

Kauffman Economics Bloggers Survey

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The Foundation of Entrepreneurship
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“Americans are apt to be unduly interested in discovering what average opinion believes average opinion to be.”

- John Maynard Keynes

This paper reports the results of a survey of individuals who were invited to attend the Kauffman Foundation’s first-ever conference for economics bloggers, which was held on February 27, 2009 at the Foundation headquarters in Kansas City, Missouri. Participants included well-known independent bloggers such as Matt Yglesias, Tyler Cowen, Mike “Mish” Shedlock, Robert X. Cringely, and Mark Thoma as well as distinguished economics journalists such as Amity Shlaes, Steve Malanga, Michael Mandel, Brian Carney, and keynote speaker David Warsh.

The Kauffman Foundation is dedicated to the idea that entrepreneurship and innovation drive economic growth. Naturally, this new technology of blogging is a fascinating one, both for its effect on the economic research frontier, but also as an innovation in its own right. A forum of so many high-profile participants offered a unique opportunity for discussion, but time constrained the number of ideas communicated, and this survey should be viewed as one way of summarizing some of the insights of attendees.

The highlights of the survey include the following results:

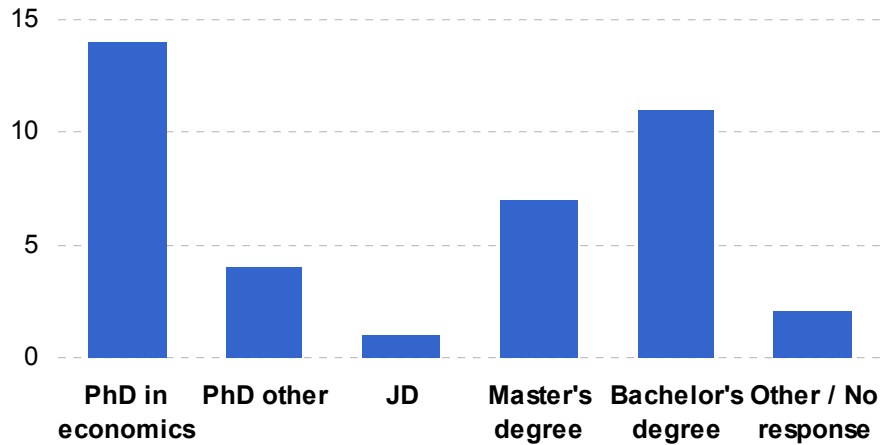
- Two-thirds of the respondents reported that President Obama's top economic priority should be fixing banks
- 38 of the 39 respondents rated innovation as "very important" to the health of the U.S. economy
- 60 percent of respondents consider a continued credit freeze will be likely to cause a major slowdown in technological innovation
- 23 of the 39 respondents reported that government red tape is the biggest barrier to starting a new business
- The majority of respondents reported that keeping health benefits and lower and simpler taxes would encourage more people to start businesses in America
- Nearly 75 percent of respondents reported that small startup firms are very important to economic growth

Respondents

The respondents were selected by the authors and others at the Kauffman Foundation. Roughly sixty individuals were invited to participate in the survey, and a total of 39 respondents completed the online survey during the week prior to February 27, 2009. Over two-thirds of respondents are well-known economics bloggers, including professional and academic PhD economists as well as others who write and blog about economic issues. It should be noted that not all respondents to the survey attended the forum, and not all attendees completed the survey, although the overlap was strong. A complete list of respondents is in the appendix.

The first set of questions asked about the bloggers themselves, and results are displayed here. When asking about their highest level of education, we learned that fourteen respondents have a PhD in economics, four have a PhD in another field, seven have a master's degree, eleven have a bachelor's degree, and one has a JD (although the question allowed only one selection).

