

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

August 4, 2021

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Biden:

On July 9, 2021, you signed a sweeping Executive Order titled “Promoting Competition in the American Economy.”¹ It is in fact a full frontal assault on free enterprise and competitiveness.

Despite acknowledging in the first sentence that “[a] fair, open, and competitive marketplace has long been a cornerstone of the American economy...”² and that “[r]obust competition is critical to preserving America’s role as the world’s leading economy,”³ this order nevertheless unleashes a government-wide go-ahead for more restrictive policies and directs nearly every federal agency to pursue a devastating regulatory agenda that will discourage creativity and deter innovation. By directing federal agencies to engage in an across-the-board expansion of government, from agriculture, health care, transportation, to technology, banking, and finance, you are green lighting everything that is bad about the federal government and feared by entrepreneurs: restricting market access, reducing investment, discouraging expansion and hiring, and increasing bureaucracy and red tape. Although the Executive Order aims to increase competition for small businesses, in reality, it contains the ingredients to do the opposite.

This is precisely the kind of tortured reasoning and backward thinking that is far from helpful during recovery from a post-pandemic recession. Small businesses are already suffering from labor shortages, high inflation, increased prices, supply chain disruptions, and the threat of increased taxes.⁴ Now they also have the fear of additional regulations, paperwork, and red tape.

¹ Executive Order, Promoting Competitiveness in the American Economy, *available at* <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/executive-order-on-promoting-competition-in-the-american-economy/>.

² *Id.* at 1.

³ *Id.*

⁴ NFIB, JUNE 2021 OPTIMISM INDEX, *available at* <https://www.nfib.com/surveys/small-business-economic-trends/>.

Small businesses are unlikely to invest in new equipment, expand operations, or create jobs with more looming threats.

A free market economy is based on economic freedom, low government economic intervention, and individual freedom of choice. In contrast, your order directs federal agency heads to accomplish seemingly impossible tasks in a free market. For example, you direct the Secretary of Transportation to “provide vigilant oversight over market participants”⁵ and the Secretary of Agriculture “to help ensure that the intellectual property system, while incentivizing innovation, does not also unnecessarily reduce competition...”⁶ You encourage the heads of all federal agencies to use their authority to examine “the potential for their procurement or other spending to improve the competitiveness of small businesses and businesses with fair labor practices;”⁷ “address agreements that may unduly limit workers’ ability to change jobs”⁸ and “curtail the unfair use of non-compete clauses or other agreements that may unfairly limit worker mobility”⁹ [emphasis added]. Rarely has tying the hands of entrepreneurs resulted in economic growth and expansion.

The order also establishes a new bureaucracy: a White House Competition Council to ensure a continued tsunami of additional federal regulations, “implement administrative actions; identify and advance any additional administrative actions; identify potential legislative changes.”¹⁰

This is truly a misguided effort. At a time when small businesses are starting to emerge from the throes of the COVID-19 pandemic and desperately need our strong support, your Executive Order will unleash big government regulation that will hold them back. Additionally, it will give small business owners less flexibility and independence to run their businesses as they see fit. When the federal government makes decisions for small businesses, they have less control and fewer tools for success.

We should encourage small companies to independently expand and provide the type of environment in which they can make sound decisions for their employees and communities. The federal government must give small businesses the freedom to do what they do best, rather than telling them what to do. This means enacting pro-growth policies that we know work. It is prudent risk-taking and innovation that drive economies forward.

Entrepreneurs have long come to our country to pursue the American dream: starting a small business with a great idea and growing it to success. Small businesses encourage the innovative thinking that serves as a springboard. They represent more than the American dream -- they represent the American economy. In fact, small businesses account for 95 percent of all

⁵ *Id.* at 12.

⁶ *Id.* at 9.

⁷ *Id.* at 6.

⁸ *Id.* at 7.

⁹ *Id.*

¹⁰ *Id.* at 5.

U.S. businesses,¹¹ create half of our gross domestic product, and provide two out of three new private sector jobs.¹² The very health and prosperity of the American economy depends on their success. American businesses, particularly small businesses, thrive when government is limited. We cannot get our economy back on track with this kind of Orwellian control.

Sincerely,

A handwritten signature in black ink, appearing to read "Blaine Luetkemeyer", followed by a horizontal line.

Blaine Luetkemeyer
Ranking Member

¹¹ OFFICE OF ADVOCACY, U.S. SMALL BUSINESS ADMINISTRATION, <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf>.

¹² OFFICE OF ADVOCACY, U.S. SMALL BUSINESS ADMINISTRATION, <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/11/05122043/Small-Business-FAQ-2020.pdf>.