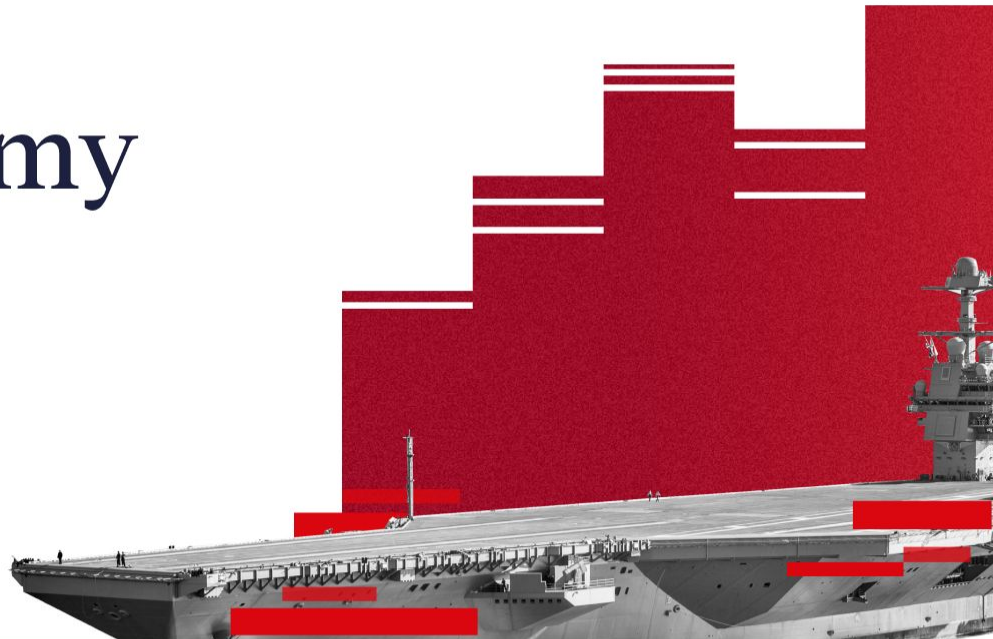




# Freedom Economy Index

NOVEMBER 2ND, 2023

SURVEY PERIOD: OCTOBER 25-30, 2023



A JOINT PROJECT OF



RedBalloon.work



PublicSquare

Dear Friend,

We've now completed our 4th month of surveying the opinions from among 70,000 Freedom Economy small businesses, and some interesting trends are emerging.

For example, our surveys have been remarkably accurate in predicting future economic activities. When small businesses told us in August that inflation wasn't easing, that proved the case in subsequent government inflation reports.

And, when these small business owners told us in September they expect a soft Christmas economy, that foreshadowed several market reports predicting a slow Christmas shopping season.

This month, the concern over the likelihood of a future "major" recession eased somewhat, but remained substantially elevated from mid-summer. Likewise, we continued to see an increase in business owners who are parking their hiring plans, and taking a wait-and-see approach.

Inflation also remains an overriding concern as survey respondents answered several questions about price increases from suppliers. And they place the blame squarely on runaway government spending of the past four years.

Finally, we take a deeper look at the American education system and whether or not businesses feel that graduates are ready for the workforce. It's quite interesting.

The Freedom Economy Index is quickly becoming a major part of the American economic research landscape, and the answers are helping inform congress and other policy makers about the needs and concerns of the Freedom Economy.

Sincerely,



Michael Seifert,  
CEO of PublicSquare



Andrew Crapuchettes,  
CEO of RedBalloon.work

# Methodology

OCTOBER 2023



# METHODOLOGY

The October 2023 Freedom Economy survey sampled a universe of over 70,000 small businesses from October 25-30, with 905 respondents and a 3% margin of error at the 95% confidence level.

# Economic Sentiment

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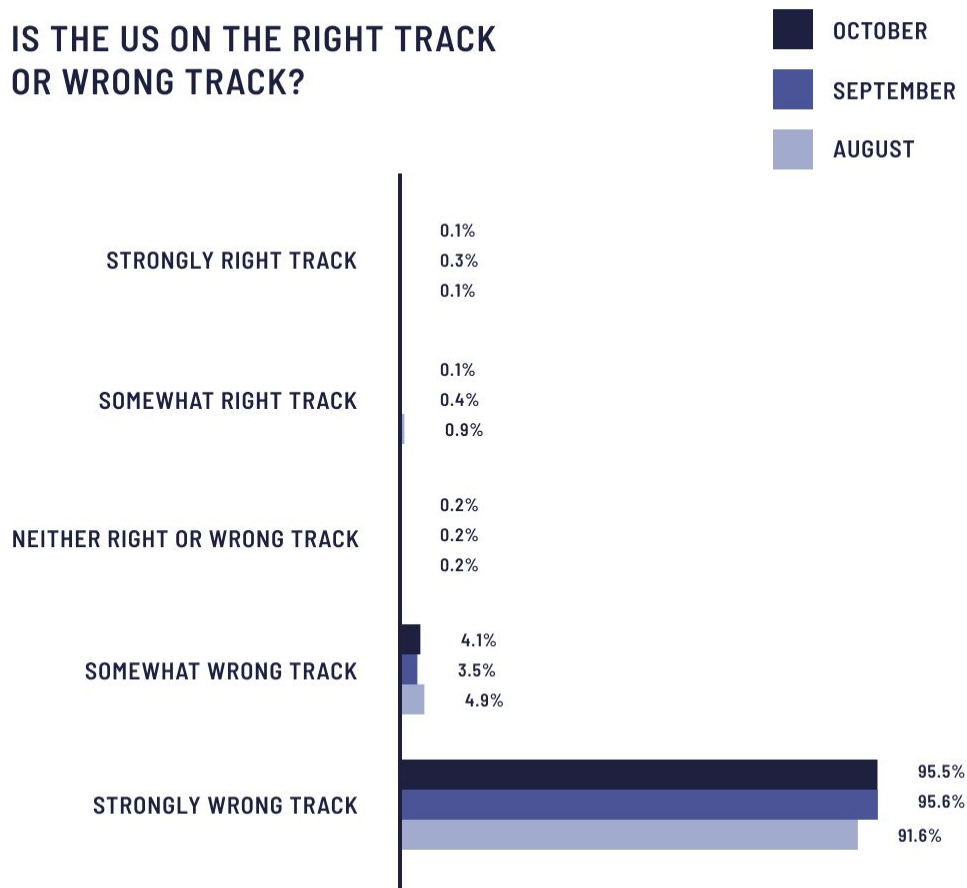


