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December 7, 2023

Dear Friend,

Imagine the captain of the Titanic declaring “steady as she goes” as an iceberg rips across the cruise liner’s hull. That’s the story of this month’s Freedom Economy Index (FEI), a survey of over 70,000 small businesses conducted jointly by PublicSquare and RedBalloon.

Now in our 5th month, we’ve heard from small business owners who are literally on the front lines of the stormy economic conditions, being tossed to and fro by government-induced tidal waves. Perhaps that’s why these businesses told us this month their number-one need is “economic stability.”

Is Bidenomics the Grinch that stole Christmas? 42% of business owners say that, even though they’ve given Christmas bonuses in the past, they just can’t afford to this year. Another 28% say they will give bonuses smaller than last year’s.

Retail sales businesses reported that Black Friday and overall Christmas sales are down this year. Moreover, 8 in 10 businesses said their supplier prices increased over the past month. 91.5% now believe inflation will “continue to be higher than normal” over the coming 6 months.

These are challenging economic realities in the Biden economy.

Over the past 5 months, our FEI data has been spot-on in predicting trends in hiring, sales, inflation, and a host of other economic factors. As we shine a spotlight on the economic conditions of America’s small business community, we also remain committed to protecting and preserving freedom in the American marketplace.

Sincerely,

A handwritten signature in black ink that reads "Michael Seifert". The signature is written in a cursive, slightly slanted style.

Michael Seifert
CEO, PublicSquare

A handwritten signature in black ink that reads "Andrew Crapuchettes". The signature is written in a cursive, slightly slanted style.

Andrew Crapuchettes
CEO, RedBalloon.work

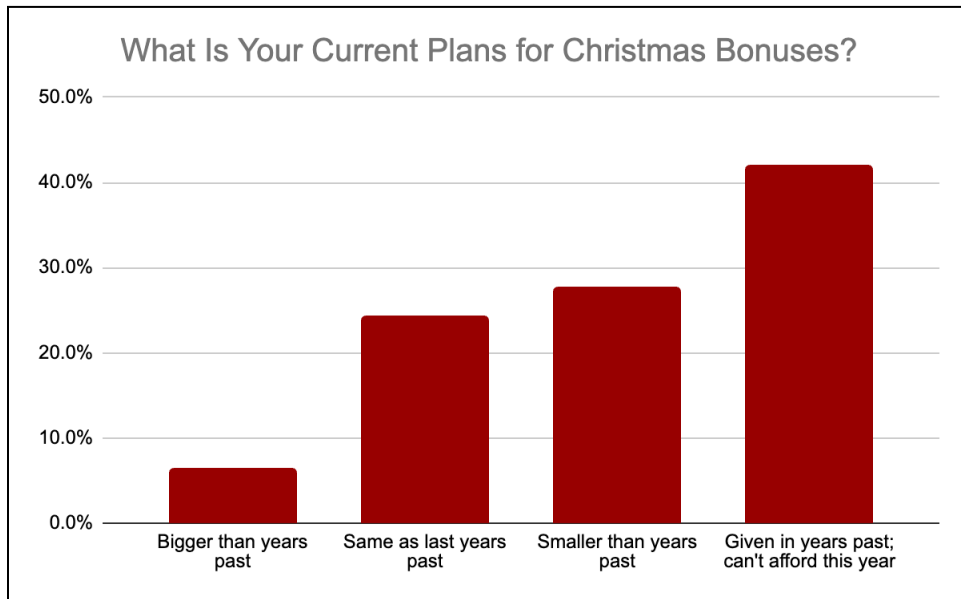
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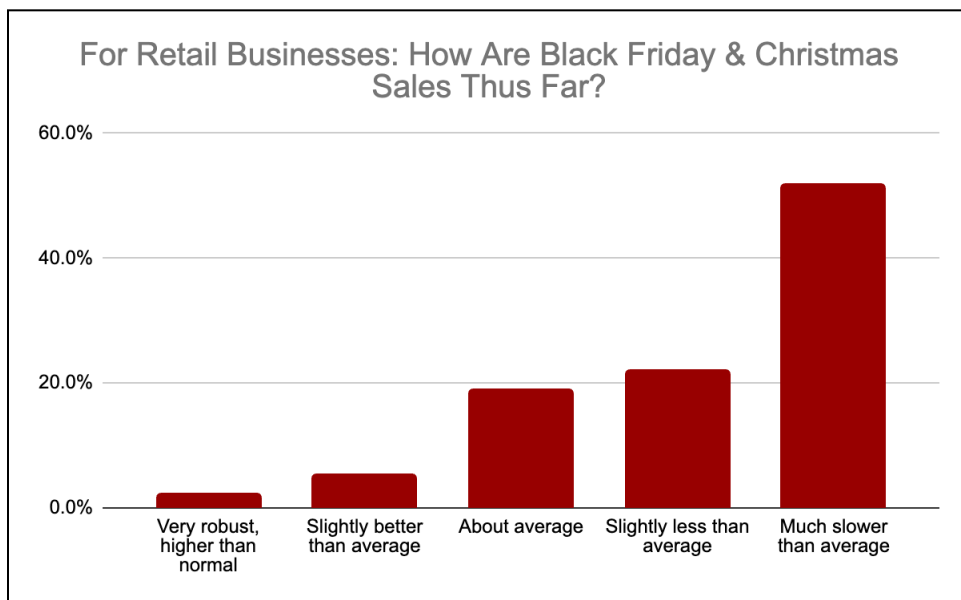
Key Findings

Is Bidenomics the ‘Grinch that Stole Christmas?’

42% of business owners who traditionally give their employees Christmas bonuses say they cannot afford them this year. Another 28% say that the bonus checks will be smaller than last year.

