Index

Affordable Care Act 142–3, 145
Amazon (Jeffrey Bezos) 14
amenity resources 155
arbitrage 47
attributes of individuals as entrepreneurs 88
Baylor University Health System 138
Beacon Hill Institute
  Index 2002, scatter plots 158
  State Competitiveness Report index 154–5
Berman v. Parker (1954)
  “public–private partnership” 121
biotechnology parks 6
birth rates of new firms
  France, West Germany, Italy, Ireland, UK, Sweden, US 63
  processes of 63–4
Blue Cross Blue Shield 138–9, 148
bribery of public official 171
bureaucracy and business 134–48
Bureau of Economic Analysis (BEA) 92
business incubator parks 6
business litigation environment of states 155
business owners, share of labor force 25
business practices, predatory 14
business regulation 44
capital investment 154
capitalism 3
entrepreneurial 4
CFED Development Capacity Index
  2002 156
  scatter plots 159
  citizens’ trust and cooperation 23
corruption 3
  controlling for 165
  convictions, measure of, in U.S. states 93
  governance, public office use for private gain 90
  levels of public officials 164
  measurement 92
  unchecked 4
corruption-related crimes 171
cost-benefit comparison of family plans 143
countries with little economic freedom 83
country-specific differences 19
creative destruction 10
credit regulation 44
crime rates 155
cultural setting 12
cultures, group-oriented 42
cultures, individualist 42
deadweight loss 38
decentralization impact
  economic significance 164–9
  on state business climate 161, 162, 163
demand and population growth 63–5
collective decision-making, healthcare markets 135
commercialization of innovations 56
competition 12
consumer protection regulations 58
consumption expenditures by Government
  percentage of GSP 61
  control variables 160
decennial U.S. Census 156
cost-benefit comparison of family plans 143
developed and developing countries 25, 45
GDP growth 24
need for productive entrepreneurship 47
Development Capacity Index 155
digital economy 154
discovery processes 55, 86
of entrepreneurship 88
domain laws 119
economic development 6, 18
eminent domain law for 124
importance of entrepreneurship 23
economic effects 15–16
employment 12
income distribution 12
income growth 12
economic freedom (efi) 3, 6, 20–21, 35, 40, 52, 60–62, 66, 91–2
and economic growth 19, 34–48
and entrepreneurship 46–7
and income 19
institutions of 39–43
key ingredients 13
measurement of 60
and productive entrepreneurship 102–3
Economic Freedom Index of North America (EFNA) 60–62, 89, 92, 104
U.S. states, measures 53
Economic Freedom of the World 2002
43–4, 46, 62
annual report 2002 13
scatter plots 158
economic growth
challenge 5
contribution to 15
entrepreneur contribution 11–16, 18
negative impact 37
economic literature
power of public policy on economic activity 145
economic perspective in health insurance 137
educational attainment measurement 154
Educational Testing Services (ETS)
proxy for colgrad 92
education and training 58
embezzlement 171
eminent domain law 120–22, 125
impact on economic development 7
empirical models of entrepreneurship 79, 124–7, 156–60
employer-provided health insurance 147–8
employment creation 57
employment growth 123, 125
enterprise spatial clustering 58
entrepreneurial activity 4
and income, GDP per capita 28
opportunities 145
process, benefits and non-benefits 12–13
productive 8
starts 83–95
empirical findings 93–4
entrepreneurs
innovators 36–7
motivation of 11
types of, Schumpeterian, Kirznerian 14
unproductive, harmful to economy 47
entrepreneurship 3, 10
definition 86–91
description of technique 9–11
discussion 53–64
and economic growth 15, 45