# THE ECONOMY

Bill Clinton coined the phrase “it’s the economy, stupid” on his way to election victory. But, that message hasn’t seemed to resonate with the Biden Administration or many in congress. Its top-of-mind for the Freedom Economy businesses, however, and they’re preparing for a rough economic road in the months ahead.

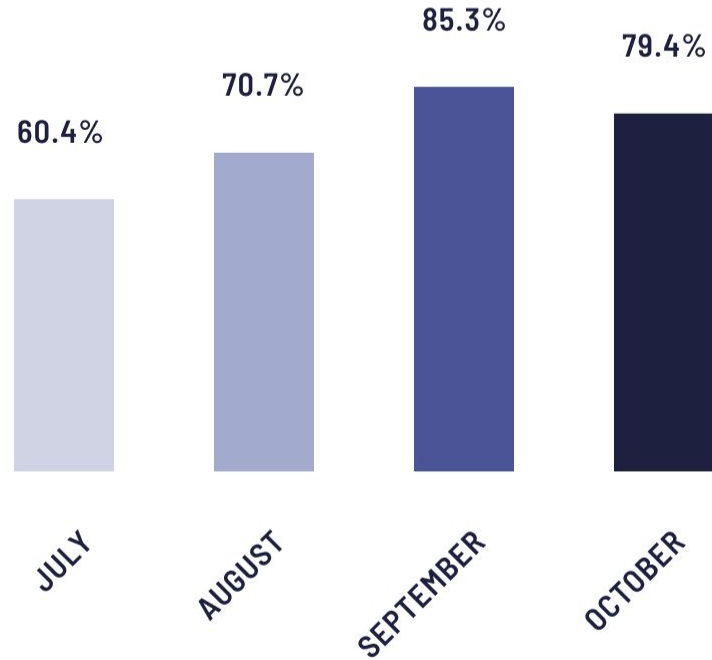
Currently, those who believe the US is on the “wrong track” remains elevated at 95.5% of respondents.

## IS THE US ON THE RIGHT TRACK OR WRONG TRACK?



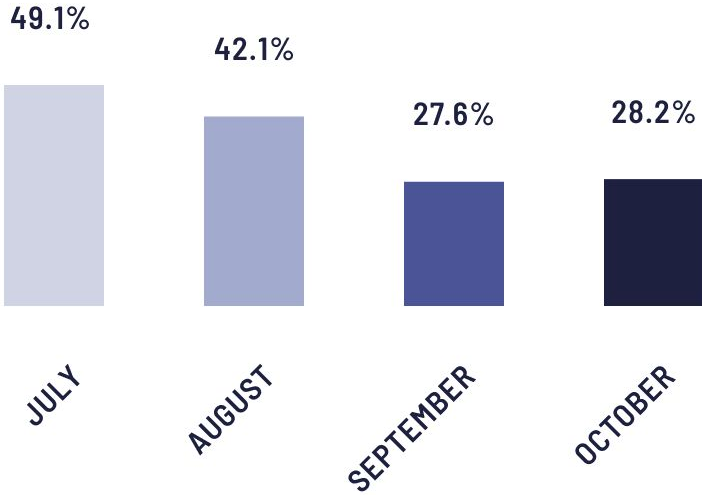
And, while the number of businesses expecting a major recession has eased slightly, the overall number of those saying we're headed into some sort of recession remains high at 94.2%.

### BELIEVE THE US IS HEADED INTO A MAJOR RECESSION



## OPTIMISTIC ABOUT YOUR BUSINESS IN THE NEXT SIX MONTHS

The number of those business owners who are “optimistic” about their business future remained in the high 20’s, having fallen nearly 50% from mid summer’s responses.





These small businesses have parked their hiring plans, with more employers saying they are neither hiring nor reducing staff.

