

# FROM THE GROUND UP

**T**he intrepid entrepreneur striking out on his own has always been an essential part of America's image of itself. Pulling himself up by his bootstraps—or setting up her e-business on a laptop in a coffee shop—the self-made individual is the engine that drives the American economy.

This is even truer in times of economic crisis. According to one study, more than half of Fortune 500 companies were founded during a recession or bear market. Moreover, new firms tend to be where new jobs come from. On average, one-year-old companies add nearly three million new jobs in their first year, while existing firms lose one million jobs per year.

Washington has started to pay attention. The Obama Administration has pushed forward some major changes aimed at boosting entrepreneurs, from low-interest loans to tax breaks for startup companies to training for veterans

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who want to start businesses. Policy-makers continue to focus on measures that would encourage the growth of entrepreneurs.

But there is much more that can be—that *needs* to be—done. The United States faces not just the challenge of digging itself out of a very deep hole. We also have to contend with economies that are catching up to our lead. All over the world—China, India, Brazil, and elsewhere—entrepreneurs are springing up. We might think of entrepreneurial vitality as an especially American trait, but it is a trait we are starting to see in others too. Faced with tougher competition, we need to replenish our supply of ideas, lest we lose our status as the world’s great seedbed for entrepreneurs.

Progressives have an important role to play in this mission. Government has been an important partner to entrepreneurs over the course of American history. From the railroads to DARPA’s invention of the Internet, government has been vital in opening up new opportunities for self-made Americans. But government restraint has also been crucial to entrepreneurial booms of past years. Striking that right balance, between a helpful public sector and an unobtrusive one, will be essential to the future of the American entrepreneur.

This symposium, assembled with the generous support of the Ewing Marion Kauffman Foundation, seeks to advance a progressive agenda for entrepreneurship. We have brought together some of the finest minds on the economy, entrepreneurship, and public policy to discuss cutting-edge ideas on how to promote a progressive vision of entrepreneurship.

Leading off the symposium is William Galston of the Brookings Institution and *Democracy’s* editorial committee. Galston jumps into the ongoing conversation between progressives and entrepreneurship advocates, laying out the issues that separate the two sides—but also the commonalities on which a productive and enduring relationship can be built.

Next is a piece on immigration reform by Vivek Wadhwa. One of our leading thinkers on immigration and innovation, Wadhwa warns that immigrant students and young entrepreneurs are increasingly deciding not to stay in the United States but to pursue their dreams back home. He argues for the central importance of immigrants to American entrepreneurship, and calls for bold reforms in our immigration policy to ensure that the world’s best minds will continue to want to plant roots here in America.

When we think of entrepreneurship and innovation, we think of clusters: Silicon Valley, Route 128, the Research Triangle. Maryann Feldman of the University of North Carolina at Chapel Hill looks at the conditions under which clusters grow, and what government can—and can’t—do to encourage them.

On minority entrepreneurship, we have enlisted Thomas “Danny” Boston,

economist from Georgia Tech. Boston argues that minority-owned businesses should be an integral part of any plan for economic resurgence, and suggests some ideas on how we can cultivate them.

Finally, Amy Rosen, the president and CEO of Network for Teaching Entrepreneurship, examines the education sector and asks what we might do to instill the entrepreneurial spirit in young Americans. We think she has some terrific ideas on education and curriculum reform.

Progressives have a proud history of promoting entrepreneurship, from facing down big corporations that seek to stifle competition to providing the public tools necessary to encourage the strivers who power our economy. As the economy enters uncharted waters, a progressive vision for entrepreneurship is essential if we are to steer America in the right direction. We hope this symposium offers a good starting point for the conversations that we need to have to achieve that vision.

## **Progressive Entrepreneurship: A Work in Progress**

*William Galston*

**A** few years ago, the noted economist Benjamin Friedman laid out the moral case for a progressive commitment to robust economic growth. Growth, he argued, increases opportunity and mobility, makes fairness more likely, and strengthens support for tolerance and democracy. At the same time, he offered two caveats. First, to achieve these results, growth must be widely shared. If those at the top commandeer its fruits, opportunity and mobility will stagnate, and social tensions will rise. Second, if the right kind of growth is valuable in part because it provides public goods, then a basic tenet of public-choice theory holds that the market by itself will undersupply those goods. The right kind of collective action can improve on pure market outcomes.

Friedman might well have added a third caveat: Growth in output loses much of its luster if it doesn't increase the supply of good jobs. Between its pre-recession peak in 2000 and the next cyclical peak in 2007, for example, real manufacturing value-added increased by more than 20 percent—while manufacturing employment declined by 19 percent, from 17.3 million to 13.9 million. Standard economic

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