

COVID Business Concerns of Kansas
GwartneyInstitute.org

GI GWARTNEY INSTITUTE
FREEDOM • JUSTICE • FLOURISHING

Ottawa University
Prepare for a Life of Significance

Russ McCullough PhD
Wayne Angell Chair of Economics
Angell Snyder School of Business
Founder/Director, Gwartney Institute

James Gwartney PhD
Eminent Scholar – The Gus A. Stavros
Center for the Advancement of Economic
Education and Free Enterprise

LIBERTY STATE UNIVERSITY
1851

1

What is economic freedom?

- Individuals have economic freedom when property they acquire without the use of force, fraud, or theft is protected from physical invasions by others and they are free to use, exchange, or give their property as long as their actions do not violate the identical rights of others.
- In order to achieve a **high** economic freedom rating, a country must keep government spending and taxes low, provide access to sound money, protect property rights, and **enforce contracts evenhandedly**. It must also refrain from imposing trade barriers and regulations that **undermine voluntary exchange**

2

POLICY BRIEF

By Russ K. McCullough, PhD
May, 2020

SURVEY RESULTS SUMMARY:
Kansas COVID – Reopening the Economy

<https://kansaspolicy.org/surveying-small-businesses-covid-reopening-the-kansas-economy/>

- 74% of businesses thought that the closing of non-essential business was too restrictive.
- **40%** of businesses **don't expect to return to pre-crisis levels** of economic activity this year.
- 57% of businesses felt that property tax or income tax relief was more important than a reduction of regulations to help rebound
- **60%** of businesses are concerned most about **"getting customers back"**
- 62% of businesses think that complying with COVID guidelines will not be difficult
- 70% of businesses are concerned about increased liability
- **76%** of the businesses were fearful or uncertain that there will be **permanent closures** of businesses within their industry within Kansas (48% yes, 28% uncertain and 24% no)
- Appendices 3 and 4 have free response comments from businesses

3

POLICY BRIEF

By Russ K. McCullough, PhD
May, 2020

SURVEY RESULTS SUMMARY:
Kansas COVID – Reopening the Economy

Customer Safety – Assessing Kansas business concerns about their ability to provide a COVID-19 safe environment for their customers and clients

Worker Safety – Assessing whether Kansas businesses can implement measures to limit COVID-19 for their employees

Government Response to COVID-19 – Assessing the impact of government COVID-19 mitigation measures on their operations and bottom line.

Barriers to Reopening: --Assessing issues of reopening and their expectations about the future.

4

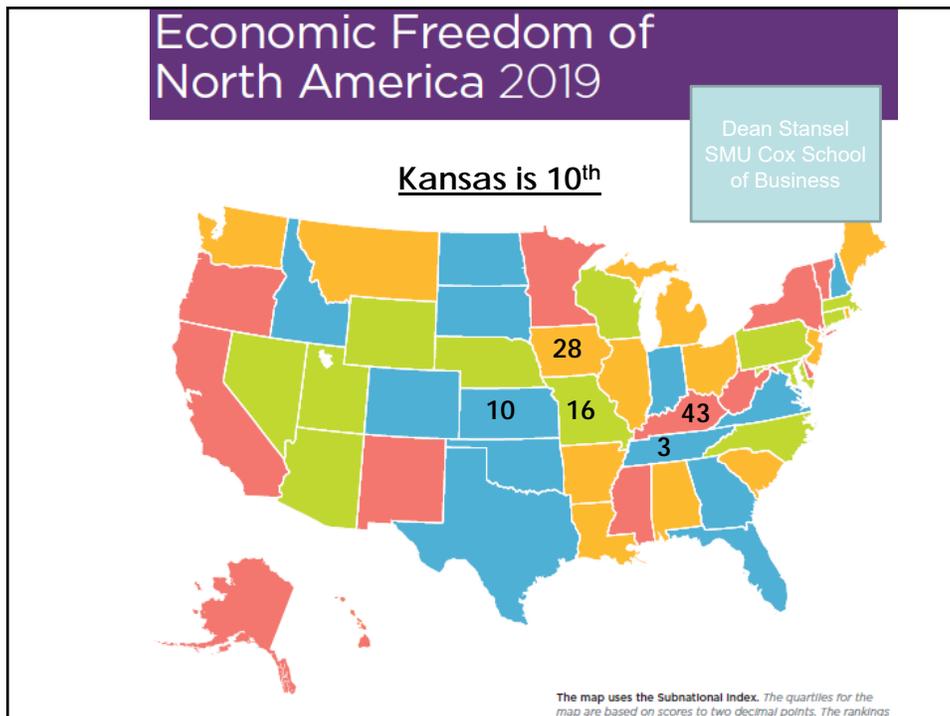
5 Areas –Country EFW Index

1. Size of Government
2. Legal System and Protection of Property Rights
3. Access to Sound Money
4. Freedom to Trade Internationally
5. Regulation of Capital, Labor, and Business