## WHICH BEST MATCHES YOUR ANTICIPATED HIRING ACTIVITIES IN THE COMING 6 MONTHS?

HIRING FUTURE	AUGUST	SEPTEMBER	OCTOBER
Plan to hire to replace existing vacancies only.	9.5%	10.0%	9.3%
Plan to hire to expand our team.	15.6%	13.8%	12.7%
I plan to reduce staff positions.	8.3%	10.6%	9.8%
I do not plan to hire nor reduce staff.	53.6%	65.6%	68.2%

# Inflation & Federal Policy

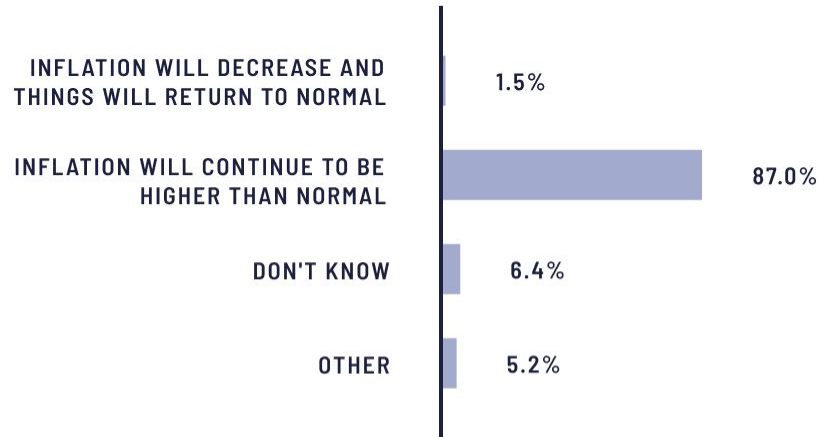
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# INFLATION & FEDERAL POLICY

The small business community believes inflation will continue to be a major factor in the coming 6 months, remaining elevated above historic norms.

## YOUR VIEW OF INFLATION OVER THE COMING SIX MONTHS

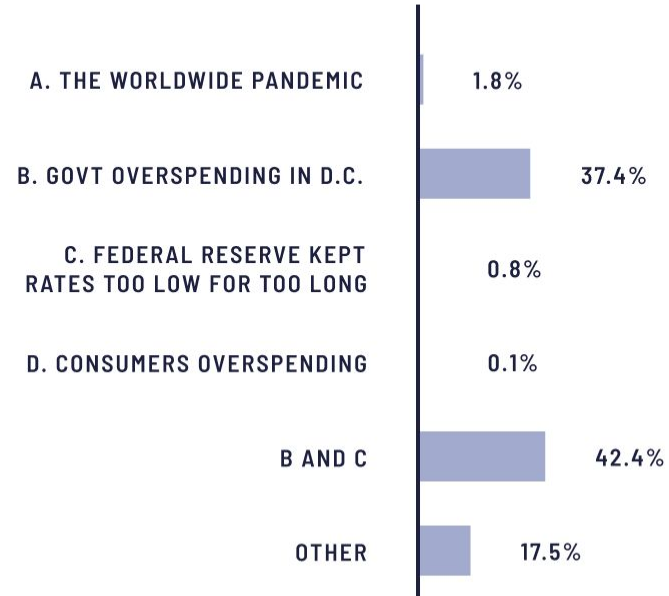


Verbatim responses contained several references to fear over hyper-inflation setting in:

- “Inflation will reach levels never before witnessed in U.S. history.”
- “It’s affected my business.”
- “There are only so many ways to stretch a dollar when the cost of everything is skyrocketing.”
- “People will lose jobs, homes.”
- “Hyperinflation is possible for the first time in the USA.”

When presented with a variety of potential causes for the inflation spike, these small business owners place blame squarely on the federal government's COVID spending spree and the Federal Reserve's slow-to-react interest rate policies.

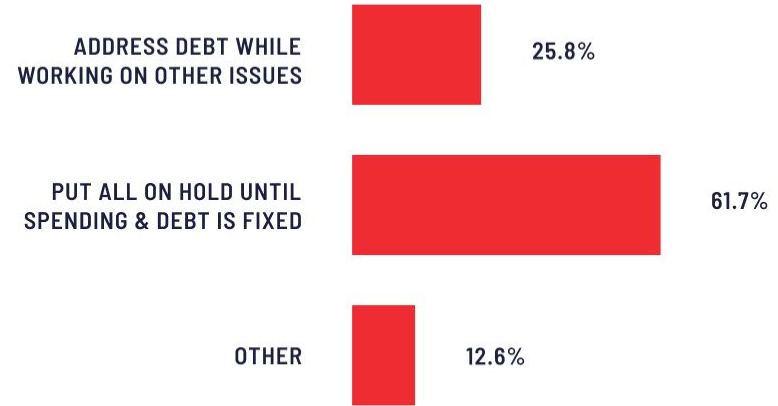
## IN YOUR OPINION, WHAT CAUSED THE INFLATION SPIKE?



The verbatim responses are quite pointed about the causes, including an emphasis on the Biden Administration ending the US policy of energy independence, which has coincided with a spike in energy prices.

