

How the American Free Enterprise System Creates Jobs and Prosperity

A compilation of student reading and reference materials from the Scholarship of Entrepreneurial Engagement's Economics & Entrepreneurship Curriculum for the 2011-2012 school year.

By John Klipfell

This booklet is a publication of Entrepreneurial Engagement Ohio.

Entrepreneurial Engagement Ohio (EEO) is a 501(c)(3) Nonprofit Corporation that was formed for the educational and charitable purpose of: 1) Promoting student and community awareness as to the challenges and opportunities the changing regional, national and global economies present for the future, and 2) Providing educational instruction, curriculum, research, training, mentoring and other information that helps develop the entrepreneurial, economic, business, and scientific literacy of students and the community, and other 21st Century skills that may be needed for the future. As part of its educational mission, EEO offers the Scholarship of Entrepreneurship (SEE) Program to teachers and students at no cost. To find out more about Entrepreneurial Engagement Ohio and its programs, visit our website at: www.EEOhio.org

About the Scholarship of Entrepreneurial Engagement Program

The Scholarship of Entrepreneurial Engagement (SEE) Program is a program designed to help develop the economic, business, entrepreneurial and scientific literacy and global awareness of high school and middle school students. The SEE Program has two principal program tracks: an Economics & Entrepreneurship program and a Science & Technology program. The program is free to participating schools and teachers.

The SEE Economics and Entrepreneurship program is a mini-course of study that can be integrated in whole or in part into existing high school economics and business classes. The principal student reading and reference materials have been compiled together to form this publication.

While the SEE Economics and Entrepreneurship Program was developed principally for the use of schools within Northeast Ohio, its content is also of value for those from other areas outside of Northeast Ohio.

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Author's Comments

Never before has our country, our state and our youth faced such an uncertain future!

Following decades of economic expansion and job creation driven by technology and entrepreneurship, our nation is being challenged on an unprecedented level to maintain its historic prosperity. Not only are we challenged by technology advancements that have changed every aspect of life, but also by the rapidly expanding economies of China, India and other countries.

While everyone from our political leaders to the man on the street is crying out for the creation of millions of new jobs, relatively few people seem to understand how our economic system works and how private-sector jobs are created through investment and entrepreneurship. Shockingly, fewer still understand the challenge and opportunity the global economy presents. If our students (and our leaders) don't understand these matters, they cannot help propel the future economic development of our Nation, nor can they be prepared for their own futures.

The SEE program's Economics and Entrepreneurship Program directly addresses these issues by providing a basic understanding about how the American free enterprise system creates jobs and prosperity and the importance of entrepreneurship and innovation, within the context of the global economy. This publication represents a compilation of the principal student reading and reference materials of the SEE Economics and Entrepreneurship Program for the 2011-2012 school year.

About the Author

Mr. Klipfell began his business career as a CPA with a public accounting firm in Dayton, Ohio, before joining American Greetings Corporation. In a career spanning twenty-five years at American Greetings, he held a number of senior executive positions in accounting, international operations, general management, marketing, and as an internal entrepreneur. In this later capacity, he was responsible for developing American Greetings' CreaCard kiosk business, consumer software business, and Internet marketing business. At the time of his retirement in 2000, he was President and CEO of AmericanGreetings.com.

Since his retirement from the corporate world, Mr. Klipfell has been involved in a number of commercial and philanthropic entrepreneurial initiatives, including development of a family-owned business, a number of programs to help the needy, and the development of the Scholarship of Entrepreneurial Engagement program which is now a program of Entrepreneurial Engagement Ohio. Mr. Klipfell has a keen interest and awareness of the global economy, having lived and worked overseas, as well as having visited more than one hundred countries. Mr. Klipfell has a bachelor's degree in business from Bowling Green State University, where he has been recognized by the University and its Alumni Board of Trustees as an Accomplished Graduate of the College of Business Administration.

How the American Free Enterprise System Creates Jobs and Prosperity

Chapter 1 - An Historical Perspective

Arguably, the biggest success story in history is the American free enterprise system that has created countless millions of jobs and great prosperity for generations of Americans. Even in these very difficult recessionary times, that statement remains true.

Recessions, although challenging, are not a new phenomenon. In fact, since the Great Depression that began in 1929, our country has experienced no less than thirteen recessions. Although some recessions have been more severe than others, our economy has always rebounded from them, as it will from the one we are currently in. (See *Table 1-A for research data*)

Throughout the years, our economic system has been remarkably successful despite these and many other challenges and societal changes that it has faced.

As our country evolved from an agrarian to an urban economy in the 1800's, it created millions of jobs. As the country absorbed tens of millions of immigrants over the years, it created jobs. As women by the millions entered the work force and established careers, it created jobs. And, as we've faced the threat of automation and technology change over the last forty years, our economic system has created jobs. (See *Tables 1-B, 1-C and 1-D for research data*)

Today however, as the cost of communicating across continents drops to near zero, and foreign competition grows stronger in an ever-smaller world, some are beginning to question whether our economic system can continue to create the millions of new jobs that will be needed to ensure the prosperity of future generations of Americans.

Based on the country's past one hundred and fifty years of economic success, the answer to that question should clearly be "yes". However, continued jobs creation and prosperity will only occur if our citizens understand how our economic system works.

And yet, few of our citizens or community leaders really seem to understand how our economic system works. Indeed, many apparently do not understand, that without constant innovation and pro-active risk-taking in pursuit of new opportunities (i.e. entrepreneurship), existing businesses may not survive and needed new businesses, industries and jobs will not be created.

A hundred plus years or so ago, the great cities of our country were built by entrepreneurs like Rockefeller, Carnegie, Firestone, Ford, and countless others. Today, that entrepreneurial spirit has all too often been replaced by a search for quick fixes to somehow magically create jobs and continued prosperity. The long-term solution however can only be a return to an emphasis on entrepreneurship. And that will only be possible if our citizens first understand how our free enterprise system works and then take the steps necessary to foster its continued vitality.

The emergence of the United States as an economic superpower over the past one hundred and fifty years is unprecedented in world history. The prosperity that the American free enterprise system has brought to its citizens is unparalleled. In no other large country is the overall standard of living so high. And, no other country has consistently created jobs for its growing population like the United States. (See *Table 1-E for research data*)

Although there remains a segment of the American population that lives below the poverty line, and for which much additional work needs to be done to improve their standard of living, by world standards, even America's poorest citizens would be seen by the majority of the world's population to be prosperous.

As we progress through the twenty-first century, our challenge as Americans is to keep our economic success story going for the benefit of future generations. If that is to occur however, we must collectively return to the culture of entrepreneurship that created the prosperity that we now enjoy.

By understanding the fundamental concepts and principles that form the foundation of our free enterprise economic system, hopefully our citizens will be better able to put into perspective, understand and discuss these important issues of our time.

Reference Materials to Chapter 1 - An Historical Perspective

**TABLE 1-A
CHRONOLOGY OF RECESSIONS IN THE UNITED
STATES – GREAT DEPRESSION TO PRESENT**

Name Given to Recession	Length of Recession	Time Since Previous Recession	Peak Unemployed Rate During Recession*	GDP Decline Peak to Trough*
Great Depression	43 months	21 months	24.9% 1933	-26.7%
Recession of 1937	13 months	50 months	19.0% 1938	-18.2%
Recession of 1945	8 months	80 months	5.2% 1946	-12.7%
Recession of 1949	11 months	37 months	7.9% 10/49	-1.7%
Recession of 1953	10 months	45 months	6.1% 9/54	-2.6%
Recession of 1958	8 months	39 months	7.5% 7/58	-3.7%
Recession of 1960/61	10 months	24 months	7.1% 5/61	-1.6%
Recession of 1969-70	11 months	106 months	6.1% 12/70	-0.6%
1973-75 Recession	16 months	36 months	9.0% 5/75	-3.2%
1980 Recession	6 months	58 months	7.8% 7/80	-2.2%
Early 1980 recession	16 months	12 months	10.8% 11/82	-2.7%
Early 1990's recession	8 months	92 months	7.8% 6/92	-1.4%
Early 2000's recession	8 months	120 months	6.3% 6/03	-0.3%
Great Recession	18 months	73 months	10.1% 10/09	-5.1%

Data source: Wikipedia article :List of recessions in the United States: reporting on data from the National Bureau of Economic Research and other sources.

* Note: Recessions are generally determined as being at least two quarters of negative Gross Domestic Product (GDP) growth. The unemployment rate is frequently a lagging indicator, often peaking some months after a recession has "officially" ended.

**TABLE 1-B
TOTAL US METROPOLITAN AREA/URBAN &
NONMETROPOLITAN AREA/RURAL POPULATION
TRENDS - 1800-2000**

Census Year	Total US Population (In Millions)	Metro/Urban Population (% of Total)	Nonmetro/Rural Population (% of Total)
2000	281.4	226.0 (80%)	55.4 (20%)
1950	151.3	96.8 (64%)	54.5 (36%)
1900	76.2	30.2 (40%)	46.0 (60%)
1850	23.2	3.6 (15%)	19.6 (85%)
1800	5.3	.3 (6%)	5.0 (94%)

Compiled from US Census Bureau data

Note: Definitions of rural/non-rural and metropolitan area/non-metropolitan areas changed somewhat over the years.