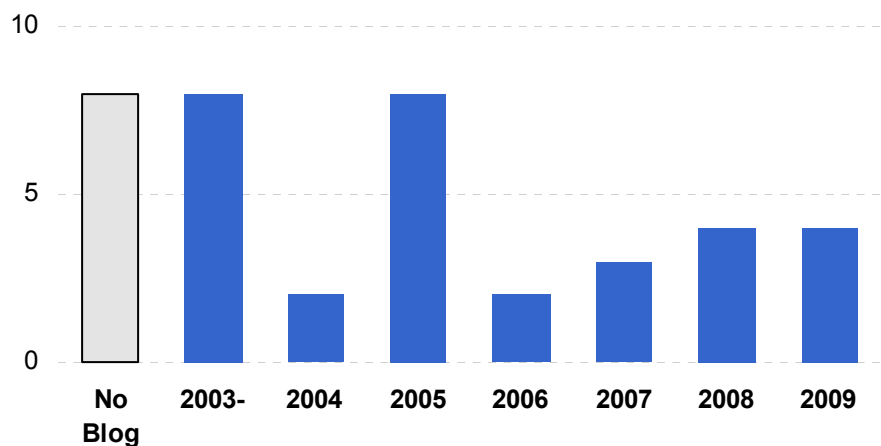
Q2. Highest Level of Education?



Source: growthology.org, Kauffman Economics Blogger Survey

The third question asked when each respondent started his or her blog, revealing that eight people (20 percent) do not have a blog. The remaining answers were distributed over the last few years, with no clear pattern other than a high number (8) that started in 2005 which matched the sum of all blogs started in 2003 and earlier.

Q3. Date blog was started?

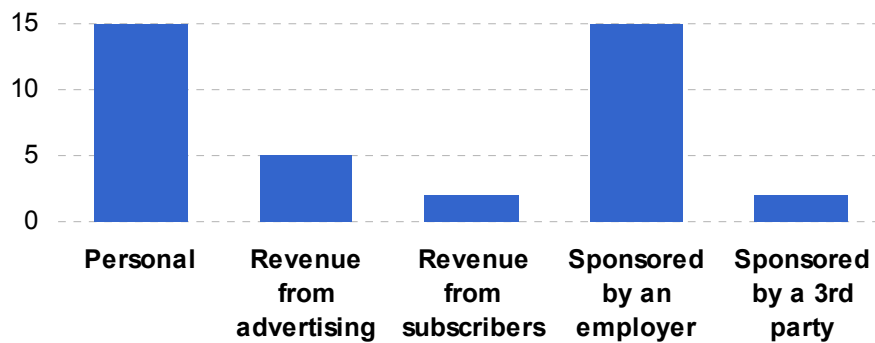


Source: growthology.org, Kauffman Economics Blogger Survey

One question aimed to discover the number of hours each person spent blogging, but responses did not allow a simple summary.

Given the decline in traditional news media, often attributed to the rise of blogs, we asked about the financial support for bloggers. Five non-exclusive choices were available. Responses showed that the bulk of blogs in our sample were supported personally by the authors themselves or by employer sponsorship. Five blogs received revenue from advertising and two received revenue from subscribers.

Q6. How is your blog supported financially?

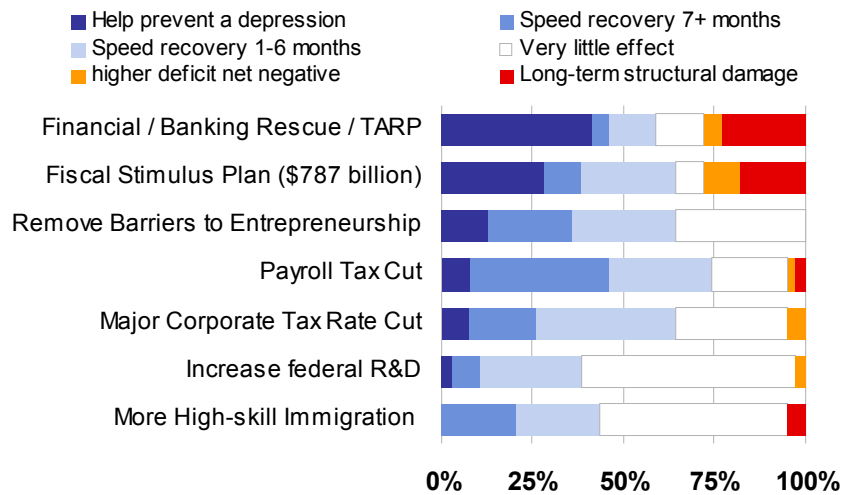


Source: growthology.org, Kauffman Economics Blogger Survey

Questions about the Economy

The survey included ten questions about the economy. Results are presented in the order that they were asked. Note, the order of the questions and the order of the response options were not randomized.