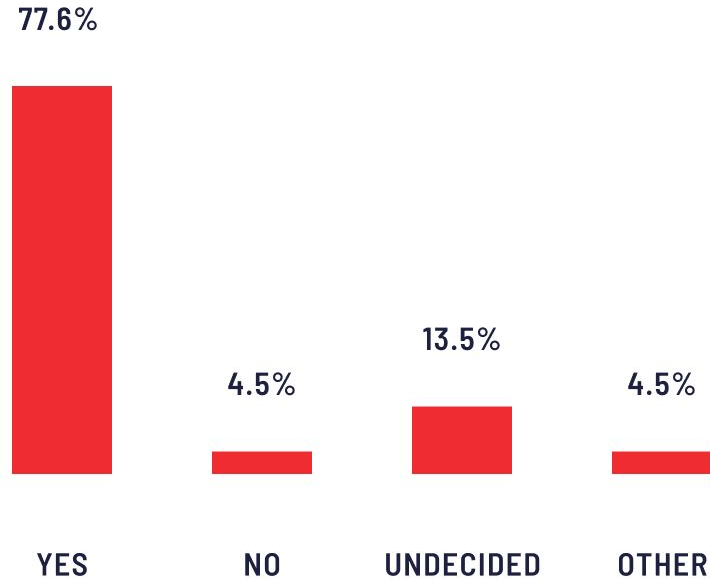
- “Printing \$5 trillion in a few years is a pretty obvious direct cause.”
- “We MUST start budgeting correctly and stop all these stop-gap budgets every few months.”
- “It was caused by DC overspending and shutting down our US oil and gas production.”
- “Inflation was caused by reckless covid stimulus, interest rates being too low for too long and general financial recklessness.”
- “The inflation spike was largely caused by Biden's actions around the energy industry.”
- “The lockdown created supply issues which started inflation then continued spending by BOTH PARTIES was just more gasoline on the fire.”

Newly elected Speaker Mike Johnson should take note that 62% of these respondents believe congress should put all other legislative work on hold until the spending and debt issue is fixed.



Also interesting to note is that 78% of respondents believe the Fed's inflation fighting strategy includes "driving the US into recession even if it means people will lose their jobs and businesses."

### DO YOU BELIEVE THE FEDERAL RESERVE'S STRATEGY IS TO DRIVE THE ECONOMY INTO RECESSION?





Again, the verbatim responses display the struggles these businesses are facing.

- “At this point, the Fed and Congress have messed up so thoroughly that there is no policy the Fed could implement to avert recession, only delay it.”
- “I don't trust that the Fed knows how to pull us out of the current situation.”
- “We are in a pickle...the Fed doesn't have too many options.”
- “I agree that we need high interest rates for a while. But no more money printing.”

# Supplier Prices

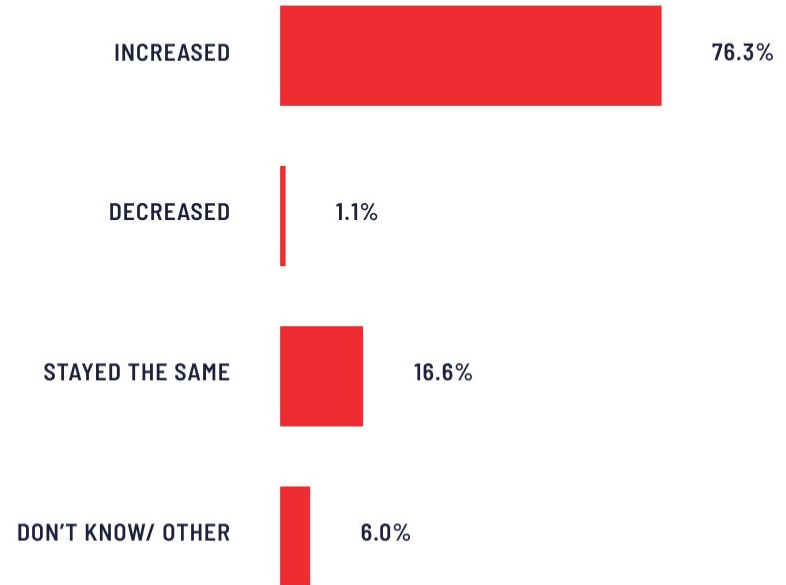
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# SUPPLIER PRICES

76% of the Freedom Economy small businesses say that their supplier prices have increased over the past 30 days.

## WHAT HAVE YOUR SUPPLIER PRICES DONE IN THE LAST 30 DAYS?



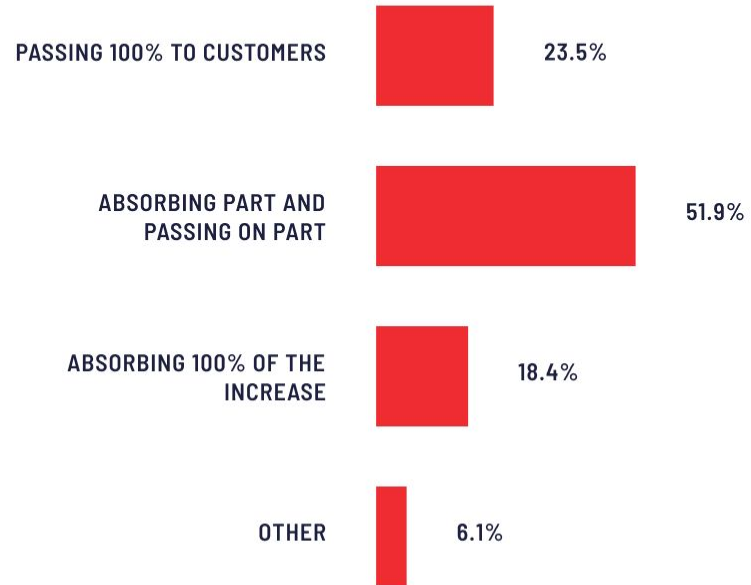
And over the past 12 months, 35% say their supplier prices have increased by 20% or more, much higher than the Producer Price Index's annualized rate of 2.2% as of September 2023.