and income growth, connection 9
negative effect 15–16
policies, promotion of 57–8
vital component 6
Estonia, wealth 11
evaluation of opportunities 55
evidence on institutions and economic growth 19–25
expenditure decentralization 125
expenses reimbursement, in health insurance 138
Facebook (Mark Zuckerberg) 14
factor productivity 57
Fifth Amendment, eminent domain law 7
Index

finance provision 58
financial market collapse, 2008 4
financial stability 23
firm birth and death rates 62
annual number of state 108
firm size and healthcare policy 141–5
fiscal cliff negotiations 134
fiscal decentralization 125, 151–71,
156, 166
deviation 167
expenditures 128
importance 170
Own Source Revenue 128
results of 8
fiscal federalism 170
fiscal freedom 22, 103
fixed effect estimators 66
foreign aid 9
formal institutions 39
formal laws 39–40
formal property rights, absence of
limit to market scope 40–41
formal rules for economic freedom
35
Fraser Institute
Economic Freedom of North America
index 155, 168
fraud 13
freedom to trade 44
free market philosophy 4, 26–7
Friedman, Milton
on economic freedom and income
growth 60–61
GDP and entrepreneurship 23–5
general utility patents, by state 64
Germany
profit motive warning to
schoolchildren 11–12
Global Competitiveness Report 62
Global Entrepreneurship Monitor
(GEM) 17–18, 21, 45, 47, 62
National Expert Survey (NES) 17
globalization 154
Google, (Larry Page, Sergey Brin)
14
governance quality and
entrepreneurship 89–91
government
agencies for economic development
84
barriers, removal of, for economic
growth 48
consumption 23
expenditure as percent of GDP 89
Government Finance Statistics
U.S. Census Bureau 153
institutions 101
interference 42
intervention 26–7
market process 28, 29
monopolies 3
policies 3, 29, 85, 135
and economic growth 152
power 119
program, mandatory, social security
benefits 89
protection 38
role, minimization of 60
size 21
and economic freedom 13
spending 64–5
Great Depression, hospital struggles
138
Gross State Product (GSP) 60–61, 92
growth potential of firms 11
healthcare
benefits for dangerous work 138
covered population (1990–2010) 140
employer-provided 7–8
expenditure changes
policy 134–48
and entrepreneurship 136
reform 134
health insurance industry 135–6
employer-provided 137–40
and US population 139
heteroskedasticity 66
high-growth firms (HGF) 28
high-income countries, social capital 23
household wealth 63–5
housing crisis, U.S. 119–31
human and social capital 22
Entrepreneurial action, public policy, and economic outcomes

ILR/Harris State Liability Systems
Ranking Study 168
immigration and diversity policies 58
imports, taxes on 38
income and entrepreneurship connection 24–5
income growth 9–30
indicators of determinants 17
individual traits 12
industrial parks 6
Industrial Revolution 135
industry concentration 141
informal institutions 12, 39–40, 42
innovation 5, 12, 56, 58, 100, 155
insider deals, unlawful 171
institutional conditions of country for entrepreneurship 17
institutional quality 62
and entrepreneurship 22
institutions 3, 12, 54
in American states 100–112
and economic growth 5, 19–21
and entrepreneurship 5, 21–3
extractive or inclusive 13
importance of, in economic development 91
independent variable of interest 104
influence of 42–3
on unproductive entrepreneurship 104–8
society, entrepreneurship dependence on 56
interest group operations 110–12
descriptive statistics 105–6
international comparison 53
intrapreneurs in large organizations 14
investment and economic growth 21
job creation 15, 83
job creation rate, new firm 78
“Job Creation Rate: Births” 64–5
judicial system, fair 54
Kaiser Family Foundation 142
