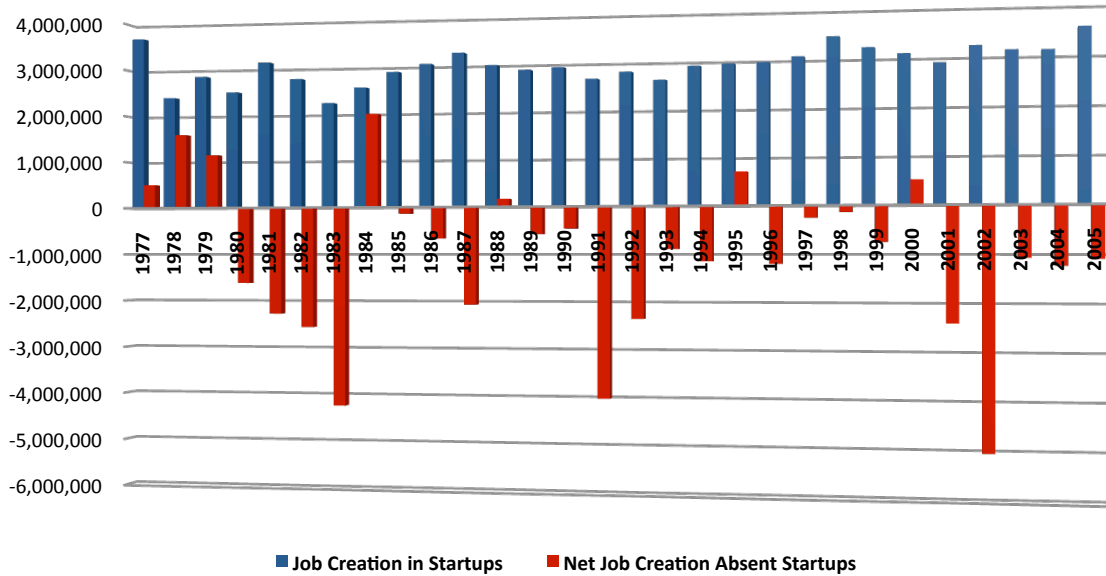


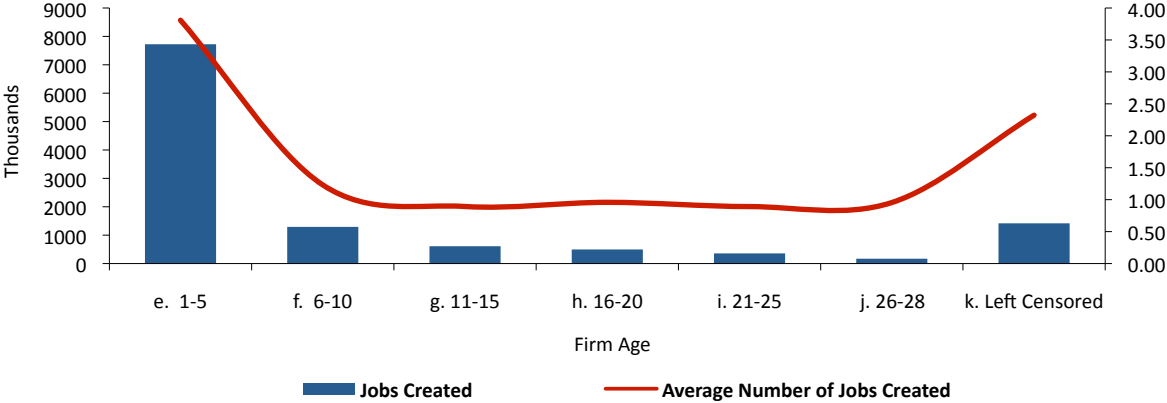
## ENTREPRENEURS ARE KEY TO JOB CREATION

### No Startups, No Job Creation



**THE FACTS:**  
 Since 1980, nearly all net job creation in the U.S. economy has come from firms less than five years old. In most years, without new and young companies, net job creation for the overall economy would be negative. In 2007, two-thirds of new jobs came from firms one to five years old.

### Young Firms Account for the Most Jobs and the Highest Average Number of Jobs Created



## OTHER KEY DATA

- Immigrants have been especially important: from 1995 to 2006, immigrant-founded technology companies accounted for one-quarter of all such companies in the U.S.
  - The jobs created come from these companies—0.3% of all companies founded during this period—accounted for nearly 10% of net job creation in this period.
- Good things can and do emerge from recessions.
  - Companies still start, companies still hire.
  - Half of the *Fortune* 500 originated during a recession or bear market
- However, recent OECD data indicate that firm formation in U.S. has fallen since 2005
  - This would help explain lackluster job creation in last expansion.

## WHAT CAN BE DONE TO BOOST JOB CREATION?

### 1. Founder's Visa

- a. Grant a visa to immigrants who found new companies.
- b. An easy way to do this is simply to amend the existing EB-5 visa (immigrant investors) to allow in immigrants who raise a certain amount of money for new companies.
  - i. A variant includes limiting the original grant of the visa (2-3 years, say), but eventually making it permanent once the business reaches a certain threshold—employment, for example.

### 2. Payroll Tax Holiday

- a. Exempt new and young companies (cut it off at age 5) from payroll taxes
  - i. This would help strengthen incentives for hiring.
  - ii. The age limitation would help limit the impact on the deficit.
- b. A variant of this is to grant all companies a payroll tax holiday (including new and young firms—we would need a certain restriction to actual/unique new firms) for new hires.
  - i. The catch would be that that new hires must be from the pool of unemployed workers, which would soften impact on deficit.

### 3. Tax and Regulatory Certainty

- a. A primary complaint of businesses is the uncertainty over the future of taxes and regulations.
- b. At recent conferences, entrepreneurs have complained that new regulations intended to achieve one objective often have unforeseen and harmful consequences for them.

#### **4. Entrepreneur Fellowships**

- a. The federal government should consider creating a new program of fellowship for postdoctoral researchers specifically aimed at commercializing their research.
- b. The U.S. has 42,000 postdoctoral researchers, many of whom are languishing in a kind of academic purgatory.
- c. Many of these postdocs have potentially breakthrough ideas but little prospect of pursuing them.

#### **5. Sarbanes-Oxley Exemptions**

- a. Allow shareholders to vote on whether a company ought to comply with all Sarbox terms, particularly Section 404.
- b. This could apply to companies of a certain age or size.
- c. The idea would be to allow firms to go to IPO more quickly, which would help finance growth firms rather than pushing them to be acquired by larger companies.