## HOW HAVE YOUR SUPPLIER COSTS CHANGED IN THE PAST 12 MONTHS?

	SEPTEMBER
Increase 20% or more	34.7%
Increase 10%-20%	37.3%
Increase 5%-10%	17.8%
Increase less than 5%	2.7%
Stayed unchanged	4.1%
Overall decrease	0.6%
Other	2.9%

How are small businesses reacting to increased supplier costs? 75% of these businesses are passing part or all of these cost increases on to the consumer.

## HOW ARE YOU HANDLING HIGHER COSTS OF SUPPLIES?



# Wage Inflation and AI

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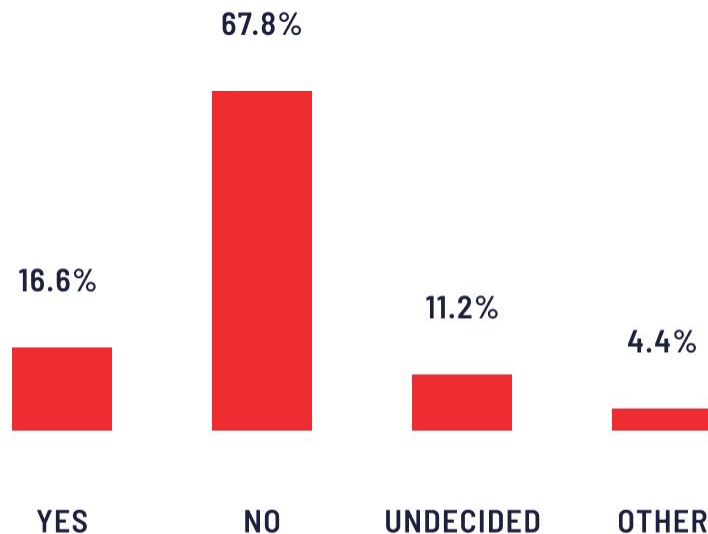


## WAGE INFLATION AND AI

While most of the small businesses in the Freedom Economy are not yet exploring using artificial intelligence in their businesses, wage inflation may likely change that.

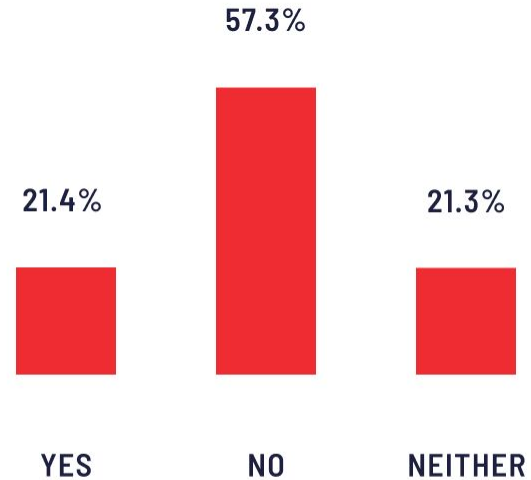
67.7% of these small businesses say they “do not anticipate using AI to produce goods and services in the coming 6 months.”

IN THE NEXT 6 MONTHS, DO YOU ANTICIPATE USING  
AI TO PRODUCE GOODS & SERVICES?



However, facing wage increases such as California's newly enacted \$25 minimum wage law, over 1-in-5 of those respondents would change course and begin exploring how to "use AI to replace staffing positions."

**AMONG THOSE WHO DON'T ANTICIPATE USING AI,  
WOULD YOU EXPLORE USING AI TO REPLACE STAFF  
IF MINIMUM WAGE WAS \$25?**





# Political Leadership

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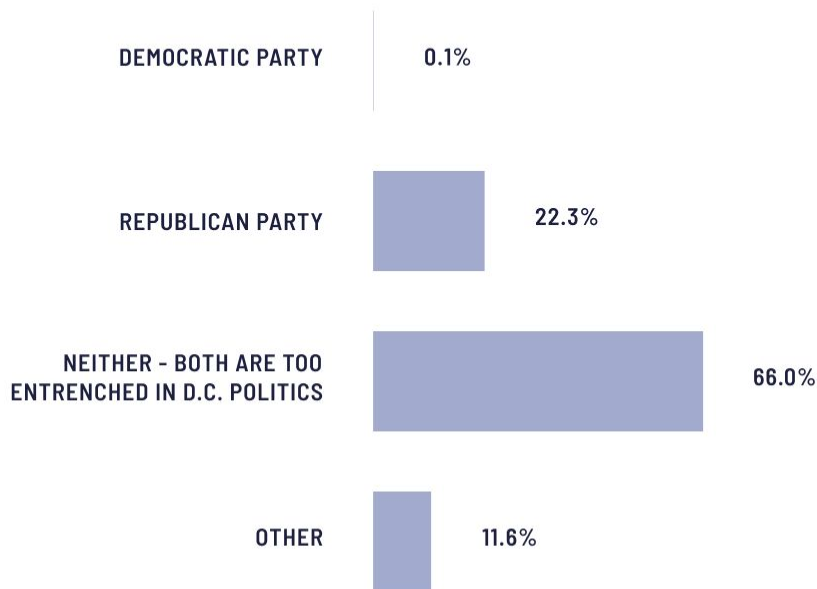