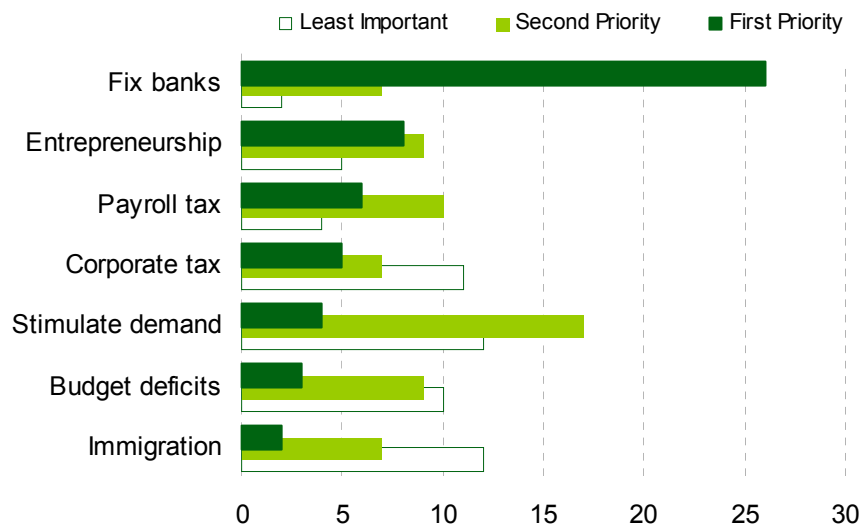
What would be the likely impact of the following policies on the U.S. recovery?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

Question 7 aims to find which type of government policy would be most effective at fighting the recession, while also allowing for respondents to make negative evaluations. The responses do not scale smoothly, but only one choice was allowed per policy. Two policies were clearly favored in terms of preventing a depression in the U.S.: a banking rescue and a fiscal stimulus plan. However, these policies also account for almost all of the negative assessments warning of long-term structural damage and higher deficits with over 25 percent of respondents rating them negatively. Two other policies were evaluated with as many or more combined positive responses than the top two. The policy with the most overall positive responses (75 percent) is a payroll tax cut. The policy with the second highest positives is removing barriers to entrepreneurship, which was also the single policy that had no negative mark against it. The three other policies considered were evaluated positively including a corporate tax rate cut, increasing high-skill immigration, and increasing federal R&D, although the number of votes suggesting “very little effect” were greater than 50 percent for federal R&D.

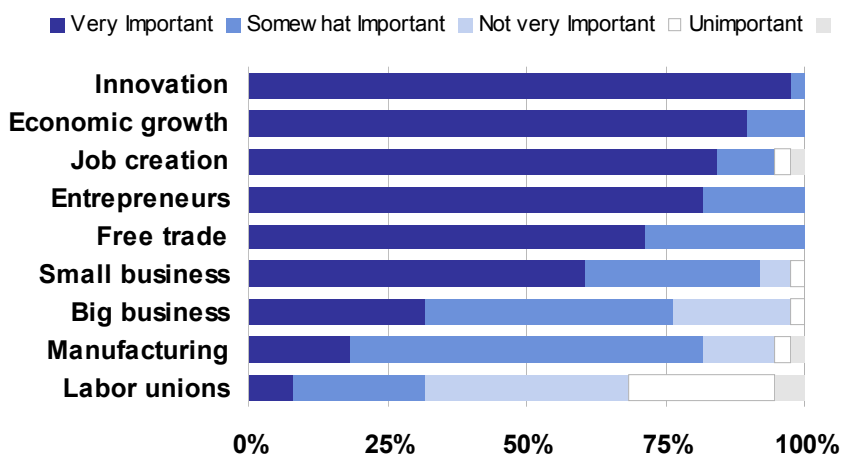
Which of the following should be President Obama's top economic priority?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

Question 8 asks, “Which of the following should be President Obama's top economic priority?” with seven responses very similar to what was identified above. By far, the top priority is considered to be “Fix banks” with 26 votes (33 combined). Although the second net priority (combing first and second priority votes) is “Stimulate Demand” (21), there were twice as many first priority votes for “Entrepreneurship.” Every policy option had nine or more votes as a high priority. One interesting observation is that four policies had ten or more “least important” votes, while three had five or fewer such votes, those being “Fix banks,” “Entrepreneurship,” and “Payroll tax.”

