

How and Why of Promoting Entrepreneurship Abroad
Hoover Institution
Stanford University

George Schultz: Change, Innovation, and Immigration in the American Ethos

Richard Boly: Now it's my great and tremendous honor to introduce George Shultz. You all know he was Secretary of State, Secretary of the Treasury, head of OMB, also the CEO of Bechtel, and one of the Chicago boys. If you take any twenty year section of George Shultz' life, it would be a dream career for any one of us. However, the amazing thing I've seen having had the opportunity to spend some time with Mr. Shultz is that he's not slowing down at all. He is doing as much and as important work as anyone in this room and it gives me great honor to introduce a great American, George Shultz.

George Shultz: Thank you Richard. You can get an idea of what kind of meeting it is going to be by just standing around outside and feeling the excitement and electricity and you mention the people from different countries, and you go around and see them, it is terrific so I thank you Richard for organizing this, and I feel a little sense of pride because I am a State Department alumnus and here is a Foreign Service officer putting this together, it is terrific. It shows you what the Foreign Service can do. They are a terrific group and we have to support them wholeheartedly. I want to thank you also for what you did in Italy. And Ambassador Spogli is here somewhere. Where are you ambassador? There he is. And that was a pretty good team, and you managed to accomplish something in Italy and we are going to learn about that here and see what lessons we can get from all of that so we have a lot we can work with. It is all about change in a way. And it is interesting to see how huge change is and sometimes how the failure to change hurts us.

For example, the national accounts by which we and now lots of other countries keep track of how their economies are doing were created in the late 1920's by some brilliant economists at the National Bureau of Economic Research, and it is still the same accounts and the economy today bears practically no resemblance to what it did then. So what happens? They take the same cubby holes that were created and old things drop out and new things come along and they try to figure out where to put the new thing in the cubby hole and when they can't even stretch to find something, they call it a service. So that is the reason why we call ourselves a service economy. And it is about time we took another look at the national accounts and started over and described our economy better. We'd understand it better if we did, but I only use it as one example of how easy it is to get out of date, particularly given the pervasiveness of change in our economy.

There are about five to six hundred thousand businesses created each year in the United States and also ended. Fortunately, for us the creations outnumber the ends, usually, but it shows the gigantic amount of turnover and effort that goes into creating new things. And we see how this change applies to big companies, too. If you say how many companies in the Fortune 500 in 1970 are still around as those companies today, not too many. So there is a pervasiveness of change, and one measure in the United States is that venture capital efforts as a proportion of

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GDP is far higher in the United States than anywhere else. It shows how built in the notion of change is.

One person who I respect as much as anybody I've ever had anything to do with is [Lee Kuan Yew](#), the man who really created Singapore. He is still there and still working away. But a few years ago he was here and Singapore was in the process of creating some sort of venture capital fund and he came around and I told him "Lee Kuan, why are you doing that? Singapore seems to flourish pretty well." And he said "There is something going on here, and we don't fully understand it, and I think we have to loosen up a bit, and maybe the best way to understand it is to part of it, see how you people in America do it." And I said well, what you are going to find is it really isn't the U.S. here, there are people here from everywhere, practically every country there is somebody here, and all it takes is to be smart and willing to work twenty-four hours, seven days a week forever and you're riding home here and it could happen anywhere." And he said "No, it couldn't happen anywhere, it happens in the United States, you have this tradition of people coming."

We don't have it as much as we did. I hope we go back to having a really open society. But I thought it was an interesting remark, and I remembered it when Richard first came around, when Richard and his fellows from the armed forces, each year we have a new group, came around and told me what he was doing what he had done in Italy, and I said, "Well, gee, that is really interesting, it's innovative, you're not only innovative in the sense of things that are maybe taking place in Italy, but innovative in creating this idea that might be useful, and something that could happen in our embassies all over the world, would be bringing something good to other countries, it would be good for us in the process." So I think this conference and the effort to see how the spirit of entrepreneurship can work, how it can adapt itself to different cultures, different times, and be something not only profitable for the individuals concerned but exciting and fun and interesting and stimulating to the a place where you are able to bringing it about. So this is the spirit of this conference and I look forward to a very exciting day. Thank you.

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