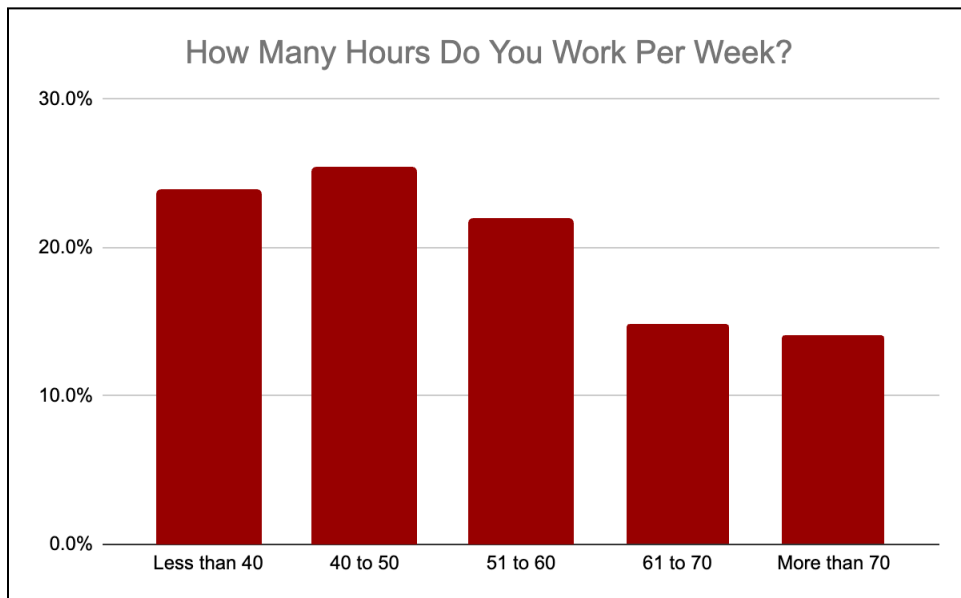
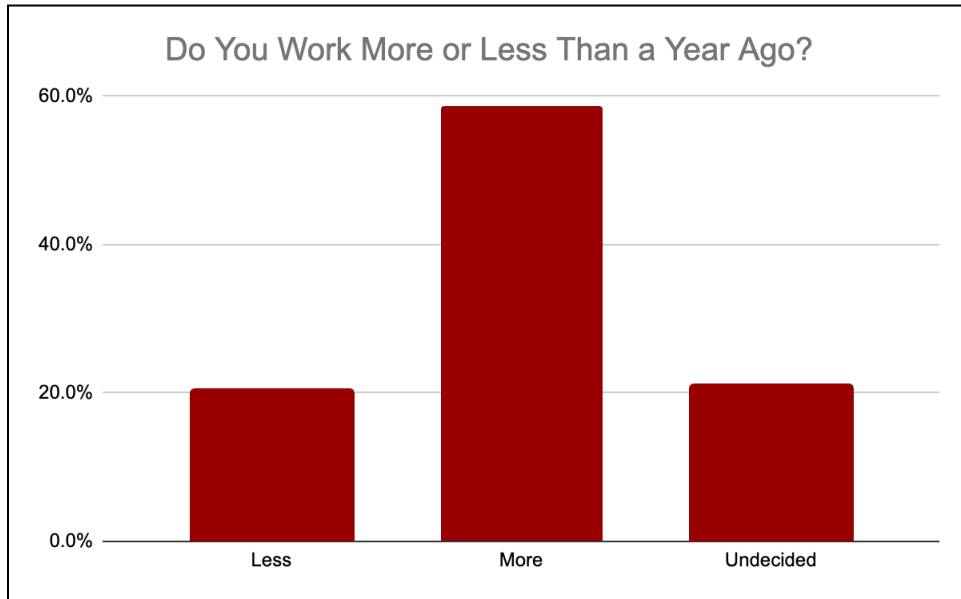


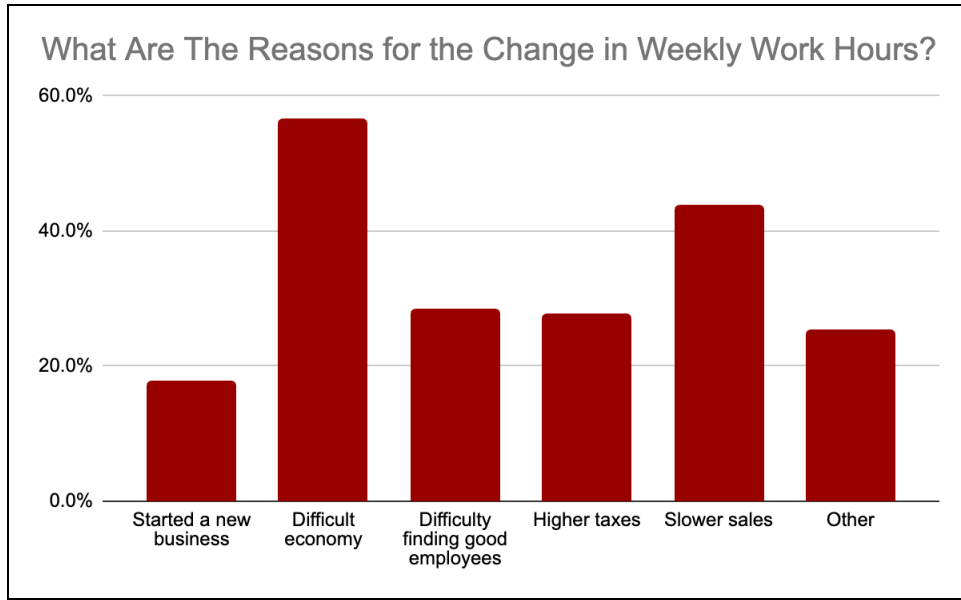
Those businesses involved in retail sales are reporting that Black Friday and overall Christmas sales are down this year, with 52% saying sales are “much slower” than last year.



I'll Be Home For Christmas?

Business owners may not get to spend much time with their families this Christmas. 59% say they're having to work more hours than last year, with over half saying their workweek exceeds 50 hours. Why all the extra hours? 56.4% say because of the "difficult economy."





A sampling of open-ended verbatim answers to “What has contributed to the change in hours you work?”

“I can't afford to pay my employees as much so I have to do their work and I have to find creative ways to make more money which takes more time.”

“Had to lay off multiple employees in 2023 due to clients shutting down.”

“With higher prices of everything I have to work harder to get the same results.”

“Higher interest rates and tighter lending policies are killing my business.”

“My workload is growing as fast as inflation.”

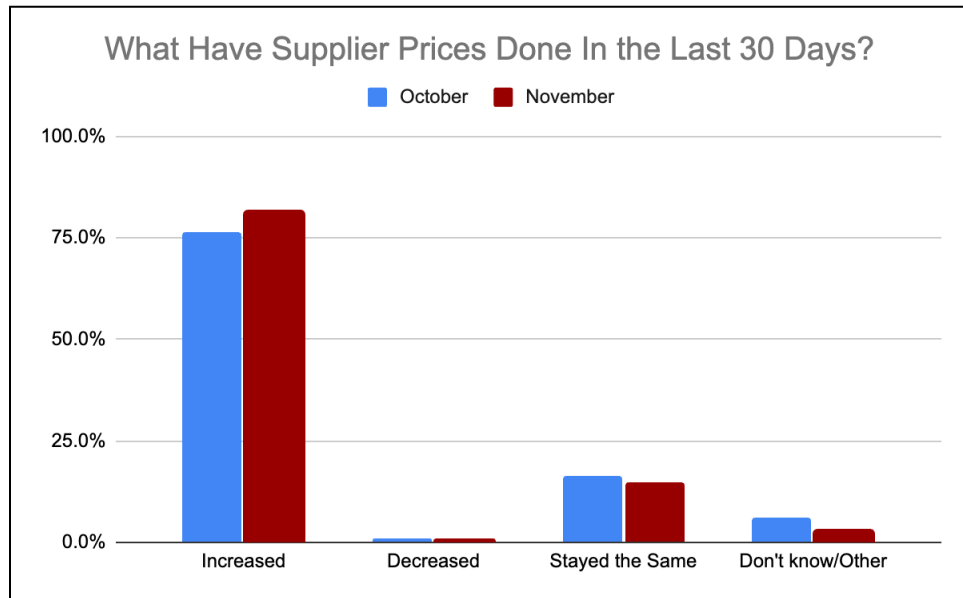
“Layoffs... we have to work more due to the loss of employees... the job still has to be done.”

