand dollars after the federal regulators told them it was perfectly acceptable, their tax dollars have been used to help arrange the sale of twenty-two such machines to Communist Poland. And Poland, in turn, uses them to make even more sausage, much of which it sells in this country in competition with Goehring and others. Because Communist Poland has been granted most-favored-nation status by Washington, it naturally pays less in taxes and duties than does an American business!

Ben Goehring told me that the policies of our government sometimes seem to be aimed at purposely destroying small business. There is absolutely no doubt, he insists, that unreasonable federal regulatory policies have wiped out hundreds of meat companies in the past decade, costing untold thousands of jobs. As with other industries, the federal regulatory agencies help the big get bigger, while making it all but impossible for small business to succeed.

The small businessman faces a double-barrelled threat to his rights and his success. Not only must he try

to cope with the swarm of federal regulators, he must also try to achieve some sort of "peaceful coexistence" with a whole host of state regulators. When it comes to a burgeoning bureaucracy, California may well lead the nation. In the past ten years, growth of government in that state has been ten times greater than the growth of the state's population. It is now the fastest-growing major employer in the state. And the bulk of these new government officers have just one purpose: to regulate business. As the *Los Angeles Herald Examiner* reported last year:

*The rules are endless — more than 5,000 new or changed ones a year. They flow from more than 100 California regulatory agencies — unelected, virtually invisible to the public, yet powerful. *** Critics and supporters agree that the extent of state rulemaking, whatever its quality, is beyond almost anyone's grasp.*

In 1952 there were 37 agencies that filed for rule changes prompting 1,623 new pages of regulations. In 1974 there were 102 agencies and 11,313 changed pages. Today the code book containing most of the regulations runs to 22,000 pages — with no index.

"I don't begin to know the content of all those 22,000 pages," admits Mary Lou Smith, the state official who presides over the code book.

Chief cause of this regulatory morass is the federal government. The states must regulate or else. Or else what? Last fall, the Environmental Protection Agency filed suit in the U.S. Supreme Court against the State of California, claiming that state officials had not done enough to enforce a program to bring air quality up to standards of the Clean Air Act. One part of the E.P.A. plan for Cali-

fornia called for mandatory vehicle inspections which fifty percent of the vehicles on the road would have failed. Another would have banned motorcycles from operating in daylight hours during the spring and summer over most of the state.

When California officials failed to move quickly enough to satisfy E.P.A. officialdom, the federal agency asked the Supreme Court to give it the authority to jail California Governor Edmund G. Brown Jr. and



**Congressman Symms
says small business
can fight and win.**

assorted state legislators; to fine the state twenty-five thousand dollars per day; and, to put the state into receivership if its demands are not met. The Environmental Protection Agency took its suit to the Supreme Court when a lower court ruled that such actions would be unconstitutional and an interference with the state's rights. You can't claim that the E.P.A. doesn't think big!

So you begin to understand why more and more businessmen in California, as elsewhere, are speaking out about the problem of government regulation. Ranchers are typical. Otis Rosasco, chairman of the Natural Resources Committee of the California Cattleman's Association, summed up the feelings of many ranchers when he said: "Some of these regulations are so restrictive it puts the operator in a straitjacket . . . No one can do a thing without first checking with the government."

John Crosland Jr., a spokesman for the National Association of Home Builders, says that excessive and unnecessary governmental red tape is a

primary reason for the spiraling cost of housing. Growing regulatory controls at all levels — local, state, and federal — have caused higher land and land-development costs, more expensive building codes, higher labor costs, and rising overhead. As a result, the cost of a new home is jumping skyward by twenty percent or more in a single year — making it all but impossible for many Americans to afford their own home.

And it is not just builders, or ranchers, or meat packers, or electrical contractors who are being driven to the wall by the regulators. As Loren House, controller and executive vice president of Kwik Lok Corporation, told me: "Every businessman in America is under the gun now."

Kwik Lok manufactures that small plastic tab used to close bags on loaves of bread, bags of apples, and other products on your supermarket shelves. It also makes the sophisticated machinery that attaches them. The company has about one hundred employees in the United States, with plants in Washington State and Indiana, and does business in all fifty states and most countries of the Free World. "Ten or twenty years ago," Mr. House explained, "we were basically concerned about selling our product, finding new customers, and worrying about the competition. Now, figuring out how to comply with government regulations and still stay in business takes almost as much time and effort."