3 Areas –State EFW Index

1. Government Spending
2. Taxation
3. Labor Market Freedom

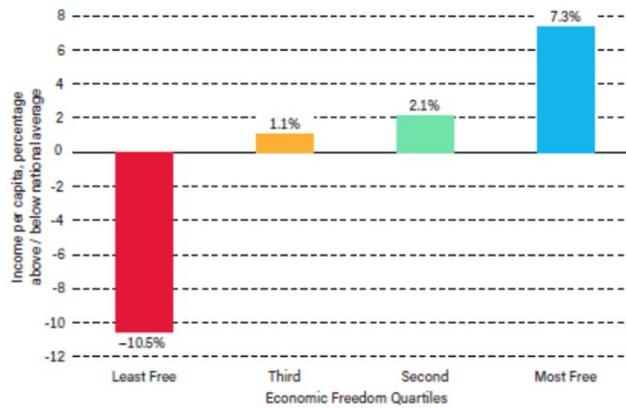
5



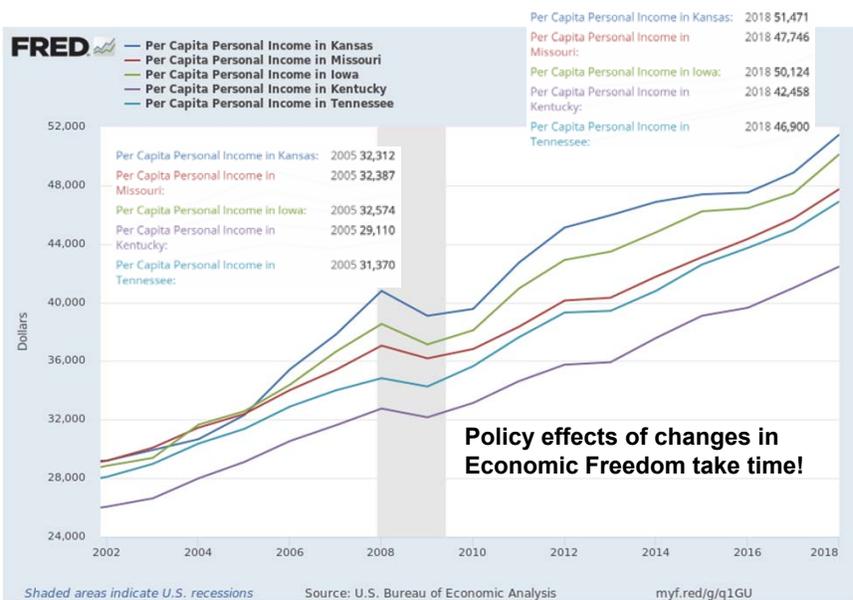
6

Per Capita Income Is Much Higher in States with Higher Economic Freedom

Figure 1.4: Economic Freedom at the Subnational Level and Percentage of Income per Capita above or below the National Average in Canada, the United States, and Mexico, 2016



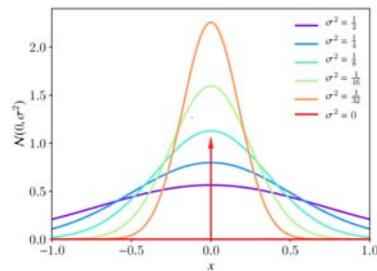
7



8

Uncertainty and Error Terms

- When uncertainty is high, mathematical models lose meaning and can be meaningless.
- The Fatal Conceit, Friedrich Hayek



Shutdown is not needed with increased information by all concerned about risks and healthcare

https://www.researchgate.net/figure/Gaussian-bell-function-normal-distribution-N-0-s-2-with-varying-variance-s-2-For_fig1_334535945