Kauffman Index of Entrepreneurial Activity (KIEA) 62, 64, 68–71
entrepreneurial activity level 92
Kelo (2005) decision 121, 125
eminent domain law 130–31
knowledge creation financing 23
knowledge jobs 154
labor freedom, 22
Labor Market Areas (LMAs) 87
labor market freedom 7, 61, 103, 110–11, 155
labor productivity 57
labor regulation 44
lag structure 23
laws, written 39
lawsuit abuse 171
legal structure and economic freedom 13
lending risk 23
litigation 171
lobbying 171
‘local competitive effect’ (LCE) 120
local public sector fragmentation 130
location-specific effects 20
Longitudinal Establishment and Enterprise Microdata (LEEM) 87
low R&D spending, China, high growth 25
macro economy 16
malnutrition and disease 3
managerial business owners, everyday business running 14–15
market entry deregulation 57–8
market failure sources 57
measure of fiscal decentralization 153
measures of entrepreneurship 52–79
firm birth and failure rate 16
industry structure 16
patent filings 16
R&D spending 16
self-employment 16
median household income 156
Microsoft, (Bill Gates) 14
Milken Institute
National State Technology and Science Index 154
scatter plots 157
models for dependent variables 66
models of growth in number of firms 74–5
<table>
<thead>
<tr>
<th>Index</th>
<th>181</th>
</tr>
</thead>
<tbody>
<tr>
<td>models of new firm job creation rate</td>
<td>population density 78</td>
</tr>
<tr>
<td>monetary freedom 22, 23</td>
<td>urbanization 63–5</td>
</tr>
<tr>
<td>mortgage lending reform 134</td>
<td>positive-sum wealth creation 38</td>
</tr>
<tr>
<td>motivated entrepreneurs 22</td>
<td>poverty in poor countries 9</td>
</tr>
<tr>
<td>National Association of Home Builders</td>
<td>power for eminent domain</td>
</tr>
<tr>
<td>amici curiae 119</td>
<td>for economic development 128</td>
</tr>
<tr>
<td>National Association of Realtors</td>
<td>premium tax credit 143</td>
</tr>
<tr>
<td>amici curiae 119</td>
<td>price supports 38</td>
</tr>
<tr>
<td>national healthcare expenditures</td>
<td>private economic development 120</td>
</tr>
<tr>
<td>as share of GDP (1970–2010) 140</td>
<td>private entrepreneurship 35, 36</td>
</tr>
<tr>
<td>National Labor Relations Act, Wagner</td>
<td>private property rights 40–41, 48, 119</td>
</tr>
<tr>
<td>Act (1935) 139</td>
<td>economic freedom 43</td>
</tr>
<tr>
<td>natural resource endowment 91</td>
<td>private R&amp;D, spillover effects 25</td>
</tr>
<tr>
<td>necessity entrepreneurship 24–5</td>
<td>privatization 57–8</td>
</tr>
<tr>
<td>necessity-motivated (NME),</td>
<td>productive entrepreneurship 35, 101–2</td>
</tr>
<tr>
<td>entrepreneurship 22</td>
<td>income growth 54</td>
</tr>
<tr>
<td>new business starts, definition 88</td>
<td>institutions’ influence 108–10</td>
</tr>
<tr>
<td>New Economy Index 154</td>
<td>profit opportunities in market 37, 83, 86</td>
</tr>
<tr>
<td>new firm births 101</td>
<td>Progressive Policy Institute Index 2002</td>
</tr>
<tr>
<td>relationship with income 23</td>
<td>scatter plots 157</td>
</tr>
<tr>
<td>new firm registrations 22, 24</td>
<td>property rights 54</td>
</tr>
<tr>
<td>OECD-Eurostat</td>
<td>barriers to economic freedom 41</td>
</tr>
<tr>
<td>Entrepreneurship Indicators</td>
<td>economic freedom 13</td>
</tr>
<tr>
<td>Programme (EIP) 17</td>
<td>economic growth 44</td>
</tr>
<tr>
<td>opportunity entrepreneurship 12, 24–5</td>
<td>weak 4, Kelo v. New London 5</td>
</tr>
<tr>
<td>opportunity-motivated (OME) 23</td>
<td>protectionist policies, negative impact 46</td>
</tr>
<tr>
<td>entrepreneurship 22</td>
<td>protectionist trade policy 141</td>
</tr>
<tr>
<td>free markets 18</td>
<td>Protestant ethic 42</td>
