Jack Anderson

Small Firms Stinted on Research

Following their ephochal 1903 Kitty Hawk flight, the Wright brothers got a five-year runaround from Washington before receiving any government financial help to pursue their aeronautical research. Small-time inventors and innovative businessmen today are getting the same short shrift, even though billions are being doled out by the federal government for research and development.

Butter-fat corporations lap up the cream from the research subsidies, even though they're interested more in profits and cost-cutting than new inventive breakthroughs. Small companies with fewer than 1,000 employes get skim milk from the federal churn.

Yet the little enterprising businesses rather than the corporate giants have been responsible for such developments in this country as insulin, zippers, power steering, ball point pens and self-winding watches. This was in keeping with the tradition of individual inventive geniuses symbolized by the Wright brothers, Alexander Graham Bell, Samuel Morse and Thomas Edison.

The superiority of small business research has been cited in a study which the Office of Management and Budget strangely never published. The study credited firms having than 1,000 employes with almost half of the industrial innovations between 1953 and 1973.

According to the study, 16 small technology firms created 25,558 jobs for American workers during the 20-year period because they came up with new ideas. Yet the budget office was advised that small firms were drawing inadequate funding from the government, getting less than 4 percent of the research and development layouts.

Spurred by the report, the budget office drafted a memo intended for all federal agencies, urging vigorous efforts to channel more of the research to small businesses "which are having difficulty in competing in the big leagues."

The memo added, "there is considerable evidence that the small proportion of federal research and development work that is being awarded to small technologically based firms is contributing to a serious loss of high technology capabilities in our nation. It is important that we see some real progress within the first 18 months of the administration."

This ringing call for a new deal was never sent to the agencies. Les Fettig, head of the office that was supposed to be directing the crusade, said the report and the memo were news to him until we asked what happened. He explained that the documents "fell through the cracks" during the transition period between the Ford and Carter administrations.

Fettig said his office is alert to the problem and is taking steps to make it easier for small businesses to get research and development help.

Footnote: Investigation shows that the Energy Department under James Schlesinger has been perhaps the worst offender in government in encouraging research at the Little League level. The department claimed it awarded 10.3 percent of its research contracts to small operators in the 1977 fiscal year. The General Accounting Office has challenged the statistic. GAO auditors found the amount was about 2.6 percent, because the Eenergy Department has counted subcontracts that trickle down from the big corporations.

Postal Proposal — An idea that could help reduce the postal deficit and provide the pay increase postal workers are demanding has been run up the flagpole for Postmaster General William F. Bolger. He seems ready to salute it.

Bolger is giving serious attention to the imaginative proposal of Miami public relations wizard Hank Meyer that the hundreds of thousands of mail boxes and postal delivery trucks throughout the United States be used as advertising space.

Meyer stressed in his private presentation to Bolger that he wasn't suggesting the Postal Service provide billboard-style space for promoting junk products. Under his plan, the advertising and public service messages would be subject to approval of the postal authorities.

Vacant space is available on an estimated 180,000 postal vehicles and 400,000 street deposit boxes, which could be rented for advertising.

Bolger still hasn't made a decision but if the Postal Service adopts the idea, an advertising agency would be selected by competitive bidding to run the ad operation.

On the last page of the Business Week article, there is a story about a small company who wouldn't take Government funds because of possible loss of invention rights. The company gave the Japanese 49% of the company for the necessary venture capital rather than lose these rights.

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