**TABLE 1-C
TOTAL CIVILIAN LABOR FORCE EMPLOYED IN
AGRICULTURE AND NON-AGRICULTURE, AND
UNEMPLOYED 1870-2010 (Earliest data available is 1870)**

Census Year	Total Civilian Labor Force (In Millions)	Employed in Agriculture (% of Total Employed)	Employed in Non-Agriculture (% of Total Employed)	Unemployed (% of Total Labor Force)
2010	153.9	2.2 (2%)	136.9 (98%)	14.8 (9.6%)
2000	142.6	2.5 (2%)	134.4 (98%)	5.7 (4.0%)
1980	106.9	3.4 (3%)	95.9 (97%)	7.6 (7.1%)
1960	69.6	5.4 (8%)	60.3 (92%)	3.9 (5.5%)
1940	55.6	9.5 (20%)	38.0 (80%)	8.1 (14.6%)
1920	41.6	10.7 (26%)	30.9 (74%)	Not available
1900	29.1	10.4 (36%)	18.7 (64%)	Not available
1870	12.5	5.9 (47%)	6.6 (53%)	Not available

Compiled from US Census Bureau and US Bureau of Labor Statistics data

Key points from Table 1-A:

- Recessions, although challenging, are not a new phenomenon. In fact, since the Great Depression that began in 1929, our country has experienced no less than thirteen recessions.
- The severe recession that the United States is currently emerging from is being referred to by many as the "Great Recession". Technically, this recession began in December 2007 and ended in June 2009 when the country's GDP (Gross Domestic Product) slowly began growing again.
- As severe as the current Great Recession has been, it doesn't come close to the severity of the Great Depression which began in 1929, when the unemployment rate was one of four workers, and the size of the economy declined by 27%. (By comparison, during our recent recession, unemployed peaked at 10.1% (still a very high number), and the size of the economy declined by 5.1%.)

Key points from Table 1-B:

- The United States has changed dramatically over the last 150 years. Today, 80% of our people live in Metro/Urban areas, compared to only 15% of the population in 1850.
- The trend for people to move from rural areas to urban areas in search of jobs has been occurring throughout the world, particularly in developing countries, often at an accelerated pace compared to what occurred in the USA. For example, in 1978, only 18% of Chinese lived in urban areas. In 2007 (in only 29 years), 45% of all Chinese lived in urban areas, which reflects the growing economic development that is occurring in that country.

Key points from Table 1-C:

- Reflecting the movement of people from rural area to urban areas in the United States over the last 150 years, the type of jobs people are employed in has also changed dramatically.
- In 1870, 47% of all Americans were employed in farming. By 2010, the number of Americans employed in farming had declined to only 2%.
- Over the decades between 1870-2010, the American free enterprise system created more than 130 million new non-farming jobs.

Reference Materials to Chapter 1 - An Historical Perspective (Continued)

**TABLE I-D
TOTAL NON-INSTITUTIONAL POPULATION 16
YEARS & OLDER
1870-2000 (Earliest data available is for 1870)**

Census Year	Total Non-Institutional Population 16 & older (In Millions)	Employed Males (% of Total Male Pop.) 16 & older	Employed Females (% of Total Female Pop.) 16 & older	Total Not In Labor Force (% of Total 16 & older Non-Institutional Population)
2000	209.7	75.2 (75%)	65.6 (60%)	68.9 (33%)
1980	167.7	61.5 (77%)	45.5 (52%)	60.8 (36%)
1960	119.8	48.9 (84%)	23.2 (38%)	47.7 (41%)
1940	100.1	40.1 (79%)	12.9 (26%)	47.1 (47%)
1920	82.7	33.1 (78%)	8.5 (21%)	41.1 (50%)
1900	58.0	23.8 (80%)	5.3 (19%)	28.9 (50%)
1870	28.2	10.6 (74%)	1.9 (14%)	15.7 (56%)

Total not in labor force includes keeping home, in school, unable to work, other
Note: Some data changed slightly as definitions changed over the years.
Compiled from US Census Bureau and US Bureau of Labor Statistics data
Note: The Non—Institutional Population primarily refers to those people who are not incarcerated in prisons.

**TABLE 1-E
PURCHASING POWER PARITY ADJUSTED PER
CAPITA GROSS NATIONAL INCOME (GNI) FOR THE
G-20 GROUP OF COUNTRIES & THE 15 MOST
POPULOUS COUNTRIES IN THE WORLD – 2009**

This data is being used to express the relative prosperity of each of these nations to each other.

Country	PPP Gross National Income (GNI) Per Capita	PPP Per Capita GNI as % of United States	Population (in millions)	Popula-tion. Rank	Part Of G-20
USA	\$45,640	100%	307	3	Yes
Australia	\$38,510	84%	22	51	Yes
Canada	\$37,280	82%	34	36	Yes
Germany	\$36,850	81%	82	16	Yes
UK	\$35,860	79%	62	22	Yes
France	\$33,950	74%	63	21	Yes
Japan	\$33,440	73%	128	10	Yes
Italy	\$31,870	70%	60	23	Yes
South Korea	\$27,240	60%	49	26	Yes
Saudi Arabia	\$24,020	53%	25	46	Yes
Russia	\$18,330	40%	142	9	Yes
Argentina	\$14,090	31%	40	32	Yes
Mexico	\$14,020	31%	107	11	Yes
Turkey	\$13,500	30%	75	17	Yes
Brazil	\$10,160	22%	194	5	Yes
South Africa	\$10,050	22%	49	25	Yes
China	\$6,890	15%	1,331	1	Yes
Egypt	\$5,680	12%	83	14	No
Indonesia	\$3,720	8%	230	4	Yes
Philippines	\$3,540	8%	92	12	No
India	\$3,280	7%	1,155	2	Yes
Vietnam	\$2,790	6%	87	13	No
Pakistan	\$2,680	6%	170	6	No
Nigeria	\$2,070	5%	155	8	No
Bangladesh	\$1,550	3%	162	7	No
Ethiopia	\$930	2%	83	15	No
Total of above			4,987		
% of World			74%		

Compiled from the World Bank's World Development Indicators 2011

Key points from Table 1-D:

- Reflecting the ongoing movement of women into the work force over the years, as of the 2000 census in 2000, 60% of all women 16 and older were employed. This compared to less than 20% of all women in 1900.
- For the first time in our history, the percentage of women working (60%) is beginning to approach the percentage of men working (75%).
- While some of the new jobs added over the years were in government, as 60 million women came into the labor force during the last century, it was the American free enterprise that created the vast majority of the jobs for them.

Key points from Table 1-E:

- While there are a couple of very small countries (8 million & less population) for which the Per Capita Gross National Income (GNI) exceeds that of the USA, within its peer group of major countries with significant populations (over 20 million), no other country rivals the wealth and prosperity of the USA.
- If one looks only at the Top 10 largest countries in the world in terms of population, the Per Capita GNI of the USA exceeds that of the #1 country on that list (China) by a factor of 6 times, exceeds the #2 country (India) by a factor of 16 times, exceeds the #4 country (Indonesia) by 12 times, and exceeds the #5 country (Brazil) by 4 times
- Of the Top10 large countries in terms of the highest Per Capita GNI, it is interesting to note that 6 out of the Top 10 are located in North America and Europe.
- Of the Bottom 10 large countries in terms of the Per Capita GNI, it is interesting to note that all of them are located in either Africa or Asia.

Other comments about Table 1-E:

Note: "Because exchange rates do not always reflect differences in price levels between countries, Gross National Income Per Capita has been converted) into International dollars using purchasing power parity (PPP) rates. PPP rates provide a standard measure allowing comparison of real levels of expenditure between countries... PPP rates are calculated by simultaneously comparing the prices of similar goods and services among a large number of countries..." – From World Bank's World Development Indicators 2009, page 17.

Note: The nations listed at the right include 74% of the world's population, and 78% of the world's total Purchasing Power Adjusted GNI (wealth).. Compiled from World Bank's World Development Indicators 2011

Chapter 2 - The Free Market...Cornerstone of American Prosperity

The free market is the cornerstone of our prosperity.

Every day, millions of Americans make choices about what they want to do, what they want to buy, how they want to live, and so on. Their choices determine what we as a society value and find important. These collective choices comprise the free market.

Since what each of us like and want and need and desire continually changes, the free market is constantly and relentlessly changing.

Many products and services and skills that have value one year, don't have the same value the next. As a result, our economic system is constantly in a state of transition with some industries and jobs being destroyed, while other new industries and jobs are created to meet the marketplace's new demands.

In some cases we no longer want certain products (like typewriters, record players and horse carriages), but seek other products instead (like computers, MP3 players and automobiles). Sometimes we seek the lowest price, while in other cases we bid up the price of goods in short supply. In the end however, we consumers are the primary decision makers as to which businesses and jobs will decline or fail, and which will grow and prosper.

Because every day we make our choices about products and services based on price, quality, selection and service, the free market is a highly competitive one.

Once that choice was mainly among American products and services. Today however, because technology has made worldwide communication instantaneous, and shipping across vast distances easy, our country, businesses, and workers are now all competing in an increasingly competitive worldwide marketplace. Standing in the way of that marketplace driven by the collective decisions of billions of individual consumers is about as effective as shoveling sand against the tide. So what are we to do?

First, while one cannot ignore the anguish that marketplace changes have on the people who are personally affected and lose their jobs, we must

realize that both the loss of millions of jobs each year and the creation of millions of new jobs each year is not a new phenomenon, but rather how our economy responds to our changing needs and wants. (See 2-C)

Second, we have to understand that, while our government may regulate the free market to ensure the basic health and welfare of its citizens, it has less to say than many think about which businesses and jobs are lost and which are created. Instead, that power rests primarily with the millions of American households and businesses that make their free market choices about what goods and services and skills they want and value.

As history clearly demonstrates, an economic system planned and controlled by the state (the alternative to the free market), where government, not consumers, determines what should be produced, has never been proven to work in practice. One only has to recall the economy of the Soviet Union prior to fall of communism in 1991. Then, lines of consumers waiting endlessly for empty shelves to be filled, people waiting years for substandard housing to be built, and hopelessly out-of-date factories offered evidence that a communist/socialist economy planned and directed by the government simply could not work in practice.

Third, we have to have confidence that our free market, free enterprise system, driven by the entrepreneurship of the private sector will continue to create jobs in the future, as its long track record demonstrates it has done in the past. (See Chart 2-A, Tables 2-B and 2-C.)