“Rising costs of doing business and not being able to charge what is reasonable without losing clients.”

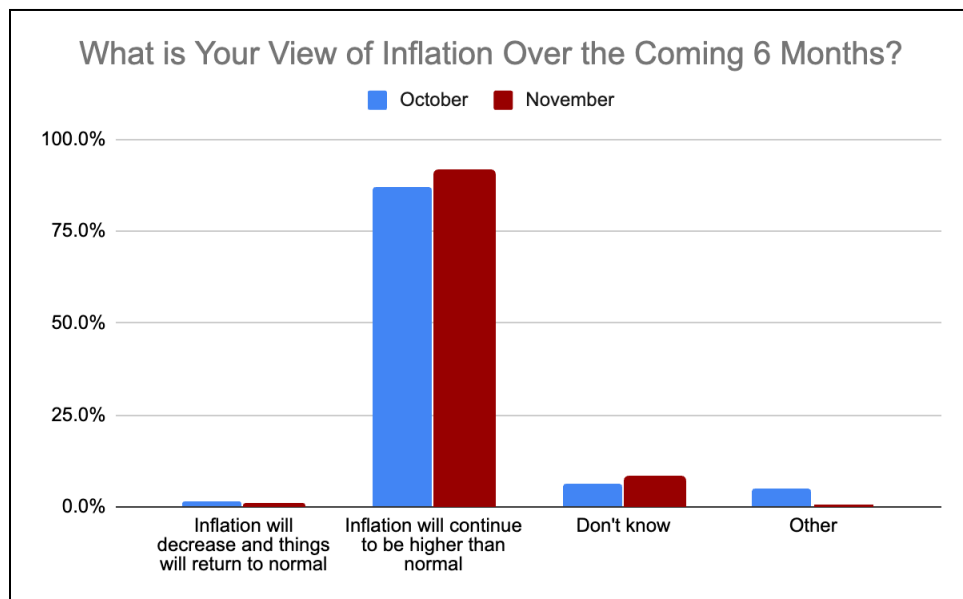
“Laying off employees to stay profitable.”

But Inflation is Over, Right?

81.4% of these business owners say their supplier prices have increased in the last 30 days. That's up from 76% in October.



And 91% of these business owners now believe that inflation will “continue to be higher than normal for longer.” That's up from 87% in October.



The Crushing Cost of Inflation: A sampling of open-ended verbatim answers to “How is Inflation Impacting Your Business?”

“I have received notification that a large percentage of my goods will be going up in price at the start of the year. The increases range from 3.5% to 15%.”

“People can't afford vacations because they're struggling to pay their household expenses. Bookings are down 50%.”

“Inflation is currently destroying our small business. In our 27 years of success, we have never seen a loss as the past 2 years.”

“Everything costs more but I can't raise prices because purchases have slowed.”

“Drastic impact on receivables.”

“It's strangling us.”

“I've had to raise my prices 3 times in the past year to be able to survive.”

“Our costs of running our business have doubled, and in some cases tripled over the last two plus years.”

“My business is all but closed. Unable to produce any income. We are in trouble!!”

“I own a manufacturing company, and inflation has closed over 40% of my industry.”

“I own a restaurant, so every aspect of food costs increasing to labor cost increases impact me every day.”

“Squeezed on all sides. Postage/shipping prices, sourcing, subscription prices and fees, taxes. Slim margins, very little profit.”

“Freight costs have not gone down.”

“Couldn't afford supplies for my business.”

“About to drown.”

“It's difficult to bid larger jobs and hold pricing because the material prices keep increasing.”

“Crushing my business!”

“Flour went from \$8 to \$23 for a 50 pound bag. With food margins not being especially large in the first place, this margin cuts out any profit in the food industry.”

“Supplies are more expensive, I am having to discount prices to move products.”

“All of my expenses have increased. ALL OF THEM.”

“It's killing my business.”

“High interest rates and inflation in materials prices have caused several planned development, housing and building projects to become infeasible. They are currently on hold with no timeframe for restarting.”

“We have had to raise our prices. Due to this we now have the least amount of projects booked since we started our company.”

“Materials cost more than I've ever seen in my 20 years of my experience.”

“Getting hit from all sides...”

“It is lowering my profit margin and making it harder to make ends meet. Sales are slowing down.”

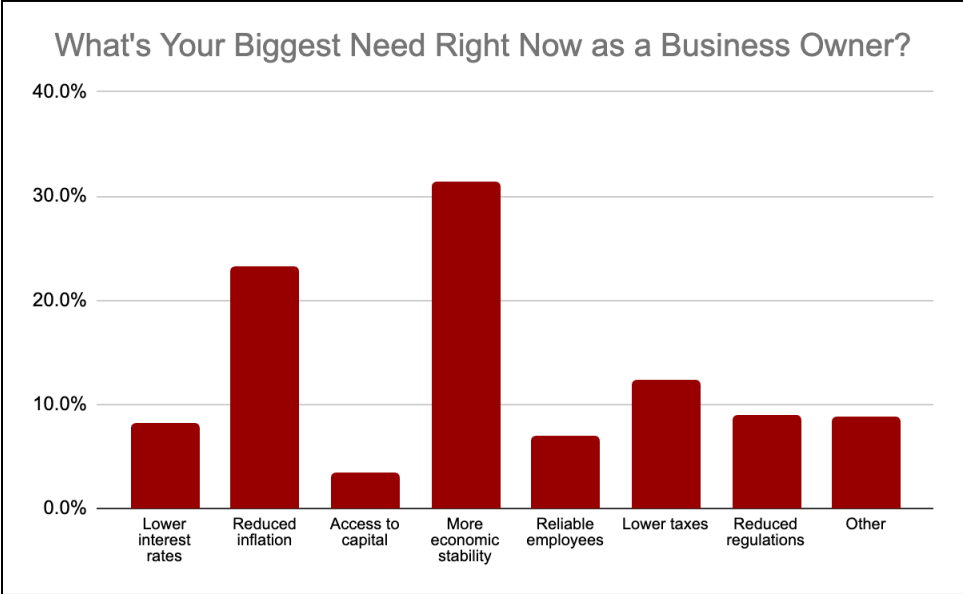
“We have been financially bleeding out for months. If things don't change soon, we are in trouble.”