</tr>
<tr>
<td>patent applications 22</td>
<td>sacrifice, trust, hard work, wealth accrual 11</td>
</tr>
<tr>
<td>patent rules, optimal 58–9</td>
<td>Protestantism, ascetic, Northern Europe 11</td>
</tr>
<tr>
<td>patents, number of 101</td>
<td>psychological traits of entrepreneurs, no impact 88</td>
</tr>
<tr>
<td>Patient Protection and Affordable Care</td>
<td>public choice philosophy 26–7, 58–9</td>
</tr>
<tr>
<td>Act (PPACA), 136, 148</td>
<td>public officials 89–90</td>
</tr>
<tr>
<td>cost-sharing subsidy 144</td>
<td>public policy and entrepreneurship 101</td>
</tr>
<tr>
<td>performance indicators 17</td>
<td>public policy intervention 57–8</td>
</tr>
<tr>
<td>personal conduct, expectations of 54</td>
<td>public purpose doctrine 120</td>
</tr>
<tr>
<td>policy change 134–5</td>
<td>public resources to support businesses 6</td>
</tr>
<tr>
<td>political actors, self-interested 58</td>
<td>public sector size 42</td>
</tr>
<tr>
<td>political entrepreneurship 5, 36</td>
<td>quantile regressions 160</td>
</tr>
<tr>
<td>unproductive 103</td>
<td>R&amp;D expenditures measurement 154</td>
</tr>
<tr>
<td>political ethos in Europe 63–5</td>
<td>heavy entrepreneurship 22</td>
</tr>
<tr>
<td>political freedom and economic growth 43</td>
<td>population 92</td>
</tr>
</tbody>
</table>
Entrepreneurial action, public policy, and economic outcomes

spending, high level, Japan, slow growth 25
racial fractionalization 91
ranking change 166
real income growth 54
regional variations in entrepreneurship 87–9
regression effect with Total Employment Change 129
regression methodology 124, 160
regulation across countries 21, 44
rent-seeking 14, 58, 86, 171
literature on, growth hindrance 59
lobbying, litigation, tax evasion, tax avoidance 145
negative effects 29, 35, 37, 38–9, 100–101
research literature of entrepreneurship 55–7
revenue decentralization, own source revenues 125
reverse causality 23
Reynolds, Storey and Westhead Model (1994)
results of 67–78
robustness checks 63–78
risk perspective in health insurance 137
risk-taking 5, 10, 35
robustness checks 52, 160–64
robustness tests, ‘formal’ and ‘informal’ 78–9
rock star preaching capitalism, Bono of U2 3
rule-of-law countries, strong regulations 22
rules and contracts 39
rules for the game 14
Scholastic Aptitude Test (sat), proxy for colgrad 92
schooling 156
science parks 58
self-employment 101, 103
across households 147
around retirement age 147
higher rates of, in smaller governments 46
preferred life-style 88
tax 141–2, 146
self-employment change rate
civilian labor force (1948–2008) 142
separation of powers, government checks 41
shift-share analysis 120, 122–4
Small Business Act, 1953 141–2
Small Business Survival Index 2002 155, 168, 169
scatter plots 159
small firms 63–5
Smith, Adam, famous quotation, 1793
social cohesion 27
social custom 39
social entrepreneurship 36
social norms 54
Social Security expenditures, percentage of GSP 61
societal progress 134
sole proprietorship 64, 72–3
sound money, access 44
and economic freedom 13
spatial estimating techniques 62
sports facilities, construction 6
state business climates, ranking organizations 153–4
State Business Tax Climate 2003, scatter plots 157
State Liability Systems 2002, scatter plots 158
State Business Tax Climate 2003, scatter plots 157
State Liability Systems 2002, scatter plots 158
tax freedom 110
states characteristics 88
demographic variables 106
economic freedom 110
index 108–9
government freedom 104–5, 110
interest group populations 104
labor freedom 110
median age 156
minimum wage rates 155
per capita firm birth analysis 109–110
per capita interest group populations 106–8