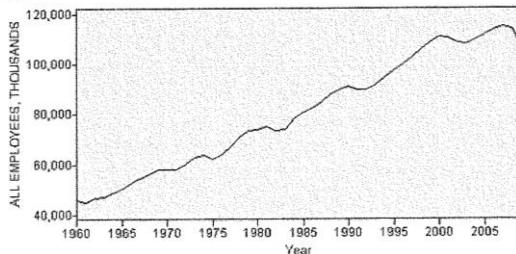
Fourth, since the large majority of all new jobs that are created in the United States are created by small businesses (not the large mega-corporations that dominate the news), it is very important that we encourage and support economic policies that support small business development and the spirit of entrepreneurship in the United States. (See Table 2-D)

Indeed, as the US Small Business Administration reports, in 2009 there were 27.5 million businesses in the USA, of which 6.0 million of those businesses had employees. Of the 6.0 million with employees, 99% of those businesses were small businesses that employ less than 500 people. Although these small businesses only employ about 50% of all private sector employees, they create about two thirds of all net new jobs in the United States. (See Table 2-D)

Reference Materials to Chapter 2 - The Free Market...Cornerstone of American Prosperity

**CHART A2-A
GROWTH OF NON-FARM, PRIVATE SECTOR JOBS
IN THE UNITED STATES
1960-2009**

Series Id: CEU0500000001
Not Seasonally Adjusted
Super Sector: Total private
Industry: Total private
NAICS Code: -
Data Type: ALL EMPLOYEES, THOUSANDS



Compiled from various US Bureau of Labor Statistics Database of Employment, Hours and Earnings as of July 2010.

Key points from Chart A2 - A:

- Although there have been a few year-to-year dips in employment during recessionary times (including the decline in employment we've seen during the current recession), the overall trend and sustained growth in total non-farm, private sector employment over the last 50 years has been remarkable and unmatched by any other country in history.
- Total private sector employment in 1960 was 45.8 million. In 2009 it was 108.4 million (137% increase). These numbers compare with total public sector (government) employment in 1960 of 8.5 million and 22.5 million in 2009 (165% increase). In total, since 1960, total non-farm public and private employment in the US has increased 141% from 54.3 million to 130.9 million.

**TABLE A2-B
TOTAL NUMBER OF NEW BUSINESS START UPS
(WITH EMPLOYEES) AND CLOSURES (WITH
EMPLOYEES) EACH YEAR IN THE USA
2000-2009** (Latest data available is for 2009)

Year	Total number of new businesses started up each year	Total number of businesses closures each year	Net increase in the number of businesses each year	Number of bankruptcies included in closure number at left
2000	574,300	542,831	31,469	35,472
2001	585,100	553,291	31,809	40,099
2002	569,750	586,890	(17,140)	38,540
2003	612,296	540,658	71,638	35,037
2004	628,917	541,047	87,870	34,317
2005	644,122	565,745	78,377	39,201
2006	670,058	599,333	70,725	19,695
2007	668,395	592,410	75,985	28,322
2008	626,400	663,900	(37,500)	43,546
2009	552,600	660,900	(108,300)	60,837
Totals 2000-2009	6,131,938	5,847,005	284,933	375,066
Annual average 2000-2009	613,194	584,700	28,493	37,507

Compiled from various US Small Business Administration's "Frequently Asked Questions" annual updates.

Key points from Table A2 - B:

- Americans start up and discontinue hundreds of thousands of businesses every year, even in recessionary times such as in the year 2002 and in 2008/2009.
- Over the ten years 2000-2009, Americans started up more than 6.1 million new businesses with employees, or an average of nearly 613,000 new businesses every year.
- While over the ten years 2000-2009, Americans closed 5.8 million businesses, most of those closures were voluntary, as only 375,066 or 6% of all closures were due to bankruptcy.
- The table at left offers strong evidence of the entrepreneurial spirit of the American public.

TABLE 2-C

TOTAL NUMBER OF PRIVATE SECTOR GROSS JOB GAINS & GROSS JOB LOSSES & THE NET CHANGE EACH YEAR IN THE UNITED STATES 2000-2010 (Year ended Dec 31 of each year)

Year	Gross number of job gains (i.e. new jobs) each year	Gross number of job losses each year	Net increase or (decrease) in private sector jobs each year
2000	34.2 million	32.3 million	1.9 million
2001	31.7 million	34.7 million	(3.0 million)
2002	31.1 million	31.5 million	(0.4 million)
2003	29.8 million	29.8 million	0.0 million
2004	30.9 million	28.8 million	2.1 million
2005	31.1 million	29.0 million	2.1 million
2006	30.7 million	29.0 million	1.7 million
2007	30.3 million	29.6 million	0.7 million
2008	28.0 million	31.6 million	(3.6 million)
2009	25.2 million	30.7 million	(5.5 million)
2010	26.6 million	25.5 million	1.1 million
Total s 2000-2010	329.6 million	332.5 million	(2.9 million)

Compiled from US Bureau of Labor Statistics data, Table 1. Private sector gains and job losses, 2000-2010)

Key points from Table 2 - C:

- The media usually only reports the “net” job gains and losses in the economy. This can be misleading because it obscures the fact that millions of private sector jobs are created each year, even during the worst recessions. It also obscures the fact that millions of private sector jobs are being lost, even in the best of economic times. The reality is that job creation and job losses are occurring all the time as people’s wants and needs change, and as people decide to start or discontinue businesses.
- For example, while the private sector economy registered a net decrease of 2.9 million jobs during the ten years from 2000 to 2010 that included two recessions, that included a total of 329.6 million new jobs that were created and 332.5 million jobs that were lost during the same period.
- Job gains come from two sources, people who open new businesses and from existing businesses that expand their operations. Of the 329.6 million gross new jobs added during the period 2000-2010, 20% of those jobs came from new business startups, and 80% came from existing businesses that expanded their operations. (Source: US Bureau of Labor Statistics)

**TABLE 2-D
NET JOB GAINS & LOSSES IN THE PRIVATE SECTOR BROKEN DOWN BETWEEN LARGE & SMALL BUSINESSES
For Calendar Years 2004-2008
(In thousands)**

Year	Net job gains or (losses), business with less than 500 employe	Net job gains or (losses), business with 500 or more employe	Adjust for small diff in govt data bases	Total net non-farm job gains (losses) from Private Sector	Net job gains or (losses) from the Public Sector (i.e. govt)	Total non-farm net job gains (losses) Private & Public Sector
2004	1,305	701	(94)	1,912	136	2,048
2005	1,237	912	216	2,365	175	2,540
2006	1,119	501	284	1,904	229	2,133
2007	335	298	211	844	284	1,128
Subtotal				7,025	824	7,849
%				90%	10%	100%
2008	(2,255)	(1,475)	(70)	(3,800)	179	(3,621)
Totals	1,741	937	547	3,225	1,003	4,228
%				76%	24%	100%
% private sector	65%	35%				
Total Jobs at Dec 08				112.3 million	22.9 million	135.2 million
%				83%	17%	100%

Compiled from various US Bureau of Labor Statistics 2004-2008 databases.

Key points from Table 2 – D:

- Five out of six jobs in the United States are in the private sector. 83% private sector, 17% public (i.e. government sector).
- During the five year period from 2004-2009 (which included four years of economic growth and one year of recession), 76% of all new jobs were created in the private sector, and 24% were created in the public sector. However, these figures are a little misleading. Here's why:
 - During the four years of economic growth (2004-2007), nine out of ten new jobs were created in the private sector.
 - During the recession year of 2008 however, while the private sector was financially forced to cut jobs in response to the recession, the public (government sector) continued to add jobs. This situation usually occurs either because governments raise taxes on the private sector, or borrows (or prints) money to pay its expenses.
 - Reflecting the entrepreneurs that usually run them, about two thirds of all private sector job creation occurs in smaller companies (defined to be less than 500 employees), not the larger companies that employ 500+.

Chapter 3 - Capital Investment and Profits... Fuel that Make Our Economy Run

Without capital investment, business enterprises can't create jobs! Without profits, businesses can't grow and prosper, eventually fail, and jobs are lost!

No new business can get off the ground and hope to create jobs unless some individual, group, or enterprise is willing to invest a portion of their time, talent, and/or money in it.

Whether it's a sole proprietor investing a portion of his or her life savings to set up a family business, a couple of young entrepreneurs seeking venture capital financing to get their business ideas launched, an existing company developing a new business as an offshoot of another product line, or a pharmaceutical company investing hundreds of millions of dollars into the development of a promising new drug, the common denominator is that someone or some enterprise has to invest the necessary capital from their accumulated wealth to get the venture started.

Contrary to what some may believe, the overwhelming majority of new business investment and development is made by the private sector, not government. Based on the Commerce Department's Bureau of Economic Analysis' report of the US Gross Domestic Product for 2010, gross private sector, non-residential, investment of \$1.4 trillion exceeded gross federal, state, and local government sector investment by a factor of nearly three times. (See Table 3-B for research data.)

Despite all the talk by politicians everywhere who like to take credit for all new business development and job creation, and blame their opponents for all business closures and job losses, it's private sector individuals and businesses that start up the more than 610,000 new businesses with employees each year, not government. (See Table 2-B for research data.)

Where the federal, state, and local governments do however play major roles is through their monetary policy, tax/fiscal policy, regulatory policy and social policies all of which influence the willingness of the private sector to invest in countless ways. Informed citizens need to see

through all the political squabbling and ensure that government actions encourage, not inhibit economic development, investment and job creation.

No company that consistently fails to make profits can survive.

Because this statement stands in stark contrast to the belief by some that corporate profits are somehow a "bad thing," we need to examine the facts, put the issues into perspective, and set the record straight.