# POLITICAL LEADERSHIP

With small business owners wrestling with inflation that they believe was created by careless government policies, and now preparing for a “major” recession in which they believe the Federal Reserve is using its power to purposely create, it’s no wonder that the small business community has little trust in political leadership.

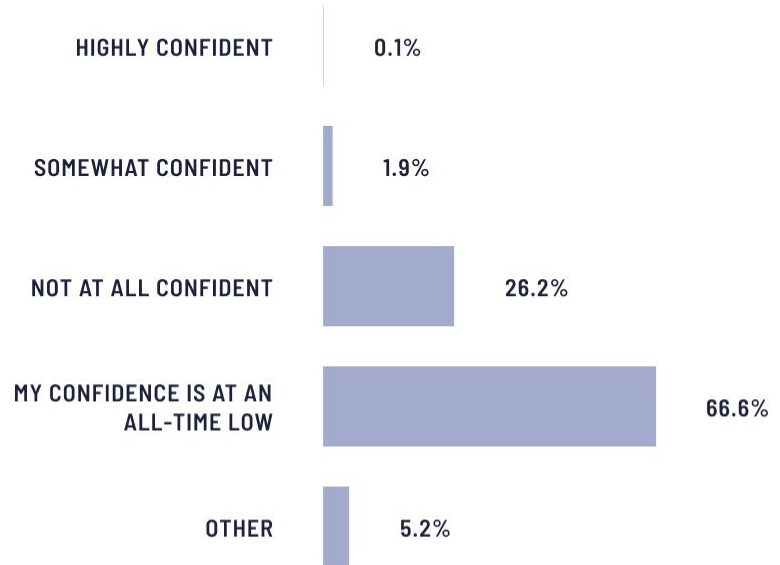
66% of these small business owners do not trust either party to “put America’s economy back on a good track.”

## WHICH PARTY DO YOU TRUST TO PUT AMERICA'S ECONOMY ON A GOOD TRACK?



And 67% say their trust in America's elected leaders is at an all-time low.

### WHICH BEST MATCHES YOUR CONFIDENCE IN AMERICA'S ELECTED LEADERS ABILITY TO LEAD OUR NATION?



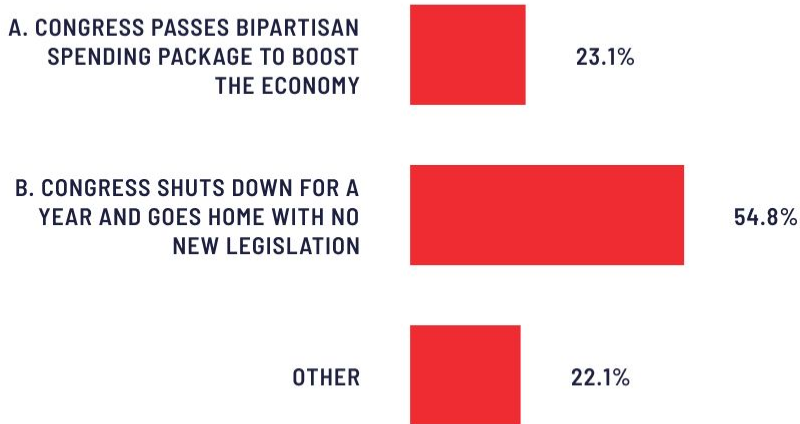
## UNDER WHICH SCENARIO WOULD YOUR BUSINESS BE BETTER-OFF?

And, when asked under which scenario their business would best thrive:

A) Congress passes bipartisan spending package to boost the economy, or

B) Congress shuts down for a year and goes home with no new legislation, 55% responded that congress should take a year off.

Over half say they'd be better off if congress just went home for a year and did nothing. That's quite an indictment on the Administration and congress.