9

Uncertainty vs Risk Healthcare capacity as a policy tool

48 We don't know what we don't know!

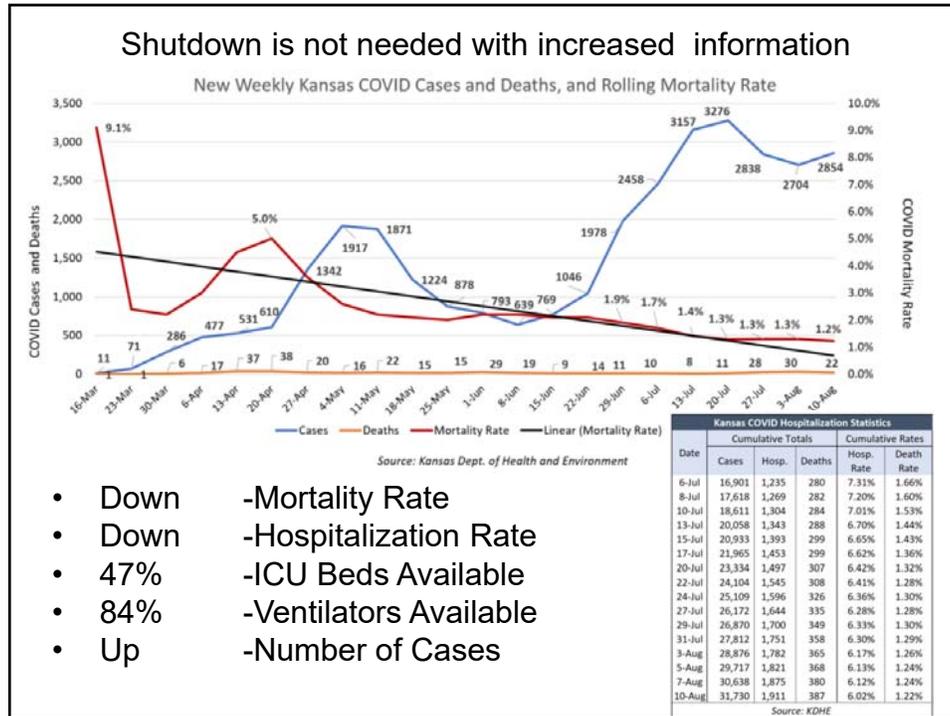
5 Consumer fear is a tremendous hurdle now, people are literally afraid to leave their own homes. Conquering that fear with rational, common sense is going to be a big deal.

<https://www.coronavirus.kdheks.gov/160/COVID-19-in-Kansas>

Data source: Data as reported by hospitals into the National Healthcare Safety Network (NHSN) or TeleTracking and aggregated into HHS Protect. Tables with no information represents incomplete/missing data. Most recent data may not be complete. Historical data will be updated when new data is available. HCC Region refers to the Kansas Health Care Coalition Region. Region map at bottom of page. Weekly COVID-19 ED Visits on Hospital Summary Section.

Total ICU Beds	ICU Beds Used (All Patients)	ICU Beds Used (COVID-19)	ICU Beds Available
701	372	60	47%
Total Ventilators	Ventilators Used (All Patients)	Ventilators Used (COVID-19)	Ventilators Available
709	112	19	84%
Hospitals Reporting	COVID-19 Patients Admitted	Inpatient Beds Available	Date: 8/9/2020
75	216	4,791	HCC Region: (All)

10



11

Asymmetric Information

20 This has been so misunderstood from the beginning and understandably so, but now there is no excuse. Let humans be humans and take care of themselves. We will live through it and get on with our lives now! Quit trying to control everyone.

Knowledge Problem

7 I am a sole proprietor, I have no employees to instruct or educate, no need for any other measures for safety other than the excessive cleaning and sanitizing I'm already doing. "Hot Spots" and people who are high risk need to be monitored and regulated somewhat, everyone else needs to get back to life. Again, common sense.

12

Well Defined Property Rights

- 6 Health experts working at the Federal, State & local levels need to clearly explain how they will determine when to open or close businesses, schools, etc. so the people know and can give feedback to their elected officials.

- 25 Lawsuits and OSHA Liability for employees or customers who get the virus

- 45 These were difficult to rank- I worry about a resurgence of infections, because that will cause an entire new group of government restrictions which will further hurt the economy so all of these are very inter-connected

13

Legal Protection? Legal Disclosure and Caveat Emptor

- 50 We need to open businesses back up in Kansas. We know how to do the social distancing, hand washing, disenfectents, ect. ect. We need to just protect the elderly and health compromised. We are adults and they know how to do that the Government doesn't need to be our keeper any longer.. Get over it and get the economy going and be safe! Try to pass some legislation that protects business owners from Legal issues resulting from COVID 19. This is important so Lawyers and individuals will not drag this out for another decade!!!!

14

Given sufficient healthcare capacity:

Decentralized Decisions

(county/city)

1. Shutdown decisions
2. High cost regulations
3. Protection/support of vulnerable people
4. Distribute Cares Act funding to local governments to decide spending

Centralized Decisions

(State/Country)

1. Low cost regulations
 - a) Mask requirements
 - b) Postings of policies
 - c) Weekly postings of cases
2. Empower local governments for federal fund relief spending

15

Concluding thoughts:

1. Individual economic freedom is something Kansas is proud of and it should be preserved except when:
 - a) the healthcare system is at capacity (unlikely).
2. Decision making should stay local except when:
 - a) low cost measures can be implemented that reduce the risk of spread from city to city.
3. Increase information sharing and let the buyer beware.
 - a) As long as business has followed disclosure law, they cannot be held liable for cases.
4. Target funds to the protection/support of vulnerable people

Questions?

16