If a business neither makes a profit nor loses money, but merely breaks even, that means that it's bringing in just enough revenue from the sale of its products or services to cover the cost of the labor, material and overhead of its business...and no more. Without profits however, where is the company going to get the additional money it needs to grow, to reinvest in itself, to pay dividends to shareholders, or to weather the occasional and inevitable bad year?

Business growth (which is what produces more jobs) requires investments in additional inventories and accounts receivable from higher sales, as well as more buildings and equipment. For a company to respond to the constantly changing demands of the marketplace, it must continually invest in new product development and research. To remain competitive and stay in business, it must continually invest in new technologies and more productive equipment and processes. Without profits none of this is possible.

So how much profit do companies make?

As reported by the Bureau of Economic Analysis for the year 2010, while total corporate profits in the US were \$1.800 trillion, after taxes of \$411 billion, and dividends to shareholders of \$737 billion, the net amount available for growth and reinvestment was \$652 billion. While that may seem like a lot, it only equals about \$6,000 per non-governmental employee or about 10% of the total compensation and benefits paid out to an average employee. (See Table 3-C for research data.)

All things considered, that's not a lot of money for business enterprises to invest in growth and to maintain their competitive health. And, only if businesses remain healthy and grow, can jobs be increased.

Reference Materials to Chapter 3 - Capital Investment and Profits... Fuel that Make Our Economy Run

Periodically, the Department of Commerce, Bureau of Economic Analysis (BEA) publishes updated quarterly and annual data on how money is earned, spent, and invested in the USA. Taken together, this data makes up the Gross Domestic Product and Related Measures of the United States. By analyzing the data, one can view the big picture of economic activity in the USA.

TABLE 3-A TOTAL NATIONAL INCOME and GROSS DOMESTIC PRODUCT- 2010

Compiled from BEA Tables 1B & 9 accompanying the Bureau of Economic Analysis' July 29, 2011 news release. www.bea.gov

Line #	Description	Dollars (In Billions)	Discussion
1	Employee wages and salaries	\$6,408	This is the total wages and salaries paid to the approx 136.9 million American non-farm employees in 2010. It's about \$46,800/employee.
2	Employer supplements to wages and salaries	\$1,563	This is the total amount of all non-wage and salary benefits provided to American employees. It's about \$11,400 per employee and about 24% of wages and salaries.
3	Total employee compensation received	\$7,971	This is the total amount of all forms of compensation paid to American employees (including benefits). It totals about \$58,200 per employee. It is the total of lines 1 and 2.
4	Total proprietor's income, net of adjustments	\$1,036	This is the total amount earned by non-employee, non-corporate, business and enterprise owners.
5	Total corporate profits before taxes, net of adjustments	\$1,800	This is total of all corporate profits in 2010, before income taxes.
6	Rents, net interest, and other misc. payments	\$ 915	This is net total of all rents, interest and other net payments earned on investments in 2010.
7	Taxes on production and imports levied by government	\$ 997	
8	Other	\$ 121	
9	US national income	\$12,840	This is the total national income of the United States in 2010. This is the total of lines 3 to 8.
10	Consumption of fixed capital	\$ 1,875	This is essentially the amount of capital invested in 2010.
11	Net receipts from rest of world & other	\$ 189	
12	Gross US domestic product	\$14,526	The total of US national income, investment & other minor items equals the total expenditures for goods and services. Lines 9+10+11

Discussion and key points from Table 3-A:

Total employee compensation: (line 1 + line 2 = line 3):

- Total employee compensation includes two major elements: 1) the actual salaries and wages paid to employees, and 2) the cost of all the benefits paid by a company to its employees (such as health insurance, pensions, 401k benefits, etc.) In recent years, for each four dollars of salary/wage paid by companies to their employees, one additional dollar is paid out by companies for benefits.
- While the average amount of compensation per employee has increased from year to year, the number of employees has declined by seven million since 2007 as a result of the current recession.

Total proprietor's income: (line 4)

- There are about 28 million businesses in the USA, of which more than 99% are small businesses with fewer than 500 employees. In fact, about 21 million small businesses are run by their owners and don't have any employees. Total proprietors' income as shown on line 4 represents the total net income of all those sole proprietors and partners who own their own businesses and are not employees.

Rents, net interest & other payments: (line 6)

- People not only earn income from working at a job or from owning/working at their own business, they also earn income from rentals of properties that they own, as well as patents, copyrights and mineral rights that they own. Collectively, all of these forms of income are included on line 6.

Total corporate profits

- The total profit earned by all the corporations in the United States is shown on line 5. While some people may complain about the size of corporate profits, one needs to understand that more than 63% of all corporate profits are either paid out to government in the form of income taxes, or to shareholders as dividends. These facts will be discussed in more detail on the next page.

Reference Materials to Chapter 3 - Capital Investment and Profits... Fuel that Make Our Economy Run (Continued)

TABLE 3-B - TOTAL PRIVATE SECTOR AND GOVERNMENT SECTOR CONSUMPTION OF GOODS & SERVICES AND INVESTMENTS - 2010

Compiled from BEA Table 3A accompanying the Bureau of Economic Analysis' July 29, 2011 news release. www.bea.gov

Line #	Description	Billions of dollars	Discussion
1	Personal consumption expenditures	\$10,246	This is the total amount that individual Americans spent in 2010 on goods and services.
2	Government consumption expenditures	\$ 2,497	This is the total amount that the federal, state and local governments spent in 2010 on goods & services.
3	Personal residential property expenditures	\$ 338	This is the total amount that individual Americans spent in 2010 on purchases of personal homes and residences
4	Total of all US consumption & residential expenditures	\$13,081	This is the total of lines 1,2 and 3
5	Total private sector , non-residential, investment	\$ 1,390	This is the total amount that private sector individuals and enterprises invested in US buildings, equipment, software and other assets in 2010
6	Total government sector investment	\$ 505	This is the total amount that federal, state, and local governments invested in buildings, equipment, software and other assets in 2010
7	Total domestic investment	\$ 1,895	This is the total of lines 5 & 6. Private sector investment is 73% of the total, government is 27%
8	Less net import of goods & services & other adjustments	\$ 450	This is the net amount of goods and services imported from outside the country, plus some adjustments.
9	Gross US domestic product	\$14,526	This is the total output of goods and services in the United States in 2010 This is the total of lines 4 & 7, less 8

TABLE 3-C TOTAL CORPORATE PROFITS AND THEIR APPLICATION – 2010

Compiled from BEA Table 11A accompanying the Bureau of Economic Analysis' July 29, 2011 news release. www.bea.gov

Line #	Description	Billions of Dollars	Discussion
1	Total corporate profits, net of adjustments	\$1,800	This is the total of all corporate profits in the US in 2010 before income taxes. It is equal to line 5 from Table 3-A.
2	Less taxes on corporate profits	\$ 411	In total, taxes paid on corporate profits equaled 23% in 2010. (Line 2 divided by line 1)
3	Profits after tax, net of adjustments	\$1,389	Line 1 less line 2.
4	Total dividends to shareholders	\$ 737	In total, dividends paid to shareholders was 41% of profits in 2010. (Line 4 divided by line 1)
5	Undistributed profits, net of adjustments	\$ 652	This is the amount of profit available for reinvestment in businesses. (Line 3 less line 4)

Discussion and key points from Table 3-B:

Personal consumption expenditures: (line 1)

- Personal consumption by Americans (i.e. the amount that individuals spend on goods and services) of \$10.2 trillion annually is more than four times the annual consumption of goods & services by government (\$2.5 trillion, from line 2).
- It is primarily the personal spending of the American consumer that drives the American economic system, not government spending.

Personal residential property expenditures: (line 3)

- Reflecting the problems in the housing market over the last few years, the total amount that Americans spent on buying personal homes & residences in 2010 dropped by 46% from the level of 2007:
 - \$338 billion spent in 2010
 - \$355 billion spent in 2009
 - \$472 billion spent in 2008
 - \$629 billion spent in 2007

Total private & public (government) sector investment spending: (lines 5 and 6))

- Even with the government spending billions of dollars on “stimulus” spending, even in recent recession years), private sector investment spending on buildings, equipment, software & other non-residential assets dwarfs that of the public (government) sector
- Here is a three year history of private versus public sector investment spending, and the percentage of the total that was made by the private sector:
 - In 2010, \$1.390 trillion private sector (73%) vs \$505 billion for the public sector
 - In 2009, \$1.353 trillion private sector (73%) vs. \$505 billion for the public sector
 - In 2008, \$1.656 trillion private sector (77%) vs. \$497 billion for the public sector

Discussion and key points from Table 3-C:

Undistributed corporate profits: (line 5)

- This line represent the total profits of corporations, less the amount corporations pay to government in tax (23% in 2010), and less the amount corporations pay to their shareholders (primarily individual Americans and their pension funds) (41% in 2010)
- This line also represents the net amount that corporations have available to reinvest in their businesses after paying taxes and dividends. In 2010, that amount totaled only \$652 billion (36% of profits). On average that's only about \$6,000 for each of the 108 million non-government employees in 2010. That amount represents only about 10% of the total compensation of employees in 2010 (See Table 3-A, line 3 for average employee comp)

Chapter 4 - The Critical Importance of Entrepreneurship

"Entrepreneurship is the catalyst that drives our American free enterprise economy. It embraces individuals from all walks of life and all types of organizations who challenge the status quo in pursuit of solutions to problems and to meet the changing wants and needs of our society. It involves vision and imagination that leads to innovation, initiative and persistence that leads to investment, and thoughtful and responsible risk-taking in anticipation of reward."

This definition of entrepreneurship from Entrepreneurial Engagement Ohio is enlightening in that it recognizes that entrepreneurship is not just narrowly construed to be about small, start up businesses. Instead, entrepreneurship embraces the transformation of the whole spectrum of marketplace activities to meet the changing wants and needs of our society by people of all backgrounds who are challenged to bring their visions to life.

From the very beginning of our country, Americans have been risk takers.

