

Bauervic Essay Competition

Liliana Lulgjuraj

We heard the phrase often, “15 days to slow the spread”, and almost a year later we still seem to be in an endless cycle of promises of returning to normality to no avail. Governor Gretchen Whitmer enacted arbitrary emergency orders that have decimated small businesses all across the state of Michigan. Many small businesses have fallen victim to permanent shutdowns, and debilitating debt. Restaurants and bars seem to have been affected the most by these lockdowns. Small businesses are crucial to the economy of the United States, there are about twenty-seven million small businesses in the United States, and they generate about 50% of the country's GDP (“5.2 the importance of small business to the U.S. Economy” 2016). Derived from data coming from the U.S. Bureau of Labor Statistics, “about 20% of small businesses fail within the first year. By the end of their fifth year, roughly 50% have faltered. After 10 years, only around a third of businesses have survived” (“What Is the Small Business Failure Rate in 2021?” 2020). After the devastating impact of Covid-19, we saw these already struggling small businesses hang to whatever they had left. This was also exacerbated by excessive lockdown rules, and laws that have had negative implications on the economy, and people’s lives, which will have lasting impacts in the future to come.

Small businesses drive the county's innovation, creativity, and job creation. During the pandemic, Governor Gretchen Whitmer stifled that to an unnecessary extent. We let the “cure” for the virus become worse than the disease. So much so that a report found that “Michigan's GDP fell at an annualized rate of 41% in comparison to the U.S.’s GDP decrease of 32.9% over the same period” (“Report: COVID-19 Impact on Michigan's Economy Greater Than Other States “2020). Furthermore, Michigan is not expected to reach pre-pandemic employment rates until 2024 (“Report: COVID-19 Impact on Michigan's Economy Greater Than Other States” 2020). According to research conducted by the U.S. Bureau of Labor Statistics, Michigan was

among various states that had decreased nonfarm labor employment. Nonfarm payrolls and employment is the measure of the number of workers in the United States, which excludes farm workers and workers in a handful of other job classifications such as private household employees, proprietors, and non-profit employees (“What are nonfarm payrolls?” 2020). “The largest employment decreases occurred in Michigan (-64,000), California (-52,000), and Minnesota (-49,800). The largest percentage decrease in employment occurred in Minnesota (-1.8 percent), and Michigan (-1.6 percent)” (“State employment and unemployment summary” 2021). Based on the data collected, we see that Michigan is not making a strong economic comeback, and this is very apparent because Michigan's unemployment numbers are very high, much higher than California, and that is considering we have a significantly smaller population than the state of California. This slow economic recovery will have lasting impacts on people in the future. Looking ahead, it will be hard to come by jobs due to many businesses shutting down and not returning. It will also be another uphill battle for small businesses to bring back the workers they lost. A large struggle of small businesses is finding, hiring, and training employees, and this will only worsen due to large government intervention, and with the increasing rollouts of unemployment and stimulus checks, that largely does not incentivize people to go back to work. According to the Michigan Chamber of Commerce, on March 9th, 2021, Governor Gretchen Whitmer vetoed a bipartisan relief bill that would help small businesses. Some of the provisions of the bill included setting up funds that would be used to help restaurants and bars cover fees associated with various licenses, such as liquor licenses, food service licenses, inspection fees, etc. Moreover, the bill would have ensured that “businesses do not get penalized with increased unemployment taxes for the massive amount of fraudulent unemployment benefits that were paid out” (“Governor Whitmer Vetoes key Business relief” 2021). It makes

one question why Governor Gretchen Whitmer vetoed a bill that would largely help struggling small businesses, but without hesitation, the governor went through the Michigan Supreme Court, that stated that her executive orders were unlawful, and despite that she continued to utilize her executive powers. Many of the governor's executive orders had no basis and made no sense. The original reason for the lockdowns was to keep people distanced so the hospitals would not become overwhelmed. As time has progressed, and as we have learned, the hospitals were not at all overwhelmed. Following that premise, there is no reason that these lockdowns have lasted as long as they have. Governor Whitmer continuously set back dates for reopening, she limited and has increased seating capacities too many times to count. This is damaging to small businesses because they had to make many accommodations to the governor's orders at the expense of their own. Moreover, her government overreach has not been based on logical, or scientific backing. When the government and overpowering leaders get to decide what businesses are essential and what are not, that should be a concern for everyone. Governor Gretchen Whitmer did not have an issue opening up casinos, and liquor stores, but for other businesses, she explained that science did not back their reopening. It is difficult to follow the advice of a governor that allowed sick patients to be put into nursing homes with healthy residents, exposing vulnerable populations to this novel virus.

Extended amounts of closure for these businesses will have lasting financial effects. In a recent poll conducted, many concerns were shared by small business owners. It was reported that 70% of small businesses are concerned “about financial hardship due to prolonged closures, and more than half worry about having to permanently close (58%)” (“July 2020 small BUSINESS Coronavirus Impact Poll” 2020). The most obvious effect of these closures is businesses having to close down, and when businesses close down people are out of work, and no one is

stimulating the economy by buying goods or services. These basic economic principles are reason enough to see how damaging that is to an economy, especially over an extended period of time, and more importantly to people, because economic hardships hurt small businesses, and people's livelihoods. Many unintentional consequences may arise in the future, for instance, more people have been shopping online now, which substantially increased during the pandemic, if this increases a rising number of "mom and pop" shops will be put out of business, and there will be a lesser need for employees if more industries become automated, or virtual. There will also be a lot more uncertainty heading into the future because the "impact of the pandemic could pose a vicious cycle of dampening business and consumer confidence and tightening financial conditions, which could lead to job losses and investment" ("Economic consequences of Covid-19: A multi-country analysis" 2020). With fluctuating markets and many economic disruptions, it makes it difficult for people to want to participate in the economy.

To conclude, government overreach has done more harm than good. With excessive lockdown orders and restrictions, Governor Gretchen Whitmer's response was unprecedented and unwarranted. The actions she took ruined the lives of many people, and small businesses. Small businesses are the backbone of the country, but they have not been treated as such during the pandemic. The cure became worse than the disease, many people are out of a job, struggling to find work, many can't afford to keep their businesses running, mental health concerns have gone up drastically, etc. Her unlawful actions, as well as her abuse of power, will have economic consequences in the state of Michigan for many years to come. As we move forward, there needs to be a better response to help these businesses get back on their feet and to help move our economy in an upward direction. "Freedom is never more than one generation away from extinction. We didn't pass it to our children in the bloodstream. It must be fought for, protected,

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and handed on for them to do the same, or one day we will spend our sunset years telling our children and our children's children what it was once like in the United States where men were free.” These wise words from Ronald Reagan have never been more relevant in this day and age. If this pandemic has taught us anything it is that we should never take our freedoms for granted.

## Resources

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