# Higher Education

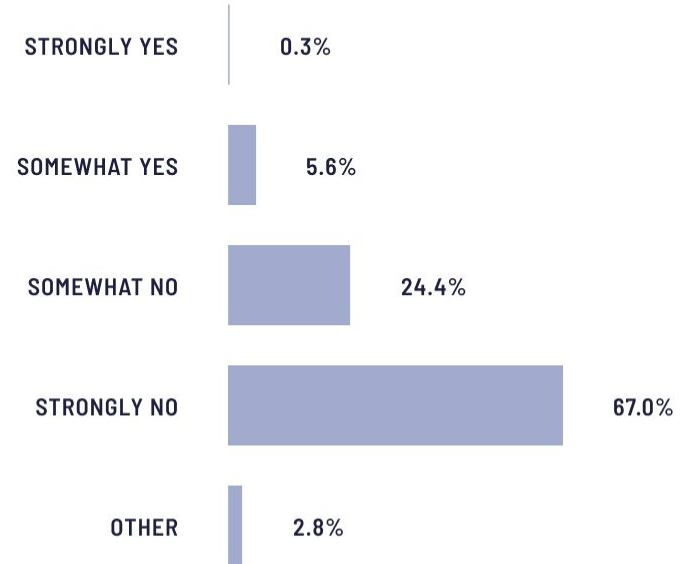
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# HIGHER EDUCATION

With a national debate continuing about the “return on investment” of a college education, we asked small business owners if “colleges and universities are graduating students with relevant skills that today’s business community needs.” 67% responded “strongly no.”

## ARE COLLEGES & UNIVERSITIES GRADUATING STUDENTS WITH RELEVANT SKILLS THAT TODAY’S BUSINESS COMMUNITY NEEDS?

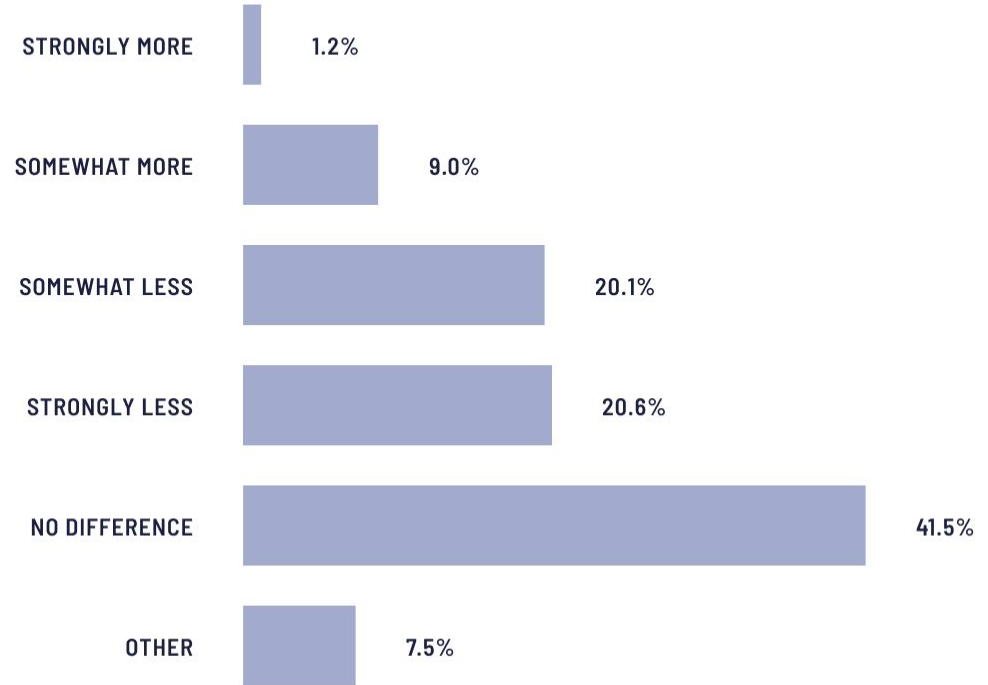


You can feel the frustration of employers when reading through the verbatim responses, specifically about these students being ready for a real job.

- “In a broader sense no, but there are some good ones out there.”
- “The Talent shortage will just get worse because high schools and colleges produce no talent.”
- “The skills should be taught in highschool.”
- “A good work ethic would be a good place to start!”
- “They don't show up to an interview, and work is too hard, 9-5 is such a struggle.”
- “Absolutely not, what a waste and I am a former college graduate.”

When asked if they are more or less likely to consider a job seeker with a 4-year degree from a major college or university, 42% said it “makes no difference” and another 41% said it makes them less likely to hire that job seeker. Only 10% said a degree would make it more likely to hire a job seeker.

### ARE YOU MORE OR LESS LIKELY TO CONSIDER A JOB SEEKER WITH A 4-YEAR DEGREE FROM MAJOR UNIVERSITY OR COLLEGE?





Again, the verbatim responses shed valuable insight on the experience “on the ground.”

- “I found that graduates with the aforementioned scholastic achievements typically have an incompatible ideology with my business culture.”
- “We would hire someone with hands-on experience over someone that read about it in a book.”
- “I only care about skills. If you ain't got the skills you ain't got a job.”
- “The educational system does not know how to teach resume writing that connects to the marketplace.”