From the colonists who uprooted their lives in the old world and crossed the ocean in creaky boats, to the pioneers who pushed the boundaries of our nation ever westward, to the astronauts who journeyed into space and beyond to the moon, Americans have taken risks in pursuit of opportunities for a better life and to expand our horizons. Indeed, risk taking is rooted in the full range of the American experience.

So also has risk-taking within the economic arena by generations of Americans in response to marketplace opportunities brought prosperity and jobs to our citizens. For the sake of our future prosperity, as well as jobs for our children and their children to come, we must not allow that risk taking spirit within us to wither and die.

Another facet of our American spirit is our willingness and desire to challenge the status quo. When someone says it can't be done, we ask why not. When we see a need, we find a solution. When we face a seemingly impossible challenge, we find a way to overcome it.

From the invention of the telephone, to the airplane, to the automobile, to the mass

production line, to the astonishing advances in medical science, to the development of computer and communication technologies that have totally revolutionized our world, the American "can do" spirit and aversion to accepting "the way it is" has made our country the world leader that it is.

While famous inventors and big names may get the headlines or rate prominent reference in history books, the entrepreneurial spirit is not limited to them. Nor is it limited to business people or people with advanced university degrees in business. Rather it embraces people from all backgrounds and walks of life. It could even include you.

Whether a person works in a large company or small, or a research lab or a non-profit organization, or is an individual inventor or a professional person, or even works in government, if they have a good idea that meets a marketplace need and has the persistence and passion to overcome the inevitable challenges, they could be an entrepreneur too. They could be among those who start up one of the more than 620,000 new businesses with employees each year. They could also be an internal entrepreneur within their company or organization that finally brings about some much needed change. (See Table 2-B for research data.)

While not everyone succeeds (the Small Business Administration notes that only about half of all new employer firms survive for at least five years), that hasn't stopped generations of Americans from trying. Those who have succeeded are responsible for the prosperity that our country has been blessed with over the years.

Risk-taking and challenging the status quo are two of the qualities that have defined the American spirit over the generations. These qualities are at the heart of the entrepreneurial spirit that is of critical importance to our country if we are to create the new jobs necessary to ensure our continuing prosperity. Fostering these qualities, not inhibiting them, should be among our national priorities.

Chapter 5 - Entrepreneurship Begins With Imagination

Entrepreneurship begins with imagination.

The first step in becoming an entrepreneur is to put your imagination to work. Start by looking around you at needs or wants that aren't being fulfilled, problems that remain unsolved, and things that don't work.

Then imagine potential solutions to those problems and challenges. Imagine how things could be. Imagine how the need can be fulfilled, the problem solved, or the challenge met.

Once you've imagined a new product, a new process, a new service, or other new concept, think about it again and again until you're sure it's a good idea. In doing so, consider what others would think about your idea. Consider whether or not they would see it as a genuine solution to a problem, or something they would need or want, or value, or embrace.

If you want to be successful, be honest with yourself. Reconsider your idea in the light of a new day and the comments of others. Weigh it again and again. You want it to be good. You want it to be real. You want it to make sense.

This process of turning the product of your imagination into a real product or solution is innovation. Think of innovation as the practical side of imagination. It's about how you actually work out the specifics of your imagined new product, service, process or idea.

If you have a really good idea, don't let it pass you by. Why not take the initiative? Nothing will happen unless you do.

At this point you may need to put together a detailed drawing, plan or other proof of concept. This is the time when you need to figure out how your new product can be made, or new service can be implemented, and what it will cost to actually bring it to market.

In doing so, don't assume that everything will go right. Rather, assume that what can go wrong, will go wrong. But don't give up easily on your vision. Instead, allow your convictions and passion to drive you to continue to work out the problems until you get it right.

Now that you've taken your idea this far, don't just sit there and let it die on the vine. Have the courage to take the initiative to move your innovation forward.

At this point you'll probably need to develop a business plan. That plan will have to deal with product or service development, marketing, distribution, financing and management, as well as the need to respond to competition and other inevitable challenges. If you don't have the skills or background to put this plan together, seek help, but don't give up.

With business plan in hand, it's time to seek the investment necessary to bring your entrepreneurial venture to life.

When seeking the investment to commercialize a venture, whether the investment comes from you or other third parties, the fundamental question is this: does the risk and financial return from the proposed venture justify the needed investment to move the plan forward? Does it make sense for you, or other potential investors, or your company or organization (if you're an internal entrepreneur), to invest the time, talent, financial and other resources necessary to bring your idea to market?

Imagination, innovation, initiative and investment...in very simple terms, this is how the entrepreneurial process works. This process, however, is not limited to people with university degrees in business. Rather, as proven by generations of entrepreneurs over the years, anyone can become one.

The ranks of entrepreneurs are made up of people from all occupations, backgrounds, and walks of life. The only common denominator between them is that they all dare to imagine solutions to the needs and wants and problems and challenges of our society and the constantly changing free market.

Whether it's a big picture issue like the development of alternative energy sources, or a local level issue like delivering health care and other personal services to aging baby boomers in your area, the challenges are out there to be solved by someone. Maybe someday that someone will be you.

Chapter 6 - Risk, Reward, Return and Responsibility...They Go Hand in Hand

Investors are entitled to a return on their investments that recognizes the risks that they take. At the same time, those who succeed and prosper must recognize their responsibilities to others. For our free enterprise system to work effectively, these two notions must go hand-in-hand.

In its most basic sense, risk is the chance or uncertainty of something happening other than what you expect. Return is the financial reward you receive in consideration for the risks that you have taken in making an investment.

Will consumers buy the product or idea? Can it even be developed or built? How will competitors respond? Can the product or service be delivered with quality at a reasonable cost? Can the necessary human resources (employees with required skills and talents), be found? Are the needed physical resources (buildings, equipment, raw materials, supplies) available? Can the required financial resources (personal investment, investor capital, or loans) be found? Can the seemingly unending list of governmental regulations be complied with? Are the legal liability risks acceptable so as to avoid a lawsuit?

An entrepreneur trying to develop his or her ideas into market opportunities has to deal with countless risks like these. That's why so many who try, fail. That's also why, if success is achieved, there may well be a large, even huge, financial payoff. The general rule is, the greater the risk assumed, the greater the payoff one should expect and strive for.

A person or enterprise that takes huge, unreasonable risks in pursuit of an insignificant return or unimportant matters is foolish. On the other hand, an entrepreneur, driven by passion and commitment to a great marketplace idea, who does their homework, and who succeeds despite the risks, is frequently rewarded with a large financial return. That's how wealth is created. That's also how jobs are created.

And, when one successful great idea builds on other great idea, that's when whole industries may be created. While that may not happen often,

when it does, as it has happened countless times in the past, jobs and prosperity are created.

Our economic system also rewards employees who work for others based on a whole series of factors: time and effort, acquired learning and skills, relevant experience, the burden of responsibility carried, as well as the willingness to innovate and take risks.

In the free market, pay and salary levels are determined by the supply and demand of these factors. If people who have the right qualifications for a given job are in short supply, salary levels for that job go up. If the opposite is true, then salary levels are lowered. That's why, as our society continually moves toward a knowledge-based economy, the amount of salary and total compensation paid to well trained and educated people has gone up, while the pay levels for basic labor and time on the job has declined. This fact of life points out the critical importance of education in our country, particularly in the basic math, reading, science and critical thinking skills that good jobs will increasingly require in the future.

Those who do succeed in our free market economy, particularly those who go on to assume leadership roles, have a moral and ethical responsibility to others.

Whether it's applying one's time, talent, and treasure to helping those in need, teaching or mentoring others on how to succeed, or making sure that one's company conducts itself legally and responsibly, those who achieve success, position, or wealth have responsibilities to those around them.

Risk and return, and reward and responsibility, are important factors necessary for the effective and harmonious functioning of our free enterprise economic system. Because all of us occasionally fall victim to our human weaknesses and frailties, we need to understand how these concepts go hand-in-hand, both to temper our greed, and prevent our envy from begrudging others their success.

Chapter 7 - How Our Country Compares to the Rest of the World

Only by comparison to the rest of the world can one fully appreciate the prosperity that our free enterprise economic system has brought to the United States.

To help put things into perspective, keep in mind that today there are nearly seven billion people in the world, with Americans making up only about 4.5% of the total world population.

According to the World Bank's (*Purchasing Power Parity Method*) comparative analysis of the 2009 Gross National Income of countries around the world, about 84% of the world's people live in low and middle income developing countries that have an average national income of about \$5,600 per person. The other 16% of the world's people (lead by the United States) live in the "high income, developed countries" that have an average national income per person of about \$36,200. Hence about 16% of the world's population enjoys about 56% of the entire world's income. (See Table 7-A for research data support.)

While compassion and generosity by the developed world toward the developing world would certainly be helpful in somewhat lessening the plague of extreme poverty in many countries, it would be false to believe that a simple redistribution of the world's wealth could remedy the plight of the developing world.

If all the wealth of the world could somehow be shared equally among all people, the average worldwide income would only be about \$10,600 per person. While this amount would certainly improve life in the developing world somewhat, it would hardly make it prosperous. At the same time, sharing the world's wealth equally among all people would reduce by 70% the current average per person income of the developed world. (See Table 7-A for research data supporting this information.)

Hence, the only real long-term solution to the poverty problems of the developing countries lies not in simply sharing the world's existing wealth, but in creating more wealth through economic growth for the benefit of the peoples of the developing world.

As the World Bank so clearly put it in its 2002 *World Development Indicators* report, "People rise from poverty when countries act on two pillars of development: 1) building a good investment climate in which private entrepreneurs will invest, generate jobs, and produce efficiently, and 2) empowering poor people and investing in them so that they can participate in economic growth." Thus, if the majority of the world's population is to eventually lift themselves out of poverty, they must embrace the same market-based, free enterprise economic principles that have brought prosperity to the American people.

