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Eagle Forum Report

successor to The Phyllis Schlafly Report

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September 2021 Volume 5/Number 9

Work, Pray, Love

Our Government is Punishing Our Businesses

by Carol Roth, former investment banker, entrepreneur and author of the new book *The War on Small Business,* and *The Entrepreneur Equation*.

How could anyone objectively look at the current economic situation and not find the economy utterly broken? Perhaps because with many big companies deemed "essential," and a stock market propped up by the Federal Reserve, it is easy to look at what appears to be economic strength and miss the glaring weaknesses.

While Walmart and Target continue to exceed earnings expectations, small businesses try to stay afloat. According to Alignable's June Road to Recovery Report, "57% of small businesses have only reached half or less of the monthly revenue levels they achieved prior to COVID." Shifting power and money from independent small business owners to a handful of big, powerful companies as a result of politicians' mandates isn't something that anyone should be arguing is a good outcome.

The Biden Administration recently projected that more than 400,000 small businesses closed permanently due to COVID, which is more accurately described as due to the government's reaction to COVID. That closure number is likely low, as 400,000 permanent closures had been counted by The Hamilton Project all the way back in June 2020. Data from Opportunity Insights show that as of June 2nd of this year, there were 38.9% fewer small businesses open than there were in the beginning of 2020. While this number is likely high and representative of a subset of small businesses (such as those with employees), it is not hard to extrapolate that 7-figures worth of small business have likely closed for good.

Small business is undoubtedly the backbone of the economy, accounting for more than 99% of all business entities, and prior to 2020, around half the GDP and jobs. While not all small businesses were impacted by government mandates, small businesses overall bore the brunt of them. Those impacted small businesses that have survived thus far struggle to continue to do so. Alignable's June Rent Report found that 37% of small business respondents couldn't pay their rent in full and on time this month, an increase from just the month prior. Millions of small business owners are on the hook for six to seven figures worth of debt that they took on before the pandemic began, and much of that debt, according to the Federal Reserve, is personally guaranteed.

Those trying to make a case for heavy handed government mandates argue that people wouldn't have patronized businesses even if there weren't lockdown mandates. We can see that is blatantly untrue, because, as it turned out, many businesses were never locked down, and they did quite well, often at the expense of those who weren't deemed essential. We never had anything that approximated full lockdowns and we were never "all in this together". If we had all been truly locked down and the most powerful and well-connected were forced to share in the pain that those who were mandated closed felt, it's reasonable to think the lockdowns wouldn't have lasted even two full weeks.

However, as those big, connected businesses were not mandated closed, "15 days to slow the spread" turned into more than a year in some loca-

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tions for the smallest companies.

None of these small businesses received appropriate compensation- eminent domain type of compensation- for subjugating their property rights. The Paycheck Protection Program was a fraction of overall relief, as well as a fraction of what was pumped into propping up the stock market. Moreover, it certainly was nowhere near enough to make up for the damage caused for the supposed "good of society".

Arguing that the lockdowns saved lives isn't based in reality either. You couldn't get your hair or nails done in many locales, but you could get your dog groomed at a big box pet store down the road. There were no noted large COVID "death pools" related to any of these entities that stayed open- whether a pet store, an Amazon warehouse or a grocery store- in fact, staying open didn't move the needle (or, you would imagine, they would have been shuttered).

Those states that took a lighter touch approach didn't have worse outcomes than those with the heavy-handed approach in terms of deaths, but they did in terms of unemployment and business closures (New York, for example, still has 39.3% fewer small businesses open than in the beginning of 2020). In those locales with a more stringent approach, their own data didn't support their conclusions. For example, New York City shuttered indoor dining at restaurants and bars late last year, even though only 1.4% of COVID cases via the state's own contact tracing data were attributable to those entities — most came from inside the home.

Those entrepreneurs desperately trying to save their small businesses now can't find workers and are dealing with broken supply chains making it difficult to get products needed for their business. This economic disruption is due to government interfering in the labor market by providing reasons not to work via enhanced unemployment benefits and direct stimulus paying, as well as making it impossible to work for parents with school-age children by not allowing the physical re-opening of government-funded schools.

If the government set out to reward big businesses and punish small ones, it would have looked exactly like this. It's time we consider that they did set out to do exactly that.