black negative influence 108
statistics on entrepreneurship, lack of 16
statistics descriptive 127
<table>
<thead>
<tr>
<th>Strategic Intervention Philosophy</th>
<th>26–9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidies, Indirect</td>
<td>6</td>
</tr>
<tr>
<td>Supply Side Effect</td>
<td>16</td>
</tr>
<tr>
<td>Taxation</td>
<td>23, 38, 61</td>
</tr>
<tr>
<td>Discriminatory Taxation Measures</td>
<td>89</td>
</tr>
<tr>
<td>Tax Base</td>
<td>83</td>
</tr>
<tr>
<td>Tax Breaks for Angel Investors</td>
<td>58</td>
</tr>
<tr>
<td>Tax Code Revision in U.S.</td>
<td>141</td>
</tr>
<tr>
<td>Tax Credits</td>
<td>84</td>
</tr>
<tr>
<td>Tax Foundation</td>
<td></td>
</tr>
<tr>
<td><em>State Business Tax Climate Index</em></td>
<td>154, 156, 168</td>
</tr>
<tr>
<td>Tax Freedom</td>
<td>105</td>
</tr>
<tr>
<td>Tax Policy on Entrepreneurial Behavior</td>
<td>84</td>
</tr>
<tr>
<td>Tax Rates on Self-Employment</td>
<td>146</td>
</tr>
<tr>
<td>Tax Reform Act 1986</td>
<td>141</td>
</tr>
<tr>
<td>Tax Relief</td>
<td>6</td>
</tr>
<tr>
<td>Technological Innovation Capacity</td>
<td>154</td>
</tr>
<tr>
<td>Technology, Current</td>
<td>83</td>
</tr>
<tr>
<td>Technology Producers</td>
<td>59</td>
</tr>
<tr>
<td>Technology Transfer Policy</td>
<td>58</td>
</tr>
<tr>
<td>Theft from Government</td>
<td>171</td>
</tr>
<tr>
<td>Tinbergen Institute Research School</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship Journal</td>
<td>56–7</td>
</tr>
<tr>
<td>Total Early-stage Entrepreneurial Activity Index (TEA)</td>
<td>17, 28</td>
</tr>
<tr>
<td>Total Employment (totemp), Change</td>
<td>92, 130</td>
</tr>
<tr>
<td>Total Entrepreneurial Activity Index (TEA)</td>
<td></td>
</tr>
<tr>
<td>Economic Growth, Positive</td>
<td>24</td>
</tr>
<tr>
<td>Trade Barriers</td>
<td>38</td>
</tr>
<tr>
<td>Trade Fairs</td>
<td>58</td>
</tr>
<tr>
<td>Trademark Applications</td>
<td>22</td>
</tr>
<tr>
<td>Training for Entrepreneurs</td>
<td>58</td>
</tr>
<tr>
<td>Transfer and Subsidies, Percentage of GSP</td>
<td>61, 89</td>
</tr>
<tr>
<td>Transition Economies</td>
<td>61–2</td>
</tr>
<tr>
<td>Transportation Hubs</td>
<td>6</td>
</tr>
<tr>
<td>Underdeveloped Countries</td>
<td></td>
</tr>
<tr>
<td>Need for Economic Growth</td>
<td>47</td>
</tr>
<tr>
<td>Unemployment</td>
<td>63–5</td>
</tr>
<tr>
<td>University-Business Partnerships</td>
<td>29</td>
</tr>
<tr>
<td>U.S. Bureau of Labor Statistics</td>
<td>64</td>
</tr>
<tr>
<td>U.S. Census Bureau, Current</td>
<td></td>
</tr>
<tr>
<td>Population Survey</td>
<td>64</td>
</tr>
<tr>
<td>U.S. Patent and Trademark Office</td>
<td>64</td>
</tr>
<tr>
<td>U.S. Small Business Administration</td>
<td>108</td>
</tr>
<tr>
<td>Utility Companies</td>
<td>3</td>
</tr>
<tr>
<td>Utility Patents</td>
<td>78</td>
</tr>
<tr>
<td>Venture Capital, Entrepreneurial Activity</td>
<td>61–2</td>
</tr>
<tr>
<td>Violence</td>
<td>13</td>
</tr>
<tr>
<td>Voluntary Exchange</td>
<td>13</td>
</tr>
<tr>
<td>Wage Legislation</td>
<td>61</td>
</tr>
<tr>
<td>Wealth Creation</td>
<td>34–5</td>
</tr>
<tr>
<td>Wealth Redistribution</td>
<td>37</td>
</tr>
<tr>
<td>Wealth Transfers, Limited</td>
<td></td>
</tr>
<tr>
<td>Via Taxation and Regulation</td>
<td>54</td>
</tr>
<tr>
<td>Within-State Serial Correlation</td>
<td>66</td>
</tr>
<tr>
<td>World Bank</td>
<td>21</td>
</tr>
<tr>
<td>Doing Business Data</td>
<td>17</td>
</tr>
<tr>
<td>World Need</td>
<td></td>
</tr>
<tr>
<td>Economic Growth and Economic Freedom</td>
<td>8</td>
</tr>
<tr>
<td>World War II, Post-war Economic Policy</td>
<td>141</td>
</tr>
<tr>
<td>Zero Transaction Costs</td>
<td>134</td>
</tr>
</tbody>
</table>