In fact, driven by the growing prosperity of countries such as China and India, that appears to be beginning to happen.

The World Bank groups countries into three principal categories: High Income, Middle Income & Low Income Countries. In 1999, the World Bank reported that 40% of world's people lived in Low Income Countries where the people live in extreme poverty. Ten years later, in 2009, the percentage of people living in Low Income Countries with extreme poverty had dropped dramatically from 40% to 13%, as many of the countries previously classified as Low Income Countries had moved up into the ranks of Middle Income Countries.

While there remains a long way to go, especially in areas of the world such as Africa and parts of central and southern Asia, progress is beginning to be made. Nowhere is that more evident than in China where the annual growth rate of its economy has averaged over 10% over the last 20 years. Indeed, even during the recent recession, the Chinese economy grew by more than 9% in 2009 and more than 10% in 2010. Altogether, China's average annual growth rate over the last two decades has been 4-5 times the growth rate experience in the high income countries of the world.

Although the United States has been going through recessionary times, we should not lose sight of the great prosperity we enjoy relative to the rest of the world. The challenge of the future, however, is to continue to create enough new jobs to rebound from our recent recession and continue our economic success story. To achieve that goal requires a return to and a continuing emphasis on promoting a culture of entrepreneurship to create the new businesses and jobs of the future.

Reference Materials to Chapter 7 – How (Our Country Compares to the Rest of the World

TABLE 7-A

TOTAL WORLD POPULATION BY INCOME LEVEL AND PER CAPITA GROSS NATIONAL INCOME – 2009

Prepared on the “Purchasing Power Parity” Adjusted Method

Countries of the World	Population (In Millions)	Total Gross National Income (In Billions \$) (PPP Method)	Per Capita Gross National Income (In US \$) (PPP Method)
United States	307	\$14,011	\$45,640
Euro area	327	\$11,128	\$33,997
Other High Income	483	\$15,295	\$31,667
Total High Income Developed Countries	1,117 16%	\$40,434 56%	\$36,213
Middle Income	4,813	\$30,653	\$6,370
Low Income	846	\$ 1,032	\$1,032
Total, Developing Countries	5,659	\$31,685	\$5,599
Totals for World	6,775	\$71,774	\$10,594

Compiled from the World Bank 2011 *World Development Indicators*, Table 1.1

Key points from Table 7-A:

- Roughly one out of six people in the world (16%) live in countries classified by the World Bank as High Income Countries. They enjoy approximately 56% of the world’s total gross income. The per person Gross National Income of these High Income Countries is about \$36,000 per year.
- At the other extreme, about one out of eight people in the world (13%) live in countries classified as Low Income Countries where their people live in extreme poverty. The per person Gross National Income of these countries is only about \$1,000 per year, or less than 3% of the average income in High Income Countries.
- In-between the two extremes, 71% of the people in the world live in what the World Bank classifies as Middle Income Countries. The per person Gross National Income of these countries is only about \$6,400 per year, or about one sixth of that in High Income Countries..

TABLE 7-B

FIVE LARGEST ECONOMIES IN THE WORLD BASED ON THEIR GROSS NATIONAL INCOME – 2009

(In billions of dollars)

Prepared on the “Purchasing Power Parity” Adjusted Method

Country	Total Gross National Income (GNI) PPP Method	Total Country GNI Rank PPP Meth	Per Capita Gross National Income	Population (in millions)	Popula-tion. Rank
USA	\$14,011	1	\$45,640	307	3
China	\$9,170	2	\$6,890	1,331	1
Japan	\$4,265	3	\$33,440	128	10
India	\$3,786	4	\$3,280	1,155	2
Germany	\$3,017	5	\$36,850	82	16

Compiled from the World Bank 2011 *World Development Indicators*, Table 1.1

Key points from Table 7-B:

- In 2009 (the latest year for which information is available), three of the five largest economies in the world were in Asia and the Chinese economy was about two thirds the size of the US economy.
- Twenty five years earlier, in 1984, the five largest economies in the world were: 1) USA, 2) Japan, 3) Germany, 4) France, and 5) Italy. The Chinese and Indian economies were each only about one ninth the size of the US economy and only a little larger than that of the much smaller Canadian economy.
- In April 2011, the International Monetary Fund released their forecast predicting that China’s economy will surpass the US economy in size in 2016.

TABLE 7-C

WORLD BANK GROUPING OF COUNTRY POPULATIONS INTO INCOME CLASSIFICATIONS

COMPARING THE CHANGE BETWEEN 1999 & 2009

Category	People Living In These Countries In 1999 (In Millions)	1999 % of Total	People Living In These Countries In 2009 (In Millions)	2009 % of Total	Increase (Decrease) In People From 1999 To 2009 (In millions)
Low Income Countries	2,417	40%	846	13%	(1,571)
Middle Income Countries	2,665	45%	4,813	71%	2,148
High Income Countries	896	15%	1,116	16%	220
Total world	5,978	100%	6,775	100%	797

Compiled from the World Bank 2011 *World Development Indicators*. Table 1.1

Key points from Table 7-C:

- Although there is still a long way to go, some progress is being made in elevating the poorest countries out of their abject poverty. As the table indicates, during the ten years between 1999 and 2009, the number of people classified by the World Bank as living in a “Low Income Country” fell significantly from 40% to 13% as many countries previously classified as Low Income Countries moved up into the ranks of Middle Income Countries.
- As the standard of living continues to move up in the countries of the developing world, the overall size of the world economy will also continue to grow.

Reference Materials to Chapter 7 – How (Our Country Compares to the Rest of the World (Continued)

TABLE 7-D

**25 LARGEST COUNTRIES IN THE WORLD IN
TERMS OF POPULATION (IN 2009)**

**WORLD BANK CLASSIFICATION OF COUNTRIES
AS LOW, MIDDLE OR HIGH INCOME COUNTRIES**

BASED ON THEIR PER CAPITA GROSS NATIONAL
INCOME (GNI) IN 2009

(Based on World Bank's Purchasing Power Parity Calculation Method)

Country	Population (in millions)	Popu- lation Rank	PPP Gross National Income (GNI) Per Capita	Income Class of Country	Location Of Country
China	1,331	1	\$6,890	Middle	Asia
India	1,155	2	\$3,280	Middle	Asia
USA	307	3	\$45,640	High	N. America
Indonesia	230	4	\$3,720	Middle	Asia
Brazil	194	5	\$10,160	Middle	S. America
Pakistan	170	6	\$2,680	Middle	Asia
Bangladesh	162	7	\$1,550	Low	Asia
Nigeria	155	8	\$2,070	Middle	Africa
Russia	142	9	\$18,330	Middle	Eur/Asia
Japan	128	10	\$33,400	High	Asia
Mexico	107	11	\$14,020	Middle	N. America
Philippines	92	12	\$3,540	Middle	Asia
Vietnam	87	13	\$2,790	Middle	Asia
Egypt	83	14	\$5,680	Middle	Africa
Ethiopia	83	15	\$930	Low	Africa
Germany	82	16	\$36,850	High	Europe
Turkey	75	17	\$13,500	Middle	Asia/Eur
Iran	73	18	\$11,470	Middle	Asia
Thailand	68	19	\$7,640	Middle	Asia
Congo	66	20	\$300	Low	Africa
France	63	21	\$33,950	High	Europe
United Kingdom	62	22	\$35,860	High	Europe
Italy	60	23	\$31,870	High	Europe
Myanmar	50	24	n/a	Low	Asia
South Africa	49	25	\$10,050	Middle	Africa
Total of above	5,064				
% of World	75%				

Compiled from the World Bank's World Development Indicators 2011,
Table 1-1

Key points from Table 7-D:

- Indicative of how big the challenge is to raise the standard of living for the world's poor, only two of the ten largest population countries in the world are classified as High Income Countries (the USA and Japan) and only three of the twenty largest population countries is High Income (add Germany to the US and Japan).
- Every high school student should know something about these countries, including where they are geographically located and what level of prosperity or poverty is present in those countries.

Chapter 8 - The Challenge and Opportunity of the World Market

People all over the world aspire to enjoy the economic prosperity that they see in our country.

Once largely unaware of the American success story, in recent decades television, movies and the Internet have brought images of the United States to the developing world that were in stark contrast to their own living conditions.

For some, the response was to try to emigrate to the United States, legally or otherwise. In other cases, wealthy families and foreign governments alike sent their best and brightest students to universities in the United States where they learned about the American experience. Among other things, many of them learned about how our free enterprise economic system works and became inspired by the American entrepreneurial spirit.

Upon graduation, some of those students remained in the United States where their diversity of ideas, talents and experiences contribute to the vitality of our country. In many cases however, they returned home where they helped plant the seeds of market-based free enterprise economies in their own countries.

Having learned the best practices in business and engineering schools in the United States and other developed countries, many went home and became entrepreneurs. There they capitalized on the abundance of cheap labor in their own countries, together with the latest technologies and most productive equipment available and built successful companies that created jobs and increased prosperity for the people of their country. Those same companies also compete with us in the world market. Herein lies both our challenge and our opportunity for the future.

The challenge comes from the fact that, in recent years, some American businesses and industries either lacked the profits and/or the will or capacity to enable them to innovate and invest in more productive and efficient equipment and methods to remain competitive. (A good example of that would be the steel industry.) As a result, many of our industries have become less competitive in the world marketplace, which has resulted in many companies either shrinking in size or going out of business altogether and taking with them

the jobs of their employees. For some of our businesses and industries, there may yet be time to heed the wake up call to innovate, for others it may be too late.

The other side of the coin, however, is the growing opportunity that the burgeoning global economy presents for our country. This opportunity comes from the expanding size of the overall global market as the economies of previously undeveloped countries like China and India expand and bring increased prosperity to their people. In turn their people will want and need and buy more products and services from all over the world, including from the United States.