“I'm shocked at how everything is still going up. My business is hurting more than I expected.”

“Actual inflation is far higher than the CPI indicates.”

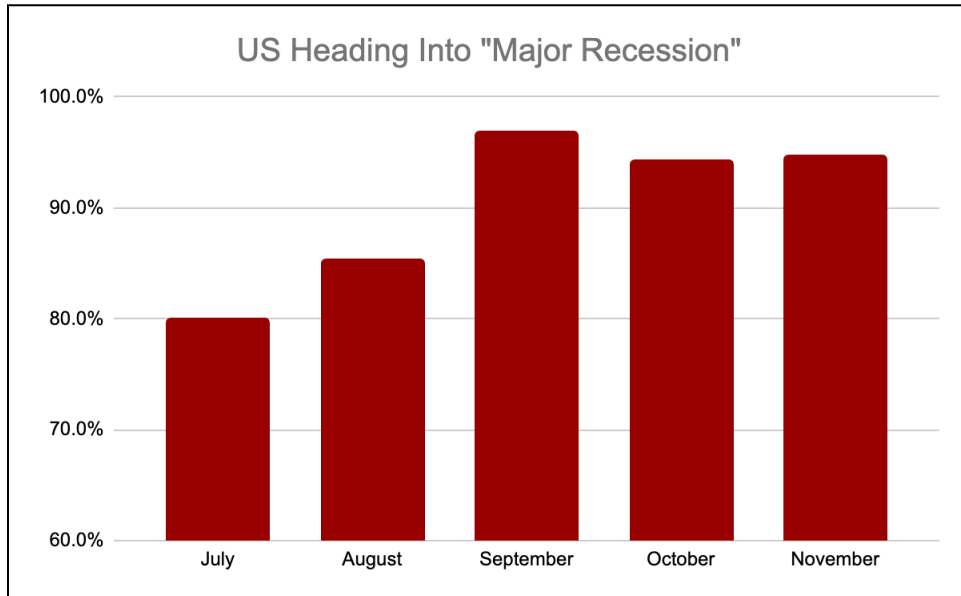
Stability in the Christmas Stocking?

When asked what the number-one thing is that their business needs right now, 31.2% said “more economic stability,” and another 23.1% said “reduced inflation.”

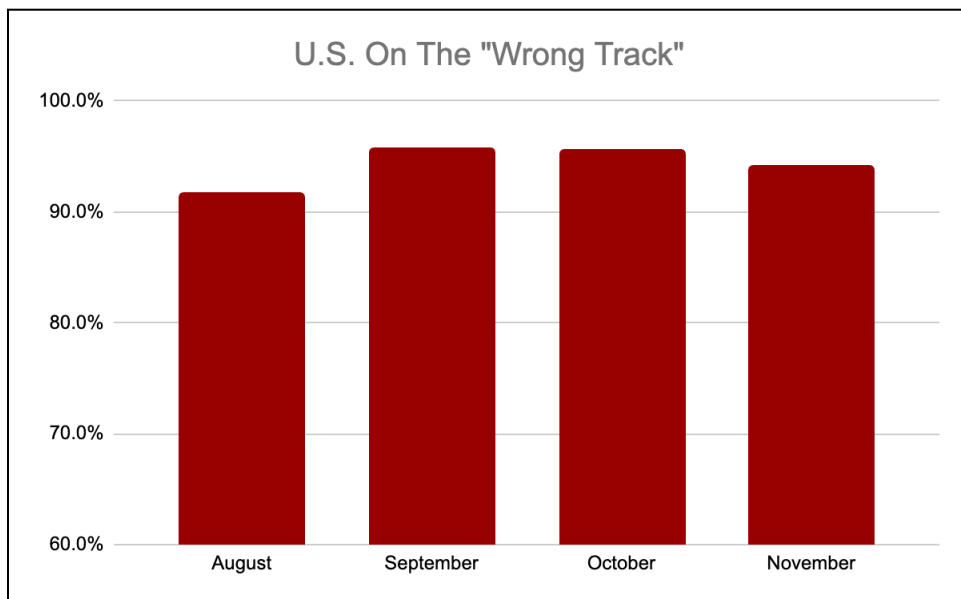


Key Economic Indicators

The number of small business owners bracing for a “major recession” remains elevated at 81%, while just 0.9% believe we’re in “a period of growth.”



That would explain why 94% of the respondents believe the US is on the “wrong track.”



A sampling of open-ended verbatim responses about “the current economic situation.”

“I own a small business and we are one step from going out of business if the economy doesn't change.”

“The worst economy since the great depression.”

“Middle class treading water again.”

“The most concerning period in my lifetime.”

“Inflation is hurting all of us in the middle class.”

“Small businesses are hurting on all fronts. Increasing cost of goods, higher labor costs, hard to find good staff, cost of overhead going up. It's overwhelming.”

“The White House says one thing but, my pocketbook tells the truth.”

“I can't afford to hire employees at my business. I'm worried about being able to heat my home.”

“My Small Business is down 25% in Sales the Past 3 Years with no sign of growth like I had the previous 4 years.”

“Business was very slow in 2023.”

“We are not headed into a recession, we are already IN a recession.”

“So many of my friends and clients are struggling financially right now. I've never seen the economy this bad.”

