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Freedom: America's No. 1 Business

Jack Faris, President and CEO
National Federation of Independent Business

Reared in a small business family, in which his father owned and operated a service station and his mother was a cosmetic sales representative, Jack Faris is now president and chief executive officer of the National Federation of Independent Business, the nation's largest small business advocacy organization.



He has been a vice president of marketing and public relations in the banking industry and a marketing, personnel, and planning specialist for an international construction firm. For 12 years, he ran his own marketing and management consulting firm, which worked primarily with small, independent businesses.

Mr. Faris serves on the national board of directors of Junior Achievement and in the past has been a board member of the American Cancer Society, the Fellowship of Christian Athletes, and the Nashville Symphony. ▲

Chances are, if you walk into just about any small business in your town, from the corner dry cleaners to the most elite restaurant, you will see an NFIB member decal on the front door. That's because there are as many as 18 million independent American companies that employ between 1 and 50 workers. The value of the goods, services, and new jobs that they generate makes the small business sector one of the greatest economic powers in the world, accounting for trillions of dollars' worth of commerce annually.

NFIB President and CEO Jack Faris spoke at the January 1996 Shavano Institute for National Leadership seminar, "The Future of American Business," sponsored by the Edward Lowe Foundation.

If you have read or heard about the National Federation of Independent Business (NFIB), you probably know that we represent small business owners. But you may not know that we represent more than 600,000 of them. We are a melting pot of commercial enterprise, including high-tech manufacturers and family farmers and neighborhood retailers and service companies. NFIB members employ more than seven million people and report annual gross sales of nearly \$750 billion. Our typical member employs five to six people, makes \$42,000 a year, and averages about \$250,000-\$300,000 in annual volume.

Clearly, NFIB is *the* voice of small business in this country.

Standing on Principle

We are nonpartisan—that is to say, we are not affiliated with any political party. But we are sometimes asked: “Aren’t most of the politicians that NFIB supports Republicans?” Our response is: “We take stands on the issues. It just so happens that there are many more Republicans voting for our stands than there are Democrats these days.”

Our stands are based on what our members tell us. NFIB’s “Mandate Ballot” is sent out every 60 days. It states the most important small business issues and summarizes the pros and the cons of every position. (We consult closely with House Democrats, but, of course, those who do not support small business sometimes complain that our summaries are slanted.)

The Mandate Ballot is not like a modern political poll that goes only to a small sample group. It is mailed to all 600,000 members. Here is a recent example of how vital such feedback can be. When President Clinton came into office, he decided that America desperately needed major health care reform. Our members agreed. But then the President put a non-elected official, Mrs. Clinton, in charge of drafting a sweeping, new federally managed health care program. He also allowed her to hire consultants—with our tax dollars—and to meet with them and various government bureaucrats and Clinton political supporters behind closed doors to work out the details. Doctors, medical association members, patients, and insurers were not invited. Neither were small business owners. President and Mrs. Clinton clearly thought that only their hand-picked “experts” ought to decide what the health care system in America should look like.

What they came up with amounted to a virtual revolution. They stated that government and collective groups—not the private sector and individuals—should really control health care. They argued that this was the only way to achieve “universal coverage.” Every American would have to have insurance, and this insurance would have to be government-approved. To pay for it, “employer mandates,” with a few dubious exceptions, would be imposed on every business in the nation.

NFIB took a highly publicized stand against

employer mandates. Why? Because 87 percent of our members said “absolutely no” to them. We told the White House that our position was non-negotiable.

It was a pretty lonely position for about six months. NFIB was rejected as a major player in all the ensuing debates on health care because we were not “insiders.” We were not willing to come to the bargaining table because to do so would have been to sell out our membership.

But the more the American public found out about what the Clintons and their experts had in mind, the more NFIB’s stand was appreciated and supported. Eventually, we won the battle, and employer mandates were defeated. The moral is this: Standing on principle is a safe place to stand.

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For Freedom

But one victory doesn’t mean that the war is over. There are still many in the Clinton administration and in the federal bureaucracy who are pushing for managed health care. They seem to have no concern for the devastating impact it would have on small business.

Labor Secretary Robert Reich is one of this crowd. When he organized his 12-member Labor Management Commission, he bothered to include only one token businessman, the chairman of a Fortune 100 company. He has also claimed that *he* represents labor in America. By “labor,” he is referring, of course, to the mere 11 percent that are labor union members.

He also routinely speaks of “management” and “workers” as if they were enemies. And the “workers,” rather than “management,” are characterized as the real producers. What he doesn’t seem to realize is that, on any given day, if “management” (i.e., the small business owner) is not the hardest working person in the place, it is because he’s out sick.

Secretary Reich wants to run our businesses for us, even though he has never had the responsibility of signing the *front* of a paycheck. He talks about the business community as if it were primarily composed of huge, impersonal conglomerates, even though it is a matter of record that over 80 percent of all businesses in America hire six or fewer employees, and of the six, two to three are

usually family members. He says business owners can't always be trusted to provide a "good work environment." Are you kidding me? Who wouldn't want to look out for his own family?

And he concludes from his survey of the national economy that people want security most of all. But do they really want Uncle Sam to dictate every detail of their lives? Small business owners certainly don't start their businesses for the sake of security; they start them for the sake of freedom.