While the full measure of this opportunity won't come to fruition quickly, over the course of the next 10-20 years, today's students can expect to see and be part of a dramatically different and more robust global economy as the economies of countries like China, India, Brazil and others grow to eventually rival our economy in size. In that world of the future, which today's students will experience, people in other countries will not only sell their products to our country, but also will buy more US products and services in return. For that to happen however, the next American generation must recognize this opportunity and rise to the entrepreneurial challenge it presents.

While the transition discussed above won't happen overnight, it is already beginning to happen in a big way in China today.

In June 2010, I spent two weeks in China to see for myself what was happening. While I went prepared and expected to see great change from when I was in China fifteen years earlier, what I saw far exceeded my wildest expectations in almost every respect.

To understand what is happening in China I believe that one must look at it not as a single monolithic country of 1.3 billion people, but almost like three or four different "countries", with each "country" at different stages of development.

"Country" #1 includes the huge Eastern international cities like Shanghai (22 million) and Beijing (18 million), Tianjin and Guangzhou, the collective economy of which is probably almost already as large as that of France or Italy. This is the "country" of hundreds and hundreds of brand new high rise condo and office towers, six lane superhighways clogged with cars, and throngs of well dressed, increasingly prosperous consumers

whose standard of living is beginning to approach that of our country.

“Country” #2 includes the large interior big cities (5 million+) like Wuhan, Xi’an, Chongqing and Chengdu where the standard of living is probably 30-40% lower than “Country” #1, but continues to rise.

“Country” #3 includes the 100+ other Chinese cities with a population greater than a million people. Here the standard of living is probably another 30-40% lower than “Country” 2, but continuing to rise.

And finally, “Country” 4 includes the other 600-800 million rural farmers and Chinese peasants who continue to be poor, but hopeful that prosperity with eventually reach them.

Add all these up and you get today’s China, which is a country that in 2009 became the #1 producer and buyer of automobiles in the world, and in 2010 surpassed the United States as the world’s largest consumer of energy in the world.

Not too many years ago, China was a backward country of abject poverty. Today its economy is growing at an extremely rapid pace and China is becoming an economic powerhouse in the world.

With a population more than four times that of the United States, and with its economy growing many times faster than the economies of the currently developed world, it’s just a matter of time before the Chinese economy rivals ours in size and power. In fact, in April 2011, the International Monetary Fund shocked the world by forecasting that the Chinese economy will surpass the size of the American economy in 2016!

However, China is not alone in its economic development. Although not developing quite as fast as China, India, Brazil and other countries will also likely grow to be much more prosperous with much larger markets over the next 10-20 years.

Today, the 16% of the world’s population that is considered to be “high income” enjoys about 56% of the world’s income. Barring the unforeseeable consequences of wars and disasters, during their working careers, today’s students will likely experience a vastly larger world economy.

Many hundreds of millions of additional people will have higher incomes than they have today, and will be consuming the goods and services that

people from the United States and other developed countries will be developing, producing and selling to them.

While the opportunity presented by the expanding global economy, will likely be huge, the challenge and question for our country and its people is this: “Will the people of the United States rise to the entrepreneurial challenge of developing the products and services to meet the continually changing wants and needs of the billions of people in the growing world market?”

If we respond to that challenge, I believe that our economic system will continue to create jobs and prosperity for our citizens. If we don’t, over the long-term, we put at significant risk the economic prosperity that our country currently enjoys.

Reference Materials to Chapter 8 – The Challenge and Opportunity of the World Market (Continued)

Comment:

The following tables are intended to illustrate China's extraordinary growth.

TABLE 8-A

ILLUSTRATION OF THE GROWTH OF THE CHINESE ECONOMY BY REFERENCE TO THE NUMBER OF AUTOMOBILES MANUFACTURED IN THE UNITED STATES, JAPAN AND CHINA

Year	Cars Produced In USA	Cars Produced In Japan	Cars Produced In China
2003	12,115,000	10,286,000	4,444,000
2004	11,989,000	10,512,000	5,071,000
2005	11,947,000	10,800,000	5,708,000
2006	11,264,000	11,484,000	7,189,000
2007	10,781,000	11,596,000	8,882,000
2008	8,705,000	11,564,000	9,345,000
2009	5,712,000	7,935,000	13,791,000
2010	7,761,000	9,626,000	18,265,000

Source of Data:
Wikipedia article on the Automobile Industry

Key points from Table 8-A:

- Until 2005, the United States was the world leader in automobile production. In 2006, 2007, 2008, Japan assumed the role as world's leading auto producer.
- In 2009, China took over the world leader role with almost 14 million vehicles produced which was 42% more than in 2008.
- In 2010, China produced 18.3 million cars, which was 32% more than in 2009, and more than both Japan and the United States combined.
- What makes this all the more amazing is that the Chinese were not allowed to own private cars until 1994. In addition, it should be noted that the vast majority of Chinese manufactured cars are sold in China and are not exported.

TABLE 8-B

ILLUSTRATION OF THE GROWTH OF THE CHINESE ECONOMY BY REFERENCE TO THE AMOUNT OF ELECTRIC POWER CONSUMPTION IN THE UNITED STATES, JAPAN AND CHINA

Based on the number of Kilowatt hours of consumption.

Year	Thousands of kWh Consumed In USA	Thousands of kWh Consumed In Japan	Thousands of kWh Consumed In China
1994	3,277,277,000	900,042,000	866,470,000
1999	3,706,173,000	989,847,000	1,144,824,000
2004	3,920,250,000	1,028,569,000	2,055,900,000
2005	4,049,930,000	1,049,360,000	2,324,748,000
2006	4,052,974,000	1,054,364,000	2,675,653,000
2007	4,114,050,000	1,084,729,000	3,069,593,000
2008	4,155,920,000	1,030,701,000	3,252,279,000

Compiled from the World Bank's World Development Indicators 2011, Table 5.11

Key points from Table 8-B:

- Nothing tells you more about the size and strength of a nation's economy than the amount of energy it consumes.
- The USA has long been the largest consumer of energy by a wide measure. In 1994, it consumed more than 3 ½ times more electric energy than the Japanese economy which was the world second largest economy.
- Between 1994 and 2008 (the most recent year for which data is available), the USA's electrical usage grew by 27%. During the same time, Chinese usage grew by 275%. By 2008, China was using more than three times as much electrical energy as Japan and 78% of what the USA was using.
- On July 19, 2010, the *Wall Street Journal* reported, that for the first time in history, China had passed the USA and was now the world largest consumer of energy of all types in the world.

Reference Materials to Chapter 8 – The Challenge and Opportunity of the World Market (Continued)

About the World Bank:

Comment:

As much of the research data used in this publication comes from the World Bank's *World Development Indicators* report, here is some explanatory information about the World Bank.

It's the mission of the World Bank to fight poverty and improve living standards of people in the developing world. The World Bank is a development bank that provides loans, policy advice, technical assistance and knowledge sharing services to low and middle income countries to reduce poverty. It also gathers, compiles and annually publishes economic and other data that compare the countries of the world in a report titled *World Development Indicators*.

When the World Bank reports on economic data, it reports the Gross National Income by country in two ways: 1) By applying monetary exchange rates (which they call the "Atlas Method", and, 2) on a "Purchasing Power Parity" adjusted method that adjusts for the relative purchasing power and economic standard of living from country to country. As the World Bank explained in its 2009 World Development Indicators report (pg 17), "Because exchange rates do not always reflect differences in price levels between countries, (Gross National Income is also converted) into International dollars using purchasing power parity (PPP) rates. PPP rates provide a standard measure allowing comparison of real levels of expenditure between countries. They are calculated by simultaneously comparing the prices of similar goods and services among a large number of countries..."

While comparative data among countries prepared on both the *Atlas* exchange rate method and the Purchasing Power Parity (PPP) method both have value and meaning, we have chosen to use the World Bank's Purchasing Power Parity method in our analyses when comparing the economic size and wealth of countries.

Note: Those who wish to may obtain a copy of the World Bank's most recent publication, *World Development Indicators (WDI) 2011* for \$75 at www.worldbank.org (Click on the "Publications" tab to locate the publication. The WDI provides a comprehensive overview of development drawing on data from the World Bank and more than 30 partners.

Chapter 9 - Continuing the American Success Story...the Challenge of the Next Generation

Breadbox-sized radios with vacuum tubes, little hand-held Japanese transistor radios, 45 and 33 rpm records, eight-track tapes, cassettes, CD's, DVD's, MP3 players, iPods...what do they all have in common?

For one, they're all different means of playing and listening to music. They're also different technologies that have come, and in many cases gone, from the marketplace in the last fifty years.

Regardless what product or service one can think of, the amount of change that it has seen over the last generation is extraordinary. And for all those people who were in one way or another involved with producing, marketing or distributing those products or services that have since disappeared from the marketplace, their lives experienced turmoil and change as their employers closed or down-sized, and jobs were lost.

And yet, the amount of change experienced over the last generation will pale in comparison with an even greater amount of change today's high school students will experience over their lifetimes. Whether as a result of technological change, the expansion of the global economy, or simply the changing tastes and wants and needs of the people of the world, the amount of change that one can expect to see over the next 30-40 years will be staggering.

All over the world, people are looking at the economic prosperity that our country and its people enjoy, and are trying to replicate that success in their own lives and own countries,

Whether one is a factory worker in China, a software programmer in India, or entrepreneur in the USA, the common denominator among peoples around the world is a very human one...to build a better life for themselves and their families.

And so, as one popular television commercial once proclaimed, "Life comes at you fast!" If you're a student today, are you prepared for the changes that you'll experience during your lifetime?

Unlike previous generations of Americans who hoped to get a good job and keep it until they retired, those entering the work force today, may, by various accounts, hold 10-20 different jobs and potentially have 3-4 totally different careers during their lifetimes..