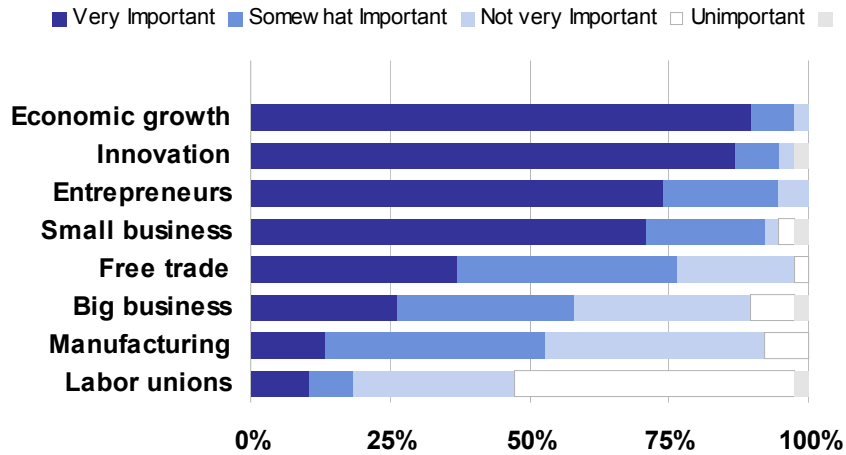
How important are each of the following for the health of the U.S. economy?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

Question 9 asks, “How important are each of the following for the health of the U.S. economy?” This focuses attention on policies for the longer term. Nine items were presented in the following order “Free trade, Labor unions, Entrepreneurs, Big business, Small business, Job creation, Manufacturing, Innovation, Economic growth.” Innovation is far and away considered the most important (even higher than economic growth) with all but one respondent rating it “very important.” Economic growth, Job creation, and Entrepreneurs also have more than 75 percent of respondents evaluating them as “very important,” while Free Trade and Small business are above 60 percent, with almost no negative responses. The things considered least important are labor unions, manufacturing, and big business.

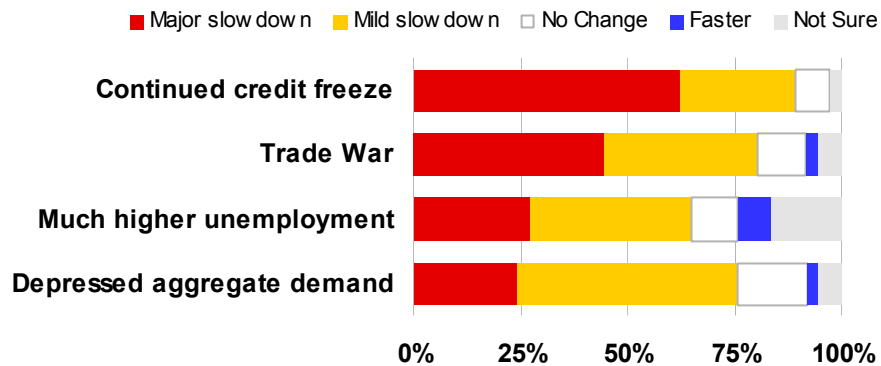
How important are each of the following for creating jobs in the U.S.?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

Question 10 asks something nearly identical to question 9, which is “How important are each of the following for creating jobs in the U.S.?” Here, economic growth took top ranking, but otherwise the ordering and outcome was the same. Notably, over half of the respondents think labor unions are unimportant for creating jobs.

