

United States Senate

September 13, 2012

Senator Mary L. Landrieu
Chairwoman
U.S. Senate Committee on Small Business and Entrepreneurship
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

Dear Chairwoman Landrieu:

The story of America is a story of entrepreneurs. From Thomas Edison to Steve Jobs, forward-looking men and women with good ideas have taken risks and worked hard to achieve their dreams. In the process, these entrepreneurs have created jobs for their fellow Americans and built our nation's economy.

Data from the Kauffman Foundation show that between 1980 and 2005, nearly all of the net new jobs created in the United States were created by companies less than five years old. In fact, new businesses create about 3 million jobs each year.

Yet, the state of entrepreneurship in America is not as strong and vibrant as history would suggest. In 2010, there were approximately 394,000 new businesses started in the United States. This is the lowest number of new businesses started since 1977. While these new businesses created more than 2.3 million jobs, that number is well below the historical average and represents the third fewest number of jobs created by new businesses in more than 30 years.

At the same time, the United States has dropped nine places in international rankings of startup friendliness in just four years, according to the World Bank. Once in the top five, the United States was ranked 13th in 2011. This drop in startup friendliness coincides with efforts in many countries to change laws and policies to better support entrepreneurs. Since the beginning of this Congress in January 2011, at least seven countries have implemented new policies to better support entrepreneurs.

Chile is one of the countries aggressively competing with America to lure and support entrepreneurs. A government initiative there called Start-Up Chile aims to turn Chile into the innovation and entrepreneurship hub of Latin America. Entrepreneurs from Chile and around the world who are selected to participate in the program receive up to \$40,000 and free office space, among other perks. While we do not endorse a similar role for the federal government in the

United States, Start-Up Chile demonstrates the lengths to which other countries are going to create an environment that fosters entrepreneurship. Their efforts are proving attractive: 20 percent of the entrepreneurs selected in July to participate in the fourth round of Start-Up Chile came from the United States.

Thankfully, there are steps we can take to reverse these trends and once again make the United States the best place in the world to start and grow a business. President Obama's Council on Jobs and Competitiveness issued a series of recommendations in 2011 to encourage entrepreneurship and we have sponsored bipartisan legislation called Startup Act 2.0 that builds on the Jobs Council's recommendations and other research to jump-start the economy through the creation and growth of new businesses.

As members of the Senate Committee on Small Business and Entrepreneurship, we respectfully request you hold a hearing before the end of the year that examines the state of entrepreneurship in America and explores steps Congress can take to better support the men and women who are responsible for creating most of the new jobs for Americans.

Sincerely,


Jerry Moran
United States Senator


Scott Brown
United States Senator


Marco Rubio
United States Senator

CC: Senator Olympia Snowe, Ranking Member, U.S Senate Committee on Small Business and Entrepreneurship