

OHIO ASSOCIATION OF
ECONOMISTS AND
POLITICAL SCIENTISTS

NEWSLETTER
September 2005

Thomas Sutton, PRES., Baldwin-Wallace College
Henry Rennie, VP, Heidelberg College

Jared Farley, EDITOR, Miami University

Announcing:

OHIO ASSOCIATION OF ECONOMISTS AND POLITICAL SCIENTISTS

65th ANNUAL MEETING

October 21-22, 2005

Holiday Inn City Center

175 E. Town Street

Columbus, Ohio

(614) 221-3281

Early hotel registration rate (before Oct.1): \$89/night, + \$10/night
parking

Highlights of this year's conference:

6:00 p.m. – 9:00 p.m.: Friday evening reception and legislative panel on
this fall's Ohio ballot initiatives, including redistricting reform
9:00 a.m. – 12:00 p.m.: Saturday morning conference sessions,
including panels on using classroom simulations, student papers,
economics and political science panels, and public sector
entrepreneurship

Advanced registration available online at the OAEPS website
<http://www.cwru.edu/orgs/oaeps> (\$5 discount on registration fee); on-site
registration available Friday evening and Saturday during the conference
at the Holiday Inn City Center.

Conference registration is \$15 (\$25 for nonmembers); lunch is \$15;
OAEPS membership dues \$20 (\$5 for students)

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OAEPS web page:

<http://www.cwru.edu/orgs/oaeps>

OAEPS Mission Statement

The OAEPS has a proud tradition as the leading scholarly association for social scientists in Ohio. Since 1940, the OAEPS has been devoted to the understanding and dissemination of knowledge and to the facilitation of dialogue regarding economic and political concepts and events. The OAEPS sponsors an annual conference and publishes the *Journal of Economics and Politics*. We encourage papers and panel proposals on all aspects of economics and politics for this year's conference. Winners of the student paper awards will receive a small honorarium, and their paper will be considered for publication in the *Journal of Economics and Politics*.

LETTER FROM THE PRESIDENT

The OAEPS has been very active since the spring, planning its 65th annual conference and meeting, continuing work on its new website, and preparing new issues of the *Journal of Economics and Politics*. The 65th annual OAEPS conference and meeting will be held on October 21st-22nd, 2005 at the Holiday Inn City

Center in downtown Columbus. This year's conference features a Friday evening reception beginning at 6:00 p.m., followed by a panel discussion of several of the referenda initiatives that will be appearing on the Ohio ballot on November 8th. The panel will consist of activists and legislators discussing the pros and cons of the referenda, which include amendments to the Ohio Constitution to reform the redistricting process, campaign finance reform, and measures that would establish a higher minimum wage and easier access to health care. The Saturday morning panels feature several interesting papers in economics and political science, including a teaching workshop, a panel on entrepreneurship, and a new feature, a poster session that will be open throughout the morning. Special thanks to the Center for Regional Development at Bowling Green State University and the Center for Urban Studies at the University of Toledo for each contributing \$250 towards the cost of the conference, and to Mike Carroll and Neil Reid for making these arrangements.

Please consider attending the OAEPS annual meeting. Early registration is only \$10, plus \$15 for the lunch and \$20 to renew your membership in the OAEPS. You can register online at our website, <http://www.case.edu/orgs/oaeps/>. Onsite registration will also be available at the annual meeting. We were also able to secure rooms at the Holiday Inn City Center for \$89/night, plus \$10 for parking (please reserve by October 1st). The hotel is located at 175 East Town Street in Columbus, and can be reached by calling 614-221-3281.

A new issue of the *Journal of Economics and Politics* will be available on the OAEPS website by late October. A hard copy of the *JEP* will be published in Spring 2006. Dr. Henry Rennie, Editor-in-Chief of the *JEP* has secured a \$1700 grant from Heidelberg College to underwrite a special issue of the *JEP* that will focus on the topic of entrepreneurship. See Dr. Rennie's article in this issue, and please consider submitting an article for this special edition. The OAEPS is very grateful to Heidelberg College for their support of this effort.