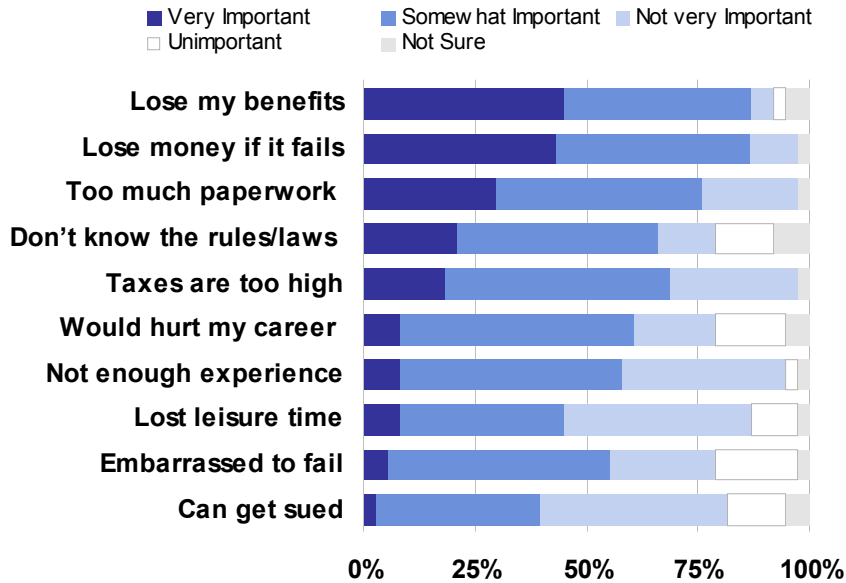
What will happen to the pace of technological innovation under these scenarios?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

Question 11 asks, “What will happen to the pace of technological innovation under different recessionary scenarios?” The authors anticipated most respondents would signal that the recessionary scenarios would not change the pace of innovation, so the results were surprising. About 60 percent consider a continued credit freeze will be likely to cause a major slowdown in technological innovation, and another 30 percent think it will cause a minor slowdown. Of the other three scenarios, only a trade war is considered by many respondents to be the likely source of a major innovation slowdown.

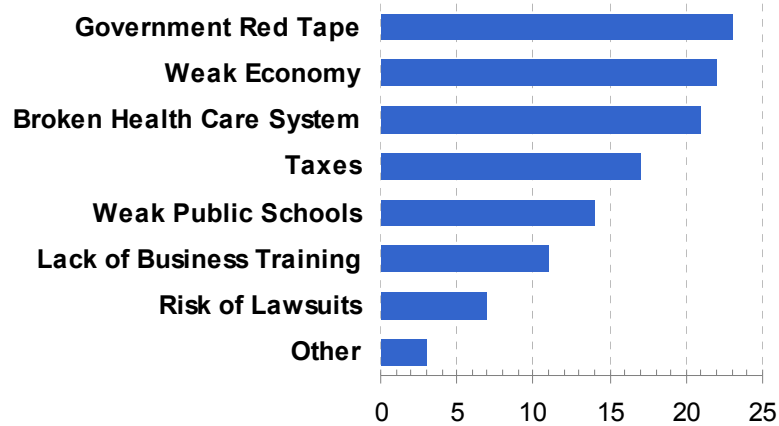
As a barrier to starting a new company in the minds of most Americans, how important are the following fears and concerns?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

Question 12 asks, “As a barrier to starting a new company in the minds of most Americans, how important are the following fears and concerns?” The results were rich and varied. Three barriers to entrepreneurs were identified as the most important: the loss of benefits like health care and pension, risk of losing money, and the high levels of paperwork and bureaucracy. High taxes and legal complexity are two other barriers considered very important by more than one-fifth of the panel, and it should be noted that roughly 40 percent evaluated each barrier as somewhat important. The barriers considered least important—with 50 percent or more responses of “not very important” and “unimportant”—are lawsuit risk and lost leisure time.

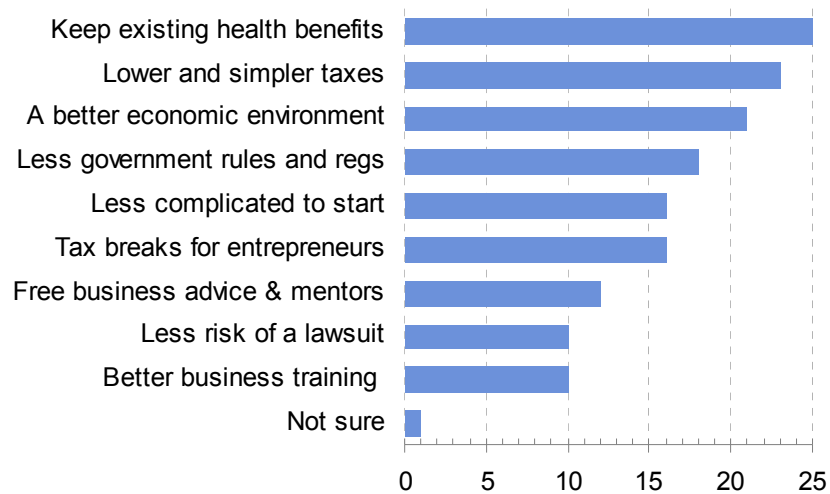
What are the biggest barriers to Americans who could be starting great businesses and jobs?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

