

# **Conservative Case for Supporting Small Business over Big Box**

***Small-Business Support is Essential to  
Preserving Kansas' Conservative Principles***



A community built around local business remains committed  
to values important to Conservatives:

**Strong Families**

**Safe Communities**

**Support of Faith-Based Organizations**

**Tax Policy Equality**

**Accountability**

**Growing Local Economies**

**Broad Tax Base**

**Vibrant Business Competition**

***There is no contradiction in being a conservative who  
champions a free market while also understanding the  
importance of small-businesses preservation  
to conservative principles.***



## Conservative Case for Supporting Small Business over Big-Box

*Small Business Support is Essential to Preserving Kansas' Conservative Principles*

It is the role of those representing big-box retailers to underplay the importance of small business to the quality of life in a community. It's easy for companies who don't call a community home to downplay the importance of preserving that community. The idea of a neighborhood strengthened by community-based businesses is not an outdated ideal that has passed. In fact, **in this age of expanding technology, increasing non-traditional social agendas and diminishing neighbor interaction, the preservation of neighborhood businesses is all the more relevant.**

A community built around local businesses remains committed to values important to conservatives – strong families, safe communities, accountability, support of faith-based organizations and a broad tax base. Locally-owned businesses build strong communities by sustaining vibrant town centers, linking neighborhoods in a web of economic and social relationships and contributing to local causes.

### STRONG FAMILIES & SAFE COMMUNITIES

For those who have not lived in communities with strong local commerce it can be hard to comprehend the importance of these systems to conservative principals. In Kansas, many retail developments are located in close proximity to residential neighborhoods. This proximity impacts neighborhoods and creates a symbiotic relationship between retail stores and homes. Shopping centers near neighborhoods with strong small-business centers provide better atmospheres than shopping districts dominated by big-box retailers and grocers. **Small-business owners are neighbors with a vested interest in the values of the neighborhood they reside.**

When given the opportunity to strengthen policy that supports small business over big-box retailers, this is an easy conservative decision – supporting small business tangibles in a community places an emphasis on a local economy and its social vitality. Large box stores do not complement residential spaces and have, because of size, design, traffic draw, and 24-hour operations, made adjoining neighborhoods less desirable to live, creating nearby neighborhoods with diminished property values and blight.

With the dominance of big-box retailers and grocers, two things occur: the shuttering of property and creation of large, sprawling developments. Each leads to an increase in transiency and crime. Shuttered buildings are environments for individuals to congregate and hubs for unwanted activity. Large, sprawling developments lead to increases in loitering and less safe shopping environments, particularly for women and children. Preserving local businesses diminishes the number of unused buildings in a community (particularly rural Kansas), while **regional shopping centers with more local businesses create safer, protective environments for a community and families.**

### ACCOUNTABILITY

Small Businesses are accountable - an important conservative principle. The same level of accountability does not exist for big-box retailers. Being directly accountable plays an important role in the decision-making process of a business and its role as a community partner.

**Local businesses are accountable to their neighbors.** Owners of these businesses live in the community in which the business resides. This provides their neighbors access to them, which leads to direct accountability.

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## *Small Business Support is Essential to Preserving Kansas' Conservative Principles*

**Small businesses are accountable to the community.** When decisions they make directly impact a community, residents have direct access to the business and provide instant feedback. This connects small-business owners to a community, making them directly accountable for their actions and business practices.

Local businesses are accountable to local and state government. **If a big-box retailer violates a permit or other state business practice, rarely is an owner, board member or shareholder of the big-box entity available to address the grievance in person or held directly responsible.** Small-business owners are personally involved with local and state officials to correct regulations and are held directly responsible for violations. This provides small-business owners with a more attuned sense of public responsibility.

### **FAITH-BASED CHARITABLE GIVING**

Kansans ranked 16<sup>th</sup> in the U.S. in charitable giving in 2012 and Kansans tend to give more to faith-based organizations versus non-denominational organizations. Charitable giving, particularly to faith-based organizations, is essential. Faith-based organizations ease the burdens of government by focusing on citizens in need. Faith-based organizations also adhere to important conservative values.