Today, virtually every aspect of the company's operations — the raw materials it must acquire, its plant operations, the workers it must hire, and the wages it pays — is subject to government regulation. About the only thing *not* subject to federal controls right now, House said, is the price Kwik Lok charges for its product. And the more that President Carter

promises he will not seek wage and price controls, the more businessmen like Loren House suspect such controls are coming.

"The normal businessman is scared to death today," House told me. "There are scores of governmental agencies waiting to put him out of business or force him into court." Loren House agrees that vocal opposition to the regulators is at an all-time high, but he points out: "So is government interference with business." It is nonetheless very hard to get most businessmen involved in programs to oppose the regulators. House reports that many of them say they just don't have the time, and of course there is some truth in that. But the biggest problem is that they are afraid to stand up to Big Brother by themselves. Aware of the cost of litigation, their lawyers will almost always advise them to settle any dispute rather than take a government agency to court. "They want government to get off their back, but they don't know how to achieve it," he says. "So most of them are just worrying about surviving, hoping that somebody else will fight for their freedom. It is a case of hoping the crocodile will eat them last."

Since its bag closures are manufactured from plastic, and plastic is made from petroleum, the federally created energy crisis is a matter of great concern to Kwik Lok. "We have already gone through one plastic shortage that I'm convinced was contrived," House says. When the price of oil was doubling in a matter of days three years ago, and automobile owners were waiting in lines at service stations, plastic was also being rationed. Another contrived crisis that shuts off petroleum for plastic manufacturing could put Kwik Lok out of the bag closure business. And there are many who believe that such a

manufactured energy shortage is on its way . . . and soon.

That could well be true. "There are now more than one hundred federal agencies controlling the oil industry in this country," an officer in a Dallas-based oil company told me. "Regardless of what they say they are doing, the net effect of their activities is to make it more difficult to increase oil production in this country."

There are more than ten thousand "wildcatters" in the United States — small oil and gas producers who act independently of the major oil companies. The chief problem they face is not finding and developing oil and gas reserves, but getting government approval for their operations. One such "wildcatter," Ken Martin of Martin Exploration Company, says that it is simply impossible to keep up with all of the new rules and regulations promulgated by the Federal Energy Administration, the Federal Power Commission, the Environmental Protection Agency, and the other regulatory bodies. "With all the noise coming out of Washington, it's impossible to predict what the price of natural gas will be," he says. This makes production of natural gas very risky and results in ever less of it being found and delivered.

"There is no doubt the federal government has manufactured this crisis, and is making the problem worse," another oil man told me. He is convinced there is more than enough gas and oil recoverable in the United States to supply our energy needs for two or three centuries. "But there is a conspiracy at work to make us more dependent on foreign oil, not less."

It is the same wherever one turns, with ever bigger government harassing productive enterprise at every

turn. We have only scratched the surface of the problems posed by Big Government's mania for regulation. For a more comprehensive account, we strongly recommend Dan Smoot's superb study, *The Business End Of Government*, published by Western Islands and available for one dollar. In this book Mr. Smoot spells out the problem so well that we think small businessmen who read it will want to purchase copies for their friends, business associates, and employees. It is currently being distributed by the nationwide TRIM Committees,* and if you haven't read it you should do so. In last month's AMERICAN OPINION we described what the hundreds of TRIM Committees are doing to fight Big Government, and how effective TRIM has been in enlisting support for such activity from growing numbers of small businessmen who are willing to defend their freedom. The popularity of the TRIM program is a hopeful sign that resistance to Big Brother is building.

Five years ago *Industry Week*, in an article called "Regulation To Oblivion," warned: "If industry has been waiting for a crisis, that crisis is at hand. Competition rising abroad and regulation rising at home leave no doubt that the survival of industry is on the line. That survival is in your hands. For no one will save private enterprise by regulation."

The small businessman has always been the backbone of a strong and productive America. He employs most of our workers, supplies most of our products, delivers most of our services, and directly or indirectly pays most of our taxes. Today, unless something is done fast, he is going to collapse under the burden Big Government has placed on him. And if we don't *help* to get Big Brother off his back, we are all going to collapse with him. ■ ■

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