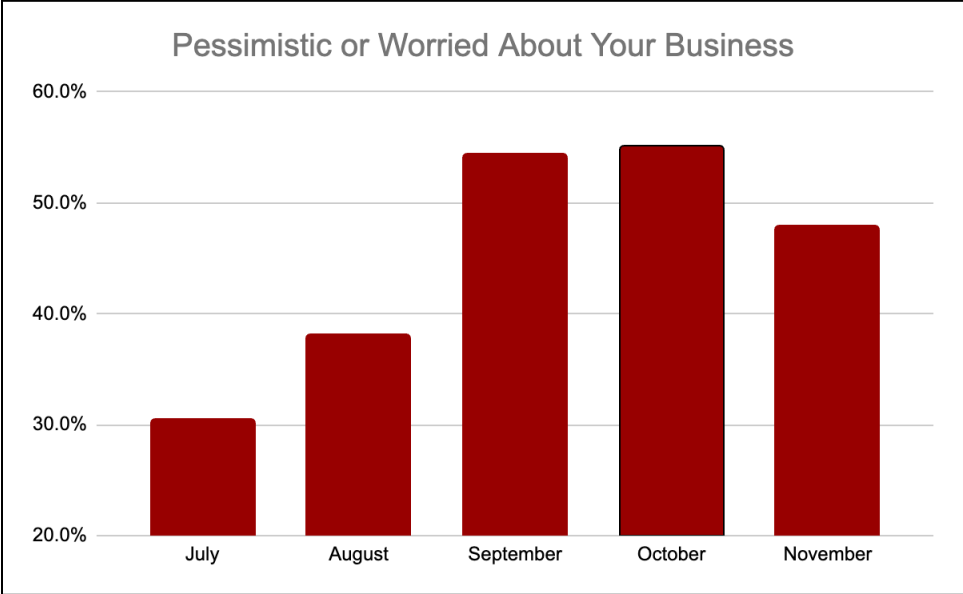
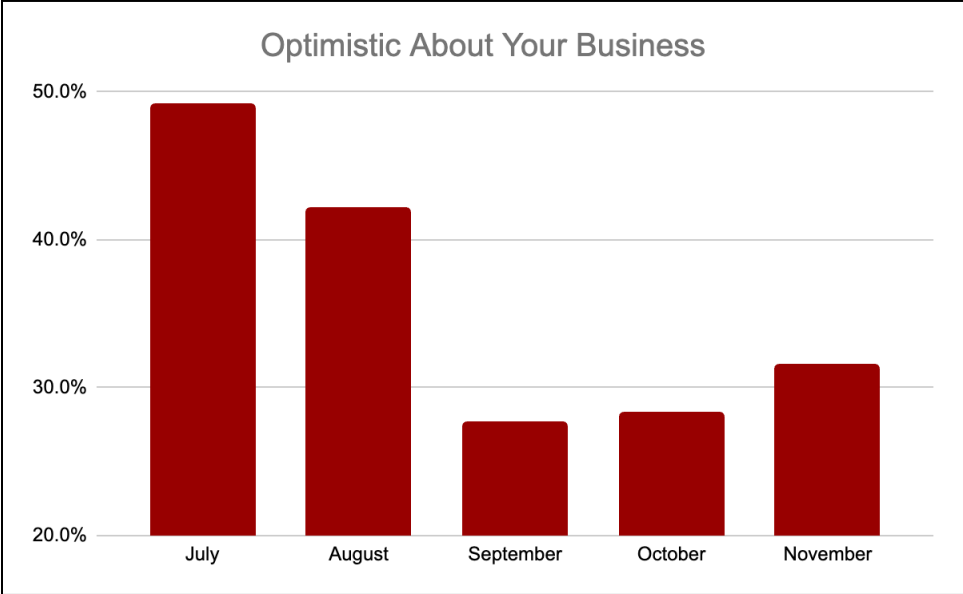
“Personally, all of my clients are very guarded and not hopeful for next year.”

“My business had the worst 4th quarter this year since I started my business in 1987.”

“It is dire. Costs are still going up, and spending power is going down.”

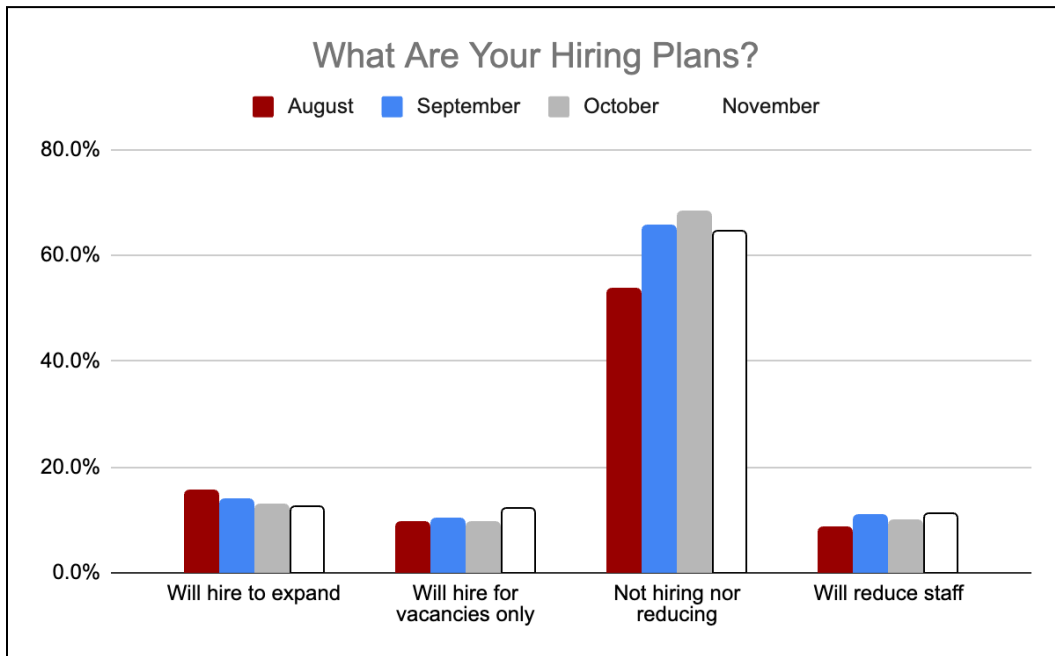
“We work with a lot of construction contractors. They say there's not a lot of work lined up for 2024. Construction is a good indicator of economic growth.”

Optimism about the “trajectory of their business” has risen slightly from last month to 31.5%, up from 28.2%, while pessimism has decreased to 47.8%, down from 55.1% in October. Both remain within the margin of error from last month.



Hiring plans remain on ice for most small businesses, as 64.4% say they are neither hiring nor reducing staff.

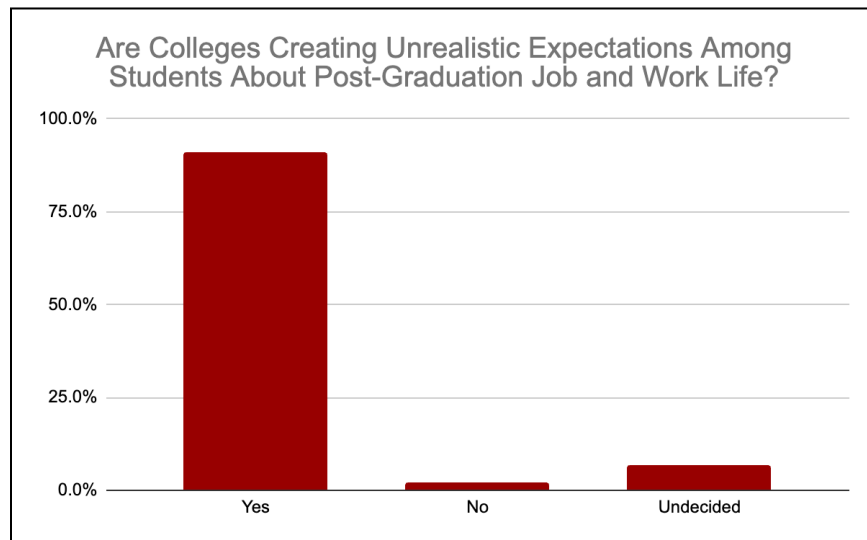
	August	September	October	November
Will hire to expand	15.6%	13.8%	12.7%	12.3%
Will hire for vacancies only	9.5%	10.0%	9.3%	12.2%
Not hiring nor reducing	53.6%	65.6%	68.2%	64.4%
Will reduce staff	8.3%	10.6%	9.8%	11.1%



