

## Tough luck for small business

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Seems like it's a great time to be a small business. Nearly everybody says they support small business. President Obama praised small businesses three times in his State of the Union speech. He singled out one small business owner of eight pizza parlors in Minneapolis. Rep. Cathy McMorris Rodgers of Washington mentioned small business once in her official Republican response. Sen. Mike Lee of Utah, who offered the official tea party response, said nothing about small business. But certainly none of them praised big business.

The trouble is that rhetoric pays no bills. Private lenders have favored big business lately. Private sector lending to small businesses declined 10 percent, while loans over \$1 million to large businesses increased about 18 percent.

The government has been more helpful. Although Republicans see themselves as much more friendly to business than Democrats, virtually all of them in both the House and Senate voted against the Small Business Jobs Act in 2010, which greatly increased government lending to small businesses. The amount of money lent by the federal Small Business Administration is 25 percent larger under Barack Obama than under George Bush.

As I write this, I'm sitting in a small business. Like all unique eateries, Mom and Pop groceries, and other locally owned small businesses, BJ's Restaurant in Jacksonville struggles against the industrial giants. The biggest American companies get the most benefits from the government. The Cato Institute, a libertarian think tank, estimated annual corporate welfare from the government to be near \$100 billion, dwarfing the SBA loans. Estimates from elsewhere on the political spectrum are similar. Billions go to fossil fuel giants, but when President Obama suggested in the State of the Union address that these be trimmed, he got a stony reaction from Republicans.

It's not just the fault of the politicians, who talk a good small business game, but put their hands out at corporate headquarters, and then direct government aid right back to their donors. American consumers have also chosen to spend their bucks at the sign of commercial icons, the stars of TV commercials paid for by enormous profits.

BJ's is slower and more expensive than they are. The food is not all pre-prepared, packaged, frozen and shipped across the country. The cook actually knows how to cook, not just heat up. The waitresses take time to shoot the breeze with the customers. Somebody has to go out locally to buy the napkins. The 20th-century American family has instead chosen manufactured foods that arrive fast, at the end of an enormous assembly line stretching across continents and oceans.

What would happen if politicians really decided to help small business? They might decide to raise the minimum wage. That wouldn't cost BJ's much, nor would it have a big effect on truly small business. Raising the minimum wage would increase costs for the biggest businesses, the ones putting the smallest businesses

out of business by paying millions of workers less than a living wage. Two-thirds of minimum-wage workers are employed by enterprises with over 100 workers. The biggest employers of minimum-wage workers are Walmart, McDonalds, and Yum! Brands (Taco Bell, Pizza Hut, KFC), also the biggest competitors for small businesses.

Raising the minimum wage would also help cut the federal welfare budget. The minimum wage has not kept up with inflation, and thus declined one third in buying value since 1968. During that period the average pay for CEOs has multiplied seven times. Imagine the perfect conservative family: a father earning minimum wage while a mother stays at home with two kids. That family qualifies for tax-supported welfare, like many less traditional families in these United States, because their income would be only two-thirds of the federal poverty threshold. Raising their family wages to \$10.10 a hour, as President Obama has suggested, would just bring back the buying power of the minimum wage when Richard Nixon was president. But now their income would rise nearer to the poverty threshold, thus significantly cutting their need for federal assistance.

In fact, raising the minimum wage would help Republican states more than Democratic states. Of the 10 states with the highest percentages of low wage workers, seven are dominated by Republicans, two more have Republican controlled legislatures, and one (Virginia) has no dominant party.

So why do Republican politicians want to keep the minimum wage at historically low levels?

Ask their big donors.