Indeed, Carl J. Schramm, President of the Ewing Marion Kauffman Foundation, the world's leading foundation for entrepreneurship, has noted in his speeches the prediction that more than seventy-five percent of the students on today's college campuses will start their own business sometime during their lifetime. While the thought of becoming an entrepreneur may never have entered your mind before, you may well find yourself becoming one in the future.

In any case, by understanding what it takes to become an entrepreneur, one will be more prepared to understand and deal with the changes of the future.

Ensuring our personal and national prosperity and jobs for the future will only occur if we cultivate the entrepreneurial spirit within us. For that to happen we must learn more about how our economic system works, put into practice what we've learned, and have confidence in the future.

While our economic system is far from perfect and occasionally encounters abuse at the hands of the imperfect human beings that participate in it, proof of its success over time is the unparalleled prosperity that it has brought to our country over generations, as compared to the rest of the world.

Arguably the biggest single issue facing our country today is the continuing creation of jobs in the face of a rapidly growing global economy. Without jobs and prosperity, our nation will face inadequate capital for reinvestment and future jobs creation, budget deficits, inadequate resources for social welfare programs, and a general decline in our collective standard of living.

Continuing our country's economic prosperity and ability to create jobs for its people will not occur as a result of endless political debate and the search for quick fixes. Long-term, that will only occur by our citizens understanding how our American free enterprise system works, and returning to a culture of entrepreneurship that is needed to power it. There really is no other option.

How the American Free Enterprise System Creates Jobs and Prosperity

Key points of learning in summary:

The American people have enjoyed a high level of prosperity for so long that many have begun to take that prosperity for granted. This is especially true for those Americans who have never traveled beyond the popular foreign holiday resorts and vacation centers of North America and Europe and have not seen how the majority of the world's population lives.

Unfortunately, many, if not most Americans, do not understand how our economy works. Additionally, even fewer seem to understand that without constant innovation and proactive risk taking in pursuit of new business opportunities, existing businesses may not survive and needed new businesses, industries and jobs will not be created, and our American prosperity will wane.

Entrepreneurship is the catalyst that drives our American free enterprise economy. It embraces individuals from all walks of life and all types of organizations who challenge the status quo in pursuit of solutions to problems and to meet the changing wants and needs of our society.

Imagination, innovation, initiative and investment (the four I's)...in very simple terms, is how the entrepreneurial process works. Knowing that process, coupled with an understanding of the concepts of risk, reward, return and responsibility (the four R's) and how they interrelate are important if one wants to succeed as an entrepreneur.

While challenging the status quo and understanding the four I's and four R's are important, there is no animating quality that defines an entrepreneur more than persistence. Successful entrepreneurs never give up. They learn from their mistakes, and simply will not be denied in the pursuit of their dreams.

Whether as a result of technological change, global competition, or simply the changing tastes and wants and needs of nearly seven billion people, today's high school students can expect to see dramatic change in virtually every aspect of their lives during the course of their lifetimes.

While today the US has the largest economy in the world, it is likely that during their working careers, today's students will find that the economy of China, and possibly India, will be larger than that of the US. The opportunities and challenges that a growing world economy will present for their generation will be profound.

In this era of globalization, it is imperative that Americans know and understand the rest of the world, and the role that our country and others play in it. Without that understanding, our country risks missing out on the opportunity to continue to grow its prosperity in concert with the growing prosperity of the rest of the world.

If the people of the United States are to continue to enjoy the high standard of living that they do, they must return to and promote a culture of entrepreneurship such as built the prosperity of our country over the last 150+ years.

Key points of learning from Chapter 1:

1. Our free enterprise economic system has created jobs and prosperity for generations of Americans despite the many challenges and societal changes that it has faced.
2. Past generations of inventors and entrepreneurs created whole industries that brought jobs, opportunity and prosperity to our ancestors.
3. Few other countries in the world enjoy a standard of living that rivals that of the United States.

Key points of learning from Chapter 2:

1. Every day, Americans and the other peoples in the world make countless choices about what they want to do, what they want to buy and how they want to live. It is their collective choices that make up the free market.
2. Because over time peoples' choices continually change, our economic system is always in a constant state of change with some jobs and industries being destroyed while other new ones are created.
3. Today, American business and American workers all compete in a global, highly competitive world market.
4. It's the private sector, especially small business establishments (employing less 500 people) where most jobs are created. The government has less to say than many think about what businesses and jobs are lost, and what new jobs are created. That power rests both with the individual consumers around the world who collectively make free market choices about what they want and need and value, and private sector entrepreneurs who respond to the changing wants and needs of society by creating products and services and businesses and jobs to meet those needs and wants.

Key points of learning from Chapter 3:

1. Without capital investment, businesses can't develop and create jobs; and, without profits, a business can't grow and prosper, will eventually fail, and jobs will be lost.
2. Profits are the means by which businesses invest in their continued growth, invest in maintaining their competitive advantage, pay their shareholders, and weather the inevitable bad years.

3. While government policies and regulations have a major impact on business formation and potential success, the great majority of new business investment and development comes from the private sector, not from government.

4. While some think that corporate profits are generally too high, the reality is that, on average, about two-thirds of all corporate profits are either paid out to the government for taxes or to shareholders in dividends. On average, this leaves a relatively small amount for reinvestment in the business both to keep the business healthy and to give it an opportunity to grow.

Key points of learning from Chapter 4:

1. Entrepreneurship is the catalyst that drives the American free enterprise system.
2. Risk taking and challenging the status quo are at the heart of entrepreneurship and are qualities that have been embraced by generations of Americans.
3. Almost anyone can become an entrepreneur. What it takes is having a good idea coupled with the persistence and passion to overcome the inevitable challenges and obstacles to success.

Key points of learning from Chapter 5:

1. The entrepreneurial process begins with imagination. Someone must first put their imagination to work to come up with a response to a need that isn't being met, a solution to a problem that remains unresolved, or a fix to something that doesn't work..
2. Innovation is the practical side of imagination. It's the process of turning the product of an entrepreneur's imagination into a real product or solution.
3. No matter how good an idea is, nothing happens until and unless someone takes the initiative to bring an idea to fruition.
4. An investment of time, talent and/or money must be made by someone if an entrepreneurial venture can be brought to life.

Key points of learning from Chapter 6:

1. Risk is the chance or uncertainty of something happening other than what one expects.
2. Risk and reward are related concepts. Generally, the greater the risk assumed, the greater the reward that should be expected in return.
3. Our economic system rewards employees who work for others based on a number of factors including, effort, skills, experience, the burden of responsibility carried, as well as the willingness to innovate and take risks.
4. Those who succeed in our free market economy have a moral and ethical responsibility to others.

Key points of learning from Chapter 7:

1. Led by the United States, roughly 16% of the world's population live in high income developed

countries and enjoy roughly 56% of the entire world's wealth. The other 84% of the world's population live in low and middle income countries and only enjoy about 44% of the world's wealth.

2. While it might be helpful if the developed world were more compassionate and generous to the underdeveloped world, redistribution of the world's wealth from the rich to the poor countries would only make the rich countries poor, which is not the answer.

3. If the majority of the world's population is to lift themselves out of poverty, they must embrace the same market-based free enterprise economic principles as has brought prosperity to the USA and the other high income countries of the world.

4. Led by China, India and other countries, which are growing rapidly, this is beginning to happen. This has made the world a little less poor than it was a decade ago and is a sign that things are going in the right direction.

Key points of learning from Chapter 8:

1. People all over the world aspire to enjoy a much higher level of prosperity like they see (through the media and the Internet) in the United States.
2. Entrepreneurs in other parts of the world are using what they've learned to create businesses and jobs in their countries. While these businesses may increase the prosperity of their countries, they often out-compete and present a challenge for American companies and their employees.
3. While the expanding global economy presents challenges to our country, it will also present great opportunities in the future as the expanding prosperity of developing countries increases the overall size of the marketplace for goods and services from all countries.
4. Countries such as China are already expanding rapidly and will eventually have economies that rival that of the United States. If our country is to successfully respond to the great opportunity the growing world economy presents, a new generation of American entrepreneurs must develop the products and services the world will need and want in the future.

Key points of learning from Chapter 9:

1. The amount of change that today's high school students will see during their lifetimes will be staggering. That change will likely cause them to have many different jobs and careers.
2. Understanding what it takes to be an entrepreneur will help today's students be more prepared to understand and deal with the changes of the future.
3. Ensuring our country's future prosperity requires us to return to the culture of entrepreneurship that originally built the prosperity of our county.



ARE YOU READY FOR THE FUTURE? - A new video every American should see

Are you ready for the future? Are our students? Is our nation? Is America ready for a world where we are not the preeminent economic superpower? Much has been said about 21st Century skills, this video makes it clear why we need to be focused on those skills. Changes in technology, information, and communication will continue to reshape our world. America's schools need to prepare their students to succeed in that world. Please take a few minutes to view "Are You Ready for the Future?" a new video produced by Entrepreneurial Engagement Ohio.

The video can be found on YouTube, at the Entrepreneurial Engagement Ohio website, on TeacherTube and through a Google search:

YouTube:

<https://www.youtube.com/watch?v=yv0nrHWjLNc>

(Use the following words to search on YouTube: *Are you ready, education, China*)

Entrepreneurial Engagement Ohio Website:

www.EEOhio.org

Google search:

(Use the following words to search on Google: *Are you ready, education, China*)

TeacherTube:

http://www.teachertube.com/viewVideo.php?video_id=247933&title=Are You Ready&ref=Eeohio

(Use the following words to search on TeacherTube: *Are you ready, education, China*)

The video was first shown at the Fall 2011 Northeast Ohio Science & Technology Forum at Hudson (Ohio) High School. Since then, many thousands of students, teachers, parents and others have seen it on a limited distribution basis. Now the video is available for all to see.

Please take a few minutes to view the video. Then please help us spread the word about it. In our view, every middle school, high school and university student, every teacher and educator, every parent, every business person, and every government official should see this video.

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