For freedom. Remember that every time you think of the business owner who gets up extra early every Monday morning so she can go to work and perform not just one but three jobs: owning, managing, and filling in for whoever doesn't show up. Remember her on Thursday night too, because that's the time when she has a knot in her stomach and is wondering, "Am I going to have enough money for payroll?" She cares about this question because she knows the names of her employees and their families. She also knows they have already written checks to the insurance company and the landlord on Wednesday and that those checks must be covered by Friday. Why do I keep referring to "she" instead of the more generic "he"? Because the single fastest growing segment in the private sector is female business owners.

Big Government

It doesn't matter if business owners are men or women, whites, blacks, or Hispanics, southerners, northerners, easterners, or westerners, manufacturers or service providers. They all agree that the greatest obstacle to success in America today is big government. When asked what arm of government they would most like to see abolished, NFIB members are nearly unanimous in naming the Internal Revenue Service. They know the IRS doesn't work and that it is the most intrusive of all federal agencies, operating in much the same way as King George III and other despots in the 18th century.

They want the 5.3 million words in the IRS code of regulations erased and a new, fairer, and simpler code instituted. They don't want an

agency that, without warning or a warrant, can come into their business or home to "search and seize." They don't want any more "lifestyle audits" that demand to know:

"How often do you go out to dinner? What do you spend and where do you go?"

"How many hours are you on the premises at your business, and what is your specific daily routine?"

"Where have you gone on vacation in the last year? Where do you normally go? Can you supply the names of any of the people you met?"

NFIB members also tell us that the government is spending too much money—too much out of an empty pocket. They don't want the budget balanced in five or seven years—they want it balanced right now! Their concern is understandable. How many business owners have a banker who would lend them money for five to seven years to spend more than they make?

This situation reminds me of a scene with my daughter, Danielle. She came home from school one day and said, "Dad, I saved you \$60."

I said, "That's fabulous. How did you do it?"

She explained, "Well, I just bought a \$180 dress on sale for \$120."

I moaned, "Why didn't you save me \$120 by buying two of them?"

She laughed and said, "Oh, but I did!"

I told her she should drop out of school and move to Washington, D.C., where she could probably land a great job in the federal government.

Do you think this story is merely facetious? It describes exactly how bureaucrats in our nation's capital tend to think of deficit reduction. Slashing Social Security and Medicare, for example, actually means increasing program budgets by 45 percent in the next seven years. Now, in my "backwater" home town

of Nashville, Tennessee, when something looks like

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a duck, walks like a duck, and sounds like a duck, we take a great risk and call it a duck. But when that same duck flies over the Potomac, it suddenly becomes "a winged fowl of unknown origin."

Big Mandates

President Clinton has made such declarations as, "I'm going to reduce big government" and "The days of big government are over." But the health care revolution he and Mrs. Clinton have tried to bring about would lead to an historic increase in the size and scope of government. He has announced that he is seeking 17 new federal spending programs. And he and his secretary of labor have remained committed to the European model of economics, in which big government, big labor, and big business pick the winners and losers in industry.

Secretary Reich—the man whom the President listens to and spends more time with than any other cabinet officer—has said on more than one occasion that small business, which has been so important in America's past, has no significant place in America's business future.

Perhaps what President Clinton really means is that big government is out, but big mandates are in.

Voting Counts

At NFIB, we believe very little of what politicians say; we believe almost everything we see them do. That is why we compile a voting record on every member of Congress. Regularly, we send them written notices saying: "This is a key vote for small business. We know from our members how they stand on this issue." At the end of the congressional session, we put out a book called *How Congress Voted*, and we send it to every NFIB member.

If a senator or representative votes at least 70 percent of the time in support of small business, he wins a "Guardian of Small Business" award. If it is 40 percent or less, we oppose his re-election. If it is between 40 and 70 percent, we try to have a prayer meeting with him—because evidently he didn't get those key vote notices.

"How did you vote?" It is a question that reveals some astonishing and valuable information. The chairmen of the House and Senate committees in the 103rd Congress had an NFIB voting record of 19.6 percent. The chairmen in the 104th Congress have averaged 97.4 percent. What a difference an election makes!

But often I feel just like the congressman who was quoted recently in *USA Today*: "I feel like it's

half-time and we are winning, but there's no score." In the first 93 days of the 104th Congress, there was more legislation passed by the House of Representatives that was good for small business than had been passed in the previous ten years. But until the House and the Senate agree, and until the President signs a bill into law, it is only rhetoric.

The Business of America

If the business of America were politics, we would be in deep trouble. But it is not. The business of America is *small business*. About half of all Americans—according to the most reliable reports—live in a small business household. But the people who have a stake in the future of small business are not just those who are owners, managers, or employees. They are the people who know that:

—the name of the game today is not *pork*; it is *potential*—potential for new businesses, new jobs, new goods, and new services;

—this is a pivotal time in our nation's history, a time to make decisions not just about a balanced budget but about the fundamental nature of government;

—and, most important of all, no matter how busy we are, we must get involved in solving the problems of our society.

My father was a small businessman who learned this lesson first-hand. He owned and operated a small service station in Pensacola, Florida. One day, a group of residents approached him and said, "Bill, you should run for the local school board. We need you; the schools in this district are in trouble."

My father said, "How can I? I open the station at seven o'clock in the morning, I close it at ten o'clock at night, and I'm in business six days a week."

Then they said, "Bill, you *have* to run for the school board. You have two of the most important reasons in the world: your children, Betty and Jack."

My father realized they were right. He had to get involved. So he arranged to take time away from his business, ran successfully for the school board, and was elected chairman. In recent years, I sold my own business and became president of NFIB. Like my father, I had two reasons: my children, Danielle and Stephen.



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