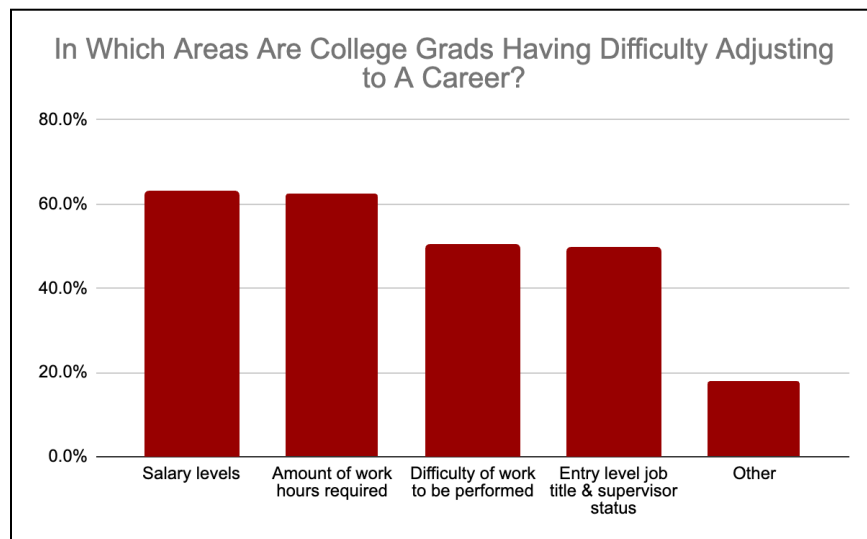
Deep Dive: Higher Education

Matriculation & Assimilation

Following up on last month's eye-opening findings on the value, or lack of value, of today's college degree experience, this month we asked small business owners if they "believe that colleges are creating unrealistic expectations among students about what their job and work life will be like post-graduation?" 91% said resoundingly "yes."

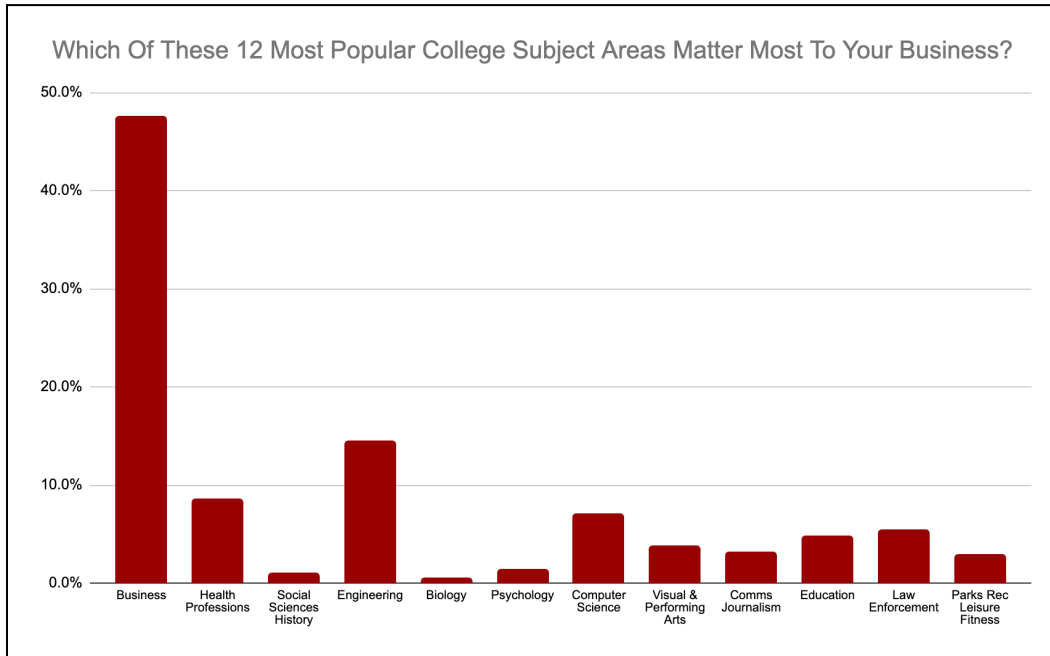


Respondents ranked "salary levels," "amount of work hours required," and "difficulty of work to be performed," as the top 3 areas in which college students have difficulty when entering the post-college job market.

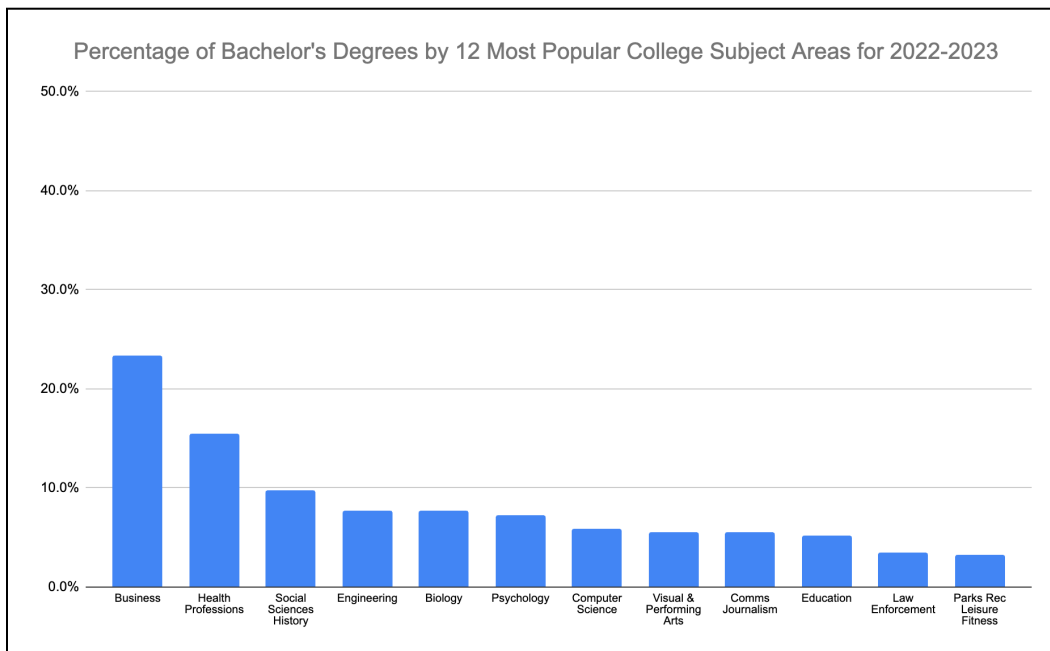


Misalignment Assignment?