Local retailers donate more, on average, to local charities and community organizations than big-box retailers and grocers. Of particular note, small businesses tend to give more to faith-based organizations while big-box retailers and grocers tend to give to non-denominational organizations. Local-business owners have few issues promoting faith-based values, while **big-box retailers and grocers tend to shy away from donating to faith-based organizations whose values may be deemed “controversial” or “offensive” to a member or group in its customer base.**

### **GROWING LOCAL ECONOMIES**

Small-business retail is friendly, personalized service, but there is more to it than that. Locally-owned businesses are of greater overall value to a municipality than a national-chain. Numerous studies show locally-owned stores provide more to an economy. For example:

- Since the dominance of big-box retailers in 1999, grocery cashier wages have dropped 4% nationally.
- Local retailers return more than 52% of revenue to a local economy, and in some cases as much as 70%, compared to just 14% for national chain retailers.
- Local businesses re-circulate dollars in a community. Small businesses spend more on local labor, procure local services (insurance, lawyer, accountant, banks, printing, etc.), and procure more goods locally for resale. This means a much larger share of money spent locally stays in a local economy, supporting other businesses and jobs.

**Small businesses owners are homeowners in a community, pay a variety of additional taxes, and in general strengthen the economic values of a neighborhood.**

### **SUBSIDIES & TAX BREAKS**

An unencumbered free enterprise system is a fundamental tenant of conservative principles. Within the parameters of this system it is expected the development of successful businesses leads to greater wealth and individual self-sufficiency. Government subsidies and tax incentives are justified when it is demonstrated the public is stimulating additional economic growth and are not used in an unfair or anti-competitive manner.

Subsidies and tax breaks are an integral part of a big-box retail model. Incentives and subsidies have been used in Kansas and these subsidies and incentives are not proportionally offered to small businesses. **This should concern all free-market conservatives, as providing big-box retailers with incentives and subsidies while not making them available to small business creates a situation in which the government provides big-box retailers a significant advantage – which they traditionally don't need – over local businesses.**



### COMPETITION

When it is suggested a conservative support small-business needs over big-box retailer wants, critics respond this is anti-competitive and goes against the nature of a free-enterprise system. However, conservatives can easily argue exactly the opposite: big-box retailers dominate a market, push out local competition and threaten healthy competition necessary for strong neighborhood economies. Conservatives should recognize the skewed playing field created that makes real competition illusory.

As more small businesses are put out-of-business, competition declines as big-box retailers and grocers become the only stores standing. The results are monopolistic in nature and three situations manifest: **big-box retailers dictate the acquisition costs of goods; they eventually set higher prices for consumers; and community economies become increasingly reliant on these few big-box establishments for sales tax revenue and employment trends.** This contradicts conservative free-market principles of a diverse and competitive market that expands a community tax base.

### CONCLUSION

These are all fundamental conservative principles in-line with free-market concepts, supported by many conservatives. Among them is **Stephen Bainbridge, distinguished conservative scholar.** Mr. Bainbridge is a Professor of Law at UCLA and has taught at Harvard Law School. He is a prolific scholar who has been a Fellow at the Heritage Foundation and served as Chair of the Executive Committee of the Federalist Society's Corporations, Securities and Antitrust Practice Group.

Mr. Bainbridge is a strong free-market champion, but his research and conservative principles have led him to conclusions which provide insight on why conservatives should support small businesses over big-box retailers. Among those conclusions:

- ...By trampling small businesses underfoot, through its mix of volume pricing and subsidies, Wal-Mart and its ilk undermine the possibility of "wide participation in business." Prospective entrepreneurs are thus pushed out of fields like retail.
- ...being a conservative is supposed to be about things like tradition, community, and, yes, aesthetics. If I'm right about that, it's hard to see why a conservative should regard Wal-Mart as a societal force for good...
- **...does anyone seriously doubt that Wal-Mart often gets breaks on things like zoning, property or sales taxes, and other regulatory issues that small business competitors don't receive?**

Neighborhoods and small business environments embody real human interaction. Communities with strong small-business environments view individuals less as cash commodities (a lens through which many big-box retailers view consumers), and more as neighborhood consumers. These communities overcome isolation and create a real sense of community. These community environments are essential to preserving and advocating strong conservative and faith-based values.

**There is no contradiction in being a conservative who champions the free market, while also understanding the importance of small businesses to conservative principles and supporting small business policies that strengthen those principles.**

*This article written by Keep Kansans in Business, 2013  
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