Businesses have many more intentional government bullets to dodge ahead. Mandates that are currently being proposed are anticompetitive and would squarely hurt small business. From raising the minimum wage to the PRO Act, more heavy-handed regulation will make it harder for small business owners to start and to stay in business. Even raising corporate taxes would impact the 1.4 million small businesses organized as C-Corporations, and raising capital gains would further disrupt risk in the market and reduce investment available to small companies.

The implications of the government picking winners and losers are stark and severe. Half the economy is decentralized and looks more like a free market, in the hands of tens of millions of small business owners. The other half of the economy is concentrated in the hands of around ten to fifteen thousand big companies. These are companies that gained trillions of dollars in value and amassed more power via central planning over the last fifteen months, via a combination of the government and Federal Reserve actions. In fact, seven tech companies gained $3.4 trillion in value in 2020 while millions of small businesses were murdered by mandate or struggled to survive.

It is insulting and cruel to say the backbone of the economy wasn't hurt by government lockdowns or other actions, or to pretend that the playing field was anywhere near level. Many small businesses were crushed and others continue to feel that weight on their shoulders.

Keeping the government from impacting small business should be a priority, and it's easy: it just requires the government staying out of the way. Small businesses provide economic freedom for tens of millions of individuals to create wealth, to pursue their passion or to have the flexibility on how they want to provide for themselves and their families. Moreover, competition from decentralized small businesses leads to more jobs, more consumer choice, and better prices that benefit everyone.

Putting more power in big company's hands is something good for politicians; heck, it's easier to control or collude with thousands of big companies than tens of millions of small ones. But it is in no way good for the economy and pretending otherwise is a dangerous farce.

We must tell the stories of small businesses and what they have endured. We cannot let the government and media rewrite history. We must support small business with advocacy and our spending choices and not allow for the government to murder any more of them or face a future without the backbone of the economy.

RELIGIOUS FREEDOM IS ESSENTIAL

by Lathan Watts, Director of Public Affairs for First Liberty Institute, a non-profit law firm and think tank dedicated to protecting religious liberty for all Americans

At the outset of the COVID-19 pandemic, government officials told us that if we just stay at home for a few days — maybe a couple of weeks at most — we could "flatten the curve," reduce the spread of the deadly infection, and hopefully, return to normal.

Governors and local government officials enjoyed the nearly unlimited authority granted them through "emergency powers" laws. More than a year after the World Health Organization declared COVID-19 a global pandemic, freedoms Americans once saw as inalienable are still tenuous, often ignored by the dictatorial impulses of wannabe tyrants.

Americans are as divided as ever on just how much power government should have when it's trying to "protect" us.

Early in the pandemic, most Americans were willing to put up with temporary restrictions on even our most treasured liberties if it meant demonstrating love for neighbor in a time of crisis. The key to that tolerance is, of course, that the restrictions be both temporary and necessary. Then days turned into weeks and weeks turned into months. Businesses closed, jobs were lost, and children across the nation lost an entire year of schooling.

All the while government officials acting with seemingly unlimited power were all too comfortable with violating even our most precious constitutional rights and, particularly, religious liberty.

As the pandemic began, most churches chose to cooperate with public health officials, even if it meant temporarily foregoing the assembly of the saints until it was deemed safe enough to meet again. Many went online. Some hosted outdoor services with parishioners in their cars listening to sermons via radio or loudspeaker. Yet, churches still found themselves in the crosshairs of government officials. Some politicians, like Kentucky Governor Andy Beshear and Louisville Mayor Greg Fischer, tried shutting down outdoor, drive-up Easter services.

Thankfully, judges like Justin Walker — now a member of the Court of Appeals for the D.C. Circuit — stepped in and reminded the political class that we have something called the U.S. Constitution that still applies during a crisis.

Many churches have also defied the orders and continued holding services, most notably in California, New York, and Nevada where Democratic Governors Gavin Newsom, Andrew Cuomo, and Steve Sisolak, respectively, issued decrees that singled out religious groups for singularly harsh treatment while exempting liquor stores, gambling casinos, and big-box stores such as Walmart.

The result was dozens of court challenges across the country in which churches repeatedly won, culminating in some respects at Thanksgiving when the Supreme Court in a 5-4 decision struck down a Cuomo decree aimed at specific Christian and Jewish congregations in Brooklyn.

In *Catholic Diocese of Brooklyn v. Cuomo*, et al., Associate Justice Neil Gorsuch observed that "no apparent reason exists why people may not gather, subject to identical restrictions, in churches or synagogues, especially when religious institutions have made plain that they stand ready, able, and willing to follow all the safety precautions required of 'essential' businesses and perhaps more besides."