# Is College Even Needed?

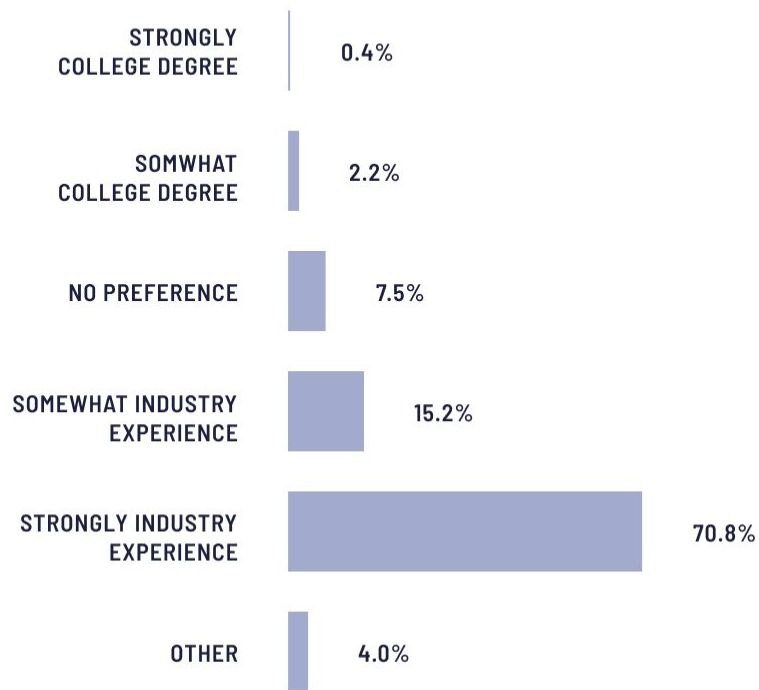
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## IS COLLEGE EVEN NEEDED?

When asked if they'd prefer someone who just completed a 4-year degree, or someone who doesn't have a degree but has worked in their industry for 4 years, 86% responded that they'd prefer the job seeker who spent 4 years in their industry rather than 4 years getting a degree.

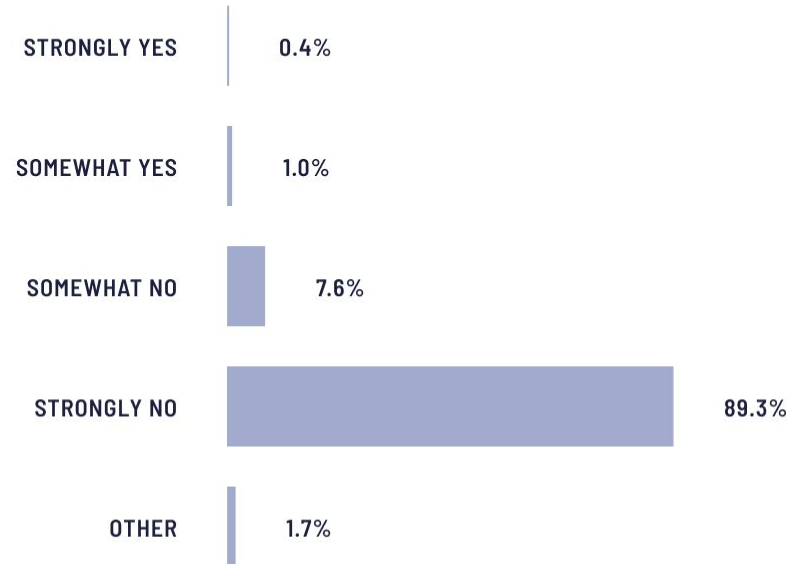
### DO YOU PREFER A JOB SEEKER WHO JUST GRADUATED WITH A 4-YEAR DEGREE OR SOMEONE WITHOUT A DEGREE WHO HAS WORKED IN YOUR INDUSTRY FOR 4 YEARS?



- “At this point, I’ll take the one with talent and imagination, and who didn’t look at their phone in the last 20 minutes.”
- “Experience cannot be replaced with education alone.”
- “Some college, more work experience, bonus if in my industry.”
- “Depends on the role. Experience is always preferred over education level.”
- “I want someone who is WILLING to work, and can show me that WILLINGNESS in their experience.”
- “Character alignment and industry experience.”
- “I look at WHO they are and how they present themselves. Are they motivated? Are they teachable? Do they hold themselves to a high standard?”

And, again when asked if colleges are “fostering free speech and debate, thereby graduating students capable of debating ideas and using critical thinking,” 89% of respondents replied with a “strong no.”

### ARE AMERICA'S COLLEGE CAMPUSES FOSTERING FREE SPEECH & DEBATE; GRADUATING STUDENTS CAPABLE OF DEBATING IDEAS & USING CRITICAL THINKING TO EVALUATE DIFFERING CONCEPTS?



# Conclusion

OCTOBER 2023



# CONCLUSION

The Freedom Economy is bracing for the impact of a major recession. That includes parking their hiring plans and preparing for inflation higher-for-longer.

The small business community has endured a pandemic, government mandated business lockdowns, supply chain disruptions, a people shortage, and now runaway inflation. They're survivors of a series of government-created economic disasters unlike any stretch in US history.

At this point, these business owners have little confidence in elected leaders. They'd prefer that the government simply shut down for a year rather than try to "fix" things.

Likewise, they're no longer being served by an education system that has lost focus on

preparing students for the real-world of critical thinking and achievement. In fact, it's these businesses that may lead the renaissance back to vocational training and restoration of non-college-educated careers.

Americans are resilient. Even if their government and schools are working against their interest, the small business owner will survive and continue to fuel the flame of liberty that has made our nation's economy the strongest in history.

At PublicSquare and RedBalloon, we're honored to help lead the Freedom Economy movement.