It's possible that new graduate assimilation issues are due, in part, to a misalignment in diploma subject matter. When asked to pick which of the top twelve most popular bachelor's degree subject areas mattered most to their business, nearly half of respondents said "business."

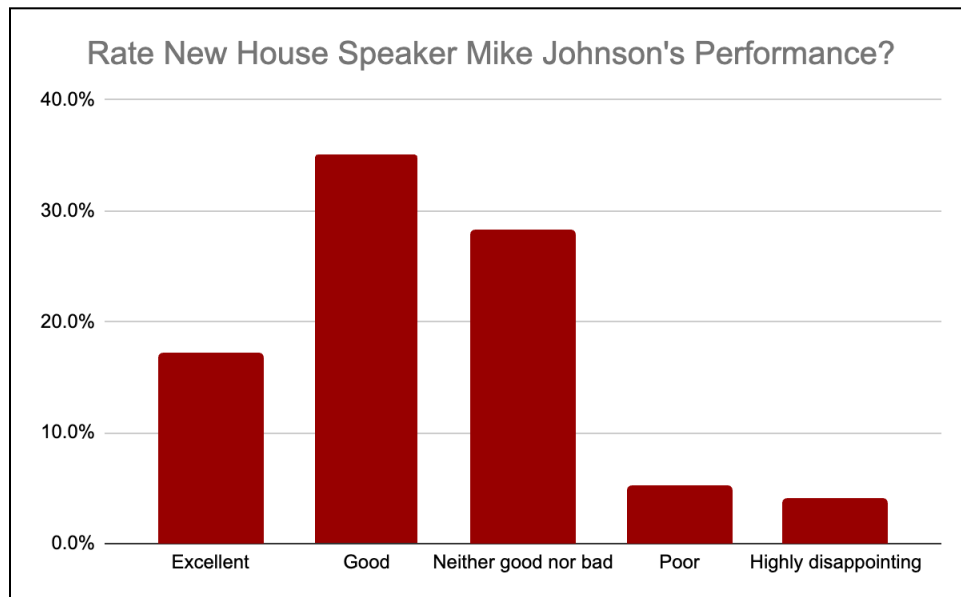


But, when compared with data from the *National Center for Education Statistics* showing where new bachelor's degrees were earned in 2022-2023, it's clear that large percentages of college students are earning degrees in subject areas of little value to the small business community.



Speaker Mike Johnson

Small business owners of the FEI have been pretty tough on politicians of both parties. However, new House Speaker Mike Johnson seems to be enjoying a honeymoon period, with 52.2% rating the Speaker's performance thus far as either "Good" or "Excellent." Only 9.1% rate his performance either "poor" or "highly disappointing."



Conclusion

There's a clear disconnect between those inside the Beltway and the rest of America. Despite reports to the contrary from Washington DC, continued high inflation and an ongoing economic slowdown are hammering America's small business community,

That story is now playing out across America's shopping malls and ecommerce sites as shoppers hold their money and tighten their belts.

But Americans are resilient, and given the opportunity to achieve great things, they will thrive. Right now, government policies are a roadblock to business success. If our government "of the people, by the people, and for the people" will just pursue monetary policies that are supportive of commerce, then America's economy will quickly rebound, and our small business community will once again flourish to the benefit of all.

May God richly bless you and your family this Christmas season.

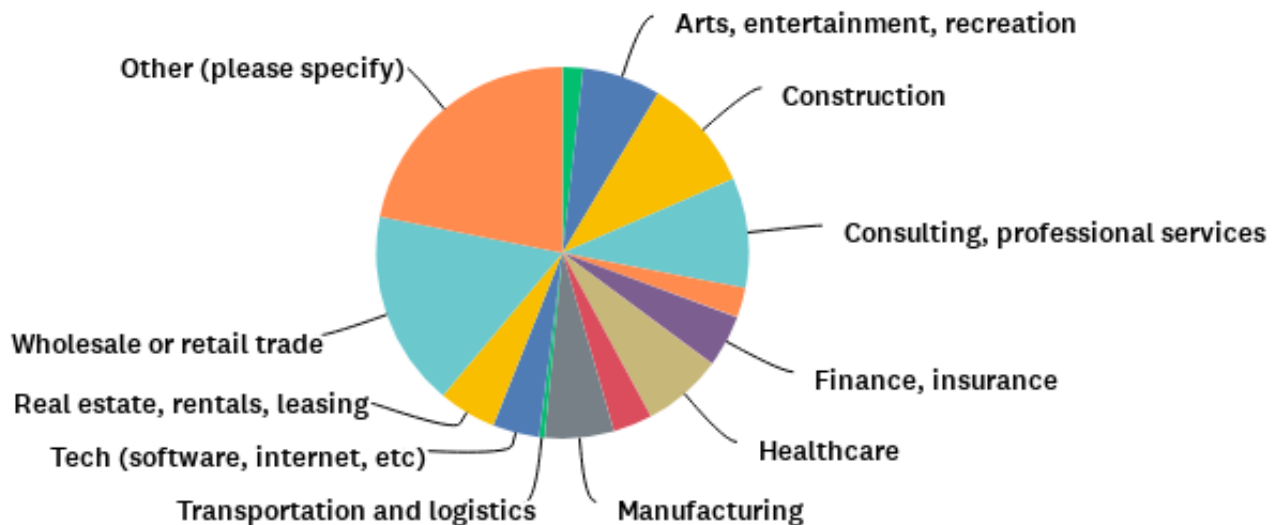
Methodology

The Freedom Economy Index surveyed a universe of over 70,000 small business owners throughout the United States, fielding the questionnaire from November 30 to December 5, with 682 respondents. The survey has a margin of error of +/-4.0% at the 95% confidence level.

Demographics

Which industry are you in?