More wins for religious liberty continued. Recently courts have ruled that the state of California must pay over $1 million in legal fees after losing court battles over its restrictions on worship. In a case involving First Liberty Institute, which represented Capitol Hill Baptist Church, the District of Columbia was ordered to pay more than $200,000 in legal fees after losing a court battle over its restrictions.

Even though violating the clear words of the First Amendment have cost state and local governments financially and led to multiple losses in court, will the bureaucrats learn from their mistakes? If the past few weeks are an indication, with the introduction of the Delta variant providing a new crisis opportunity, it appears unlikely. Already we have seen gov-

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ernment officials drunk with power threatening to close down schools, churches, and businesses if freedom-loving Americans do not bow again to their authority.

What began as temporary soon became unending, and often, foolish. Guidance from once trusted sources like the Center for Disease Control and Prevention flip-flopped on a regular basis. Too often, politics seemed to drive decision-making, not science. The turning point for many was when 1,200 epidemiologists and public health officials released an open letter approving of the 2020 mass protests against "systematic racism" — while the same officials were demanding that churches, schools, and businesses shut down. The blatant hypocrisy did little to assuage the fear of many that science too had been politicized.

In recent months, some state legislatures are rethinking the authority they granted executives through emergency power legislation, changes that will hopefully lead to less abuse of power in the future. Several states, including Texas, passed bills that deem churches to be "essential" regardless of the crisis du jour.

The threat to our civil liberties is not over. The new battleground has shifted to vaccine mandates, with governments like New York and California (and some federal agencies) ordering all state employees to be vaccinated or lose their jobs. Many private employers, particularly those in health care, have issued similar directives. Courts will decide if mandates that do not allow for religious objections are constitutional. Those with deeply held religious objections to vaccines must request accommodations, particularly when other objections, such as medical, are allowed.

We entrust our judicial system and constitutional order to place limits on what government *can* do. The imminently more important question, only answerable by the American people, is what expectations "we the people" have for what government *should* do.

Since the 1930s, when President Franklin D. Roosevelt convinced Americans that central planning by experts in Washington, D.C. armed with a myriad of government programs and taxpayer dollars could end the Great Depression, *principled inaction* has been the rarest commodity in American politics. While the New Deal failed miserably at ending the Great Depression and in many ways lengthened and deepened it, Roosevelt succeeded in planting a ruinous seed in the American psyche that we should look to government for solutions to the inevitable imperfections of life in a world populated by imperfect people and institutions.

President Lyndon B. Johnson, unphased by his predecessor's Quixotic crusade, launched an even more audacious one, the War on Poverty. Johnson's Great Society was the promised inheritance of the New Deal and while the percentage of Americans living beneath the poverty line is roughly the same as before the War on Poverty this quagmire did succeed in one regard. Trillions of dollars have been transferred from people who work for a living to people who vote for a living. The ruinous seed planted by FDR took root and bloomed under LBJ.

It is human nature to be unsettled by the thought of forces beyond our control, like economic crises, generational poverty, or a new disease unleashed on humanity. Yet, we do ourselves no favors, and more often as shown by history we do ourselves more harm, when we demand government attempt to control that which we as individuals cannot. The result is more government control and less civil liberty.

While the promotion of the "general welfare" listed in our Constitution's preamble would certainly include protecting the health of the people, the true purpose of government enshrined in our Declaration of Independence is protecting the God-given rights of the people.

There are many lessons to be learned from the Covid-19 pandemic. Crisis reveals character. Robert G. Ingersoll writing in praise of Abraham Lincoln said, "Most people can bear adversity; but if you wish to know what a man really is give him power." This crisis certainly has revealed the character or lack thereof in many of our elected officials. However, we must also assess the revealed character of the American people. Our propensity to demand that government "do something!" about everything is what gave the aforementioned, revelatory power to those who abused it.

Only a return to the American ethos of self-reliance tempered with the Judeo-Christian call to love neighbor as self will result in a nation strong enough to withstand whatever challenges may come. We are justified in expecting government to protect our freedom. We are delusional in expecting government to protect us from ourselves. Lawyers and judges can protect our rights to life, liberty, and the pursuit of happiness. It falls to us then to live, live freely, and pursue what is good, true, and beautiful.

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