



Presidential Climate Action Project

Climate Action Brief: Small Business and the Next Big Things

August 4, 2008

As you read this, the next breakthrough in American technology could be occurring somewhere – not in a laboratory or a big corporation, but in a garage, a dorm room or a storefront down the street.

It's not implausible. America's small business owners and entrepreneurs are the unsung heroes of our economy. According to the U.S. Small Business Administration, 99.7 percent of U.S. companies that employ workers have fewer than 500 on their payroll. They provide jobs to nearly 60 million Americans, about half of all private workers in the nation.

Small companies pay more than 45 percent of the nation's private wages and have generated up to 80 percent of our new jobs over the past decade. They hire 40 percent of our scientists, engineers and other high-tech workers and produce 13 times more patents per employee than their larger counterparts.

Of special interest this campaign season is the fact that nearly 11 percent of America's registered voters own small businesses. And at the moment, they are not happy. The National Federation of Independent Business reports that small business confidence is at the lowest ebb in three decades, with owners worried about inflation, health care and energy costs.ⁱ The Economist reports that 80 percent of small business owners have "little idea what either (presidential) candidate might do for them."ⁱⁱ

But we know what they can do for their country. Our economy is in transition from the industrial era to the 21st century. To deal successfully with the energy crisis, with the urgent need to reduce greenhouse-gas emissions and with the opportunity to capture huge emerging global markets for clean energy technologies, America needs its entrepreneurs and its agile small companies.

The Presidential Climate Action Project has proposed that the next administration build an active partnership with America's small businesses to create the ideas, technologies and products the world needs to meet the challenge of climate change. For example:

- The set-aside in the Small Business Innovation Research Act should be doubled, with low-carbon technology designated as the program’s top priority;
- Our national laboratories should be fully funded to create research partnerships that give small companies access to the world’s best research and development facilities;
- The next President should propose that Congress create a \$1 billion, five-year Platinum Carrot program that offers cash awards for transformative technologies that reduce greenhouse-gas emissions and America’s reliance on finite and foreign fuels.
- New emphasis and resources should be dedicated to critical programs, including the small business loan guarantee program, Small Business Development Centers and technical assistance for small business start-ups by women, minorities and veterans.
- The U.S. Department of Energy’s loan guarantee program, formed to commercialize new clean energy technologies, should be extended and should give high priority to leveraging capital for small businesses that are bringing next-generation low-carbon technologies to market.
- The President should direct the Small Business Administration’s Office of Advocacy – a policy shop staffed by economists and attorneys who are charged by Congress with lobbying on behalf of small companies – to identify the barriers in national policy that slow down entrepreneurial success, particularly in regard to emerging energy efficiency and renewable energy technologies.

The smallest companies are one of America’s biggest assets. At this critical juncture in our history, we need them to be more successful than ever.

This brief was prepared by the nonpartisan Presidential Climate Action Project at the University of Colorado Denver. PCAP, which is developing a 100-day climate action plan for the next President of the United States, issues briefs from time to time for the use of the presidential candidates as they consider policies to deal with climate change. Details are available at www.climateactionproject.com.

ⁱ “Which way will capital vote?” The Economist, July 19, 2008, pp. 40-41.

ⁱⁱ Ibid., p. 41