

Technifying Ventures^{*†}

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Abstract

The adoption of advanced technologies is important for employment and growth. Advanced technologies are often embraced by innovative startups. Such startups are commonly funded by venture capital. Stylized facts are compiled, using US Census data, regarding the adoption of advanced technologies by startups and the source of funding that a startup draws upon. The relationship between technology adoption and the source of funding, on the one hand, and short- and longer-run employment, on the other, is studied. A model of startups is then constructed featuring decisions about technology adoption and whether venture capital funding is used. The model is matched up with Census facts about startups, employment, technology adoption, and the funding source. The implications of business taxation and subsidies for startups are examined.

Keywords: Advanced technology, banks, capital gains taxation, corporate income taxation, employment, startups, subsidies, synergy, venture capital, technology adoption, US Census data

JEL Nos: O30, O40, G20

*This is a report on research in progress. As such, it is *preliminary, incomplete, and subject to change*.

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