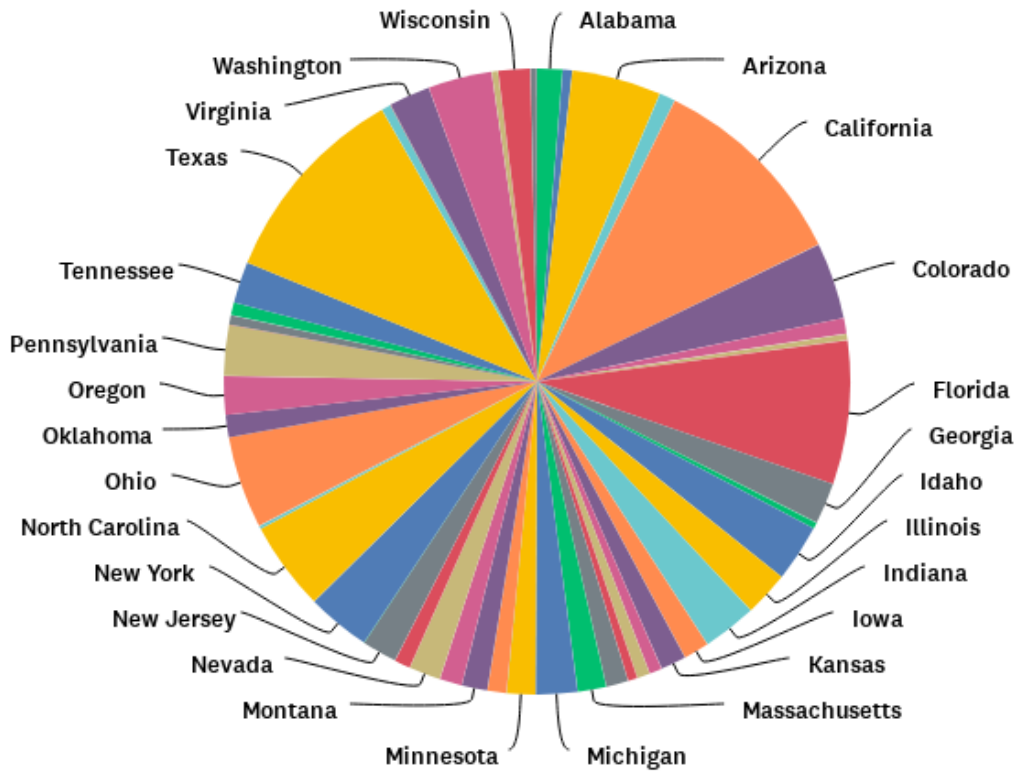
Ag, natural resources, mining, etc	1.78%	Hospitality (restaurants, hotels, etc)	3.40%
Arts, entertainment, recreation	6.81%	Manufacturing	6.00%
Construction	9.89%	Transportation and logistics	0.49%
Consulting, professional services	9.56%	Tech (software, internet, etc)	4.05%
Education	2.59%	Real estate, rentals, leasing	5.02%
Finance, insurance	4.54%	Wholesale or retail trade	17.02%
Government or military	0.00%	Other (please specify)	21.88%
Healthcare			



Industry “Other” Word Cloud:



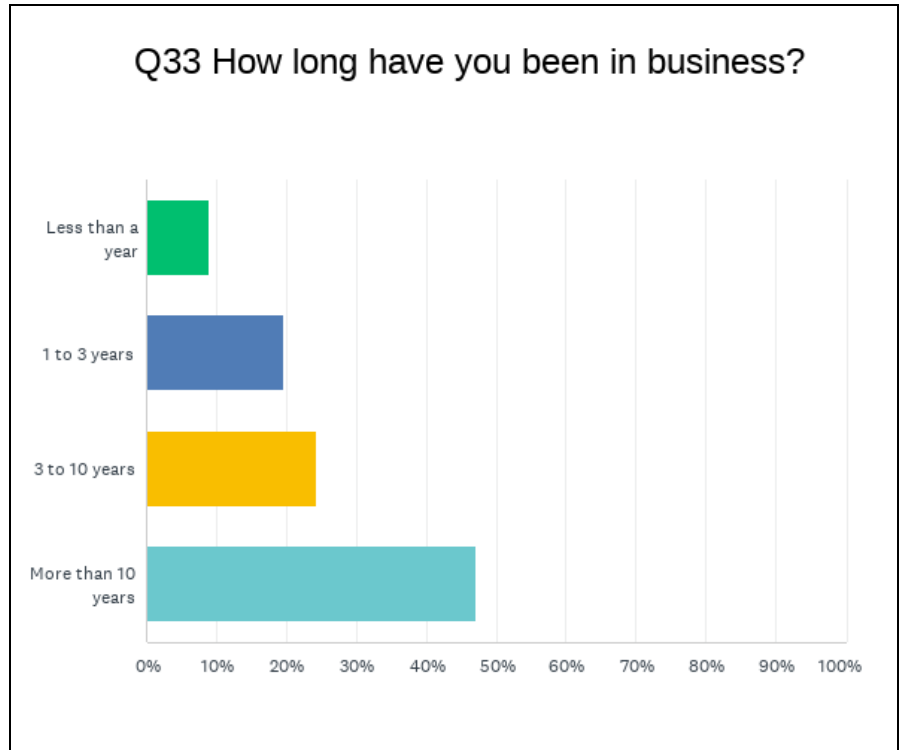
In what state is the bulk of your business located?



In what state is the bulk of your business located?

California	10.54%	Kansas	1.32%
Texas	10.54%	Montana	1.32%
Florida	7.41%	Maryland	1.15%
Ohio	4.78%	Nebraska	1.15%
Arizona	4.61%	Oklahoma	1.15%
North Carolina	4.61%	Missouri	0.99%
Colorado	3.95%	Arkansas	0.82%
New York	3.29%	Connecticut	0.82%
Washington	3.29%	New Hampshire	0.82%
Idaho	2.97%	Kentucky	0.66%
Indiana	2.80%	Louisiana	0.66%
Pennsylvania	2.64%	South Dakota	0.66%
Illinois	2.31%	Alaska	0.49%
Georgia	2.14%	Maine	0.49%
Michigan	2.14%	South Carolina	0.49%
Tennessee	2.14%	Utah	0.49%
Virginia	2.14%	Delaware	0.33%
Oregon	1.98%	Hawaii	0.33%
New Jersey	1.81%	West Virginia	0.33%
Nevada	1.65%	Wyoming	0.33%
Wisconsin	1.65%	North Dakota	0.16%
Massachusetts	1.48%	Mississippi	0.00%
Minnesota	1.48%	New Mexico	0.00%
Alabama	1.32%	Rhode Island	0.00%
Iowa	1.32%	Vermont	0.00%

Less than a year	8.91%
1 to 3 years	19.61%
3 to 10 years	24.31%
More than 10 years	47.16%



Sole Proprietor	41.56%
Less than 10	47.24%
10 to 49	9.58%
50 to 99	1.30%
100 to 499	0.16%
500+	0.16%