Question 13 asks, “What do you think are the biggest barriers to other Americans who could be starting great new businesses and jobs?” which unlike Question 12 allowed respondents to select all that apply without grading the level of importance of each barrier. Government red tape got the most votes as one of the biggest barriers to startups. Of the 39 respondents, 23 identify it as a barrier. Only two other things receive votes from over 50 percent of respondents, the weak economy and the broken health care system.

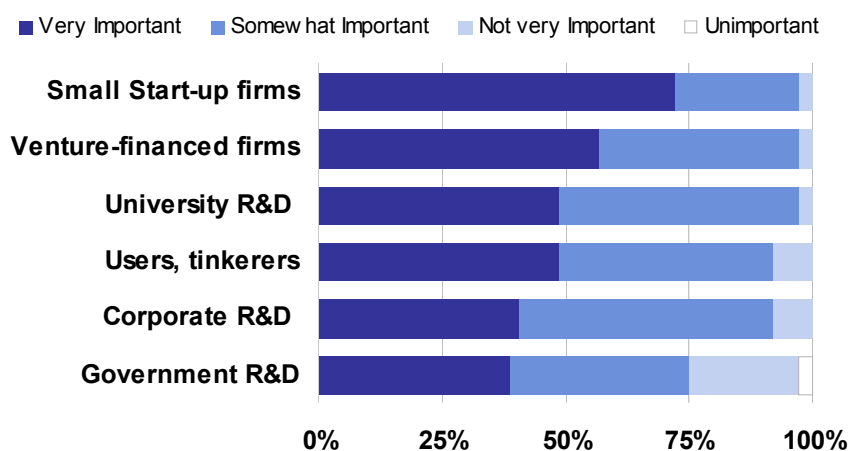
Thinking generally, what change would encourage more people to start a business here in America?



Source: Tim Kane growthology.org, Kauffman Economics Blogger

Question 14 asks, “Thinking generally, what change would encourage more people to start a business here in America?” This is similar to questions 12 and 13, but looking for positive policies rather than barriers to be removed. Keeping health benefits got votes from 25 of the 39 respondents. The second most important policy change is lower and simpler taxes. This response is important, because it is rated higher than the other tax option of targeted tax breaks for entrepreneurs. A number of factors that are often considered important were not identified by more than a third of respondents, including mentoring, lowering lawsuit risks, and better business training.

How important are the following sources of innovation to economic growth?



Source: Tim Kane growthology.org, Kauffman Economics Blogger Survey

The final question asks, “How important are the following sources of innovation to economic growth?” Understanding this should help policymakers focus on the right sectors in order to generate higher rates of economic growth. The main finding is that all of the potential sources of innovation we offered are considered “very important” or “somewhat important” by almost the entire panel. However, small startup firms stand significantly above the others, even venture-financed firms. All three R&D institutions received relatively low marks, and government R&D had twice as many negative votes as the next worst source.

Appendix—List of Respondents

Individual responses will not be released, but participants in the Kauffman Economics Bloggers Survey are:

Dave	Altig
Michael	Anton
Don	Boudreaux
Bryan	Caplan
Brian	Carney
Menzie	Chinn
Jeff	Cornwall
Tyler	Cowen
Robert X.	Cringely
Seth	Ditchik
Daniel	Drezner
Aaron	Edlin
Gregg	Gordon
James	Hamilton
Scott	Jagow
Charles	Johnson
Tim	Kane
Paul	Kedrosky
Chris	Lester
Robert	Litan
Steve	Malanga
Sebastian	Mallaby
Michael	Mandel
Matt	Miller
Sramana	Mitra
Mark	Perry
Michael	Pettis
Matt	Rees
Allison	Schrager
Matt	Schreiber
Brad	Setser
Mike "Mish"	Shedlock
Amity	Shlaes
Alex	Tabarrok
Mark	Thoma
David	Warsh
John	Wasik
Ben	Wildavsky
Matthew	Yglesias