



Small Business Economic Trends Report A Brief History

It was born on the cusp of a national scandal, a hurried birth of political necessity.

Today, in the full maturity of its 50 years, NFIB's monthly Small Business Economic Trends (SBET) report is **the gold standard measurement of America's small business economy**. Used by the Federal Reserve, Congressional leaders, administration officials, and state legislatures across the nation, it's regarded as the bellwether on the health and welfare of the Main Street enterprises that employ half of all workers, generate more net new jobs than large corporations, and gave most of us the first start in our working life.

At the conclusion of an early 1970s meeting with small business leaders, President Richard Nixon asked if he could do anything more. "Yes" came the reply from Wilson S. Johnson, then-president of NFIB. "We would like quarterly meetings with senior White House staff to ensure a continuous dialogue." Without hesitation, Nixon turned to Charles Colson, counselor to the president, and ordered him to follow through.

Johnson's delight slowly turned to a gnawing worry: What value would these quarterly meetings have if all they did was regurgitate news and opinion that administration officials could read for themselves in the media? Something new for these gatherings would be needed, thus the birth of the SBET survey.

The quarterly meetings never happened. **Watergate intervened**. But the first quarterly SBET survey was taken in October 1973 and has been produced – monthly since 1986 – by NFIB ever since. Its primary purpose is to give policymakers and the public the most current and reliable reading on a part of the American economy that was once virtually ignored by federal statistics.

With 98 percent of all American employers characterized as small businesses, producing half the private Gross Domestic Product of the nation, the collective action of them has a substantial impact on the economy. Small business owners are more sensitive in the short term to economic changes than are the bureaucracies of larger firms. **The SBET's primary value is anticipating short-run fluctuations in economic activity.**

An additional value of the SBET is its measurement of small business activities and concerns over time. The benefit of a longitudinal data set offers an invaluable perspective on how policies and business cycles impact small businesses over time.

The SBET is one of the few archival data sets on small businesses, particularly when research questions address business operations rather than opinions. **Today, it's the largest, longest-running data set on small business economic conditions available.**

The SBET questionnaire was designed by a graduate student from the University of Michigan who would go on to teach economics at Stanford, Purdue, and Temple universities, serve as an adviser to the secretary of commerce, and sit on the consumer advisory council for the Federal Reserve. That same man has quarterbacked every SBET in its 50-year existence, William Dunkelberg, Ph.D.

The SBET survey sample is drawn from NFIB's membership database. Results are released on the second Tuesday of every month. A subset of the SBET publication, the *Jobs Report*, is released the week before. The SBET is a product of NFIB's Research Center.

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