Our thanks to Dr. Andrew Lucker for his work on the OAEPS website, now housed on the server at Case Western Reserve University. Current website projects including securing a new and simpler domain name for the website, continuing to add past issues of the *JEP*, and improving the usability of the site as a resource for our members, colleagues, and students. Please send suggestions for website improvements to us!

Deepest thanks to the members of the OAEPS Executive Board, who have been very active and diligent in their work on plans for this year's annual meeting and other issues of importance to the organization. Thanks especially to Dr. Henry Rennie, who as Vice President is the organizer of this year's meeting, and has also been very busy in his role as editor-in-chief of the *JEP*.

We look forward to seeing you on October 21-22 at the next OAEPS annual meeting!

Former student says OAEPS made a difference in his career

When OAEPS president Tom Sutton attended the second annual American Political Science Association "Teaching and Learning" conference last February, he had little idea he would bump into a former member of the OAEPS. While traveling to a conference reception, Tom began talking with Dr. David J. Webber, an associate professor of political science at the University of Missouri at Columbia. Tom mentioned working with OAEPS, and Dr. Webber told the story of having presented a paper as an undergraduate economics major at an OAEPS conference in the early 1970s. David explained that the conference had a big influence on his decision to attend graduate school and become a scholar. He enjoyed the experience and believed he had found focus for his future. Similar stories are often told by students who have attended OAEPS conferences. Please urge your students to consider attending the OAEPS conference this year!

Bowling Green State University's Department of Economics Announces The Annual Undergraduate Research Contest and Conference

On April 8, 2006, the Economics Department at BGSU will be holding its Undergraduate Research Contest and Conference. We are asking that students submit papers by March 4, 2006. Papers will be reviewed by faculty at BGSU and other institutions. Those selected to present papers will be notified no later than March 25, 2006, and presentations will be made on April 8. Lunch will be provided for the presenters and guests. We welcome papers on any topic related to economics.

Formal information about the application process will be available in about a month. The information will be located on the web site of the Economics Department. If you are assigning a paper this semester, please recommend this contest to your students. Cash awards of \$150 for first, \$100 for second, and \$50 for third places (awards offered for both micro and macro papers) will be presented on April 8. We look forward to your student's submissions. If you have questions, please contact John Hoag at jhoag@cba.bgsu.edu.

SUBMISSIONS FOR THE *JOURNAL OF ECONOMICS AND POLITICS (JEP)*

The Ohio Association of Economists and Political Scientists publish the *Journal of Economics and Politics*. The *JEP* is a double-blind, peer refereed journal devoted to "the understanding and dissemination of knowledge, and to the facilitation of dialogue regarding economic and political concepts and events. Our emphasis is on how the interaction of these two social sciences impact Ohioans." Articles can be global or regional, empirical, applied, theoretical, or case studies.

Two volumes of the *Journal of Economics and Politics* will be published:

- *JEP*, volume 17, no. 1 will be published as an electronic edition by October 15, 2005. Manuscripts are sought for v. 17, no 1. Deadline for receipt of the final manuscript is October 10, 2005.
- We will publish a special issue of the *JEP* devoted to Entrepreneurship, *JEP*, v. 17, no. 2. This announcement is a solicitation for submission of manuscripts. Manuscripts are sought in any area of entrepreneurship with special interest in social, political, economic, or business entrepreneurship. Articles can be empirical, applied, theoretical, or case studies. Deadline for manuscript submission is: November 25, 2005.

Manuscripts need not be presented at the upcoming OAEPS Annual Meetings (October 21-22) to be considered for the *JEP*, v. 17, no. 1 or the *JEP* – Entrepreneurship Issue, v. 17, no. 2; however, you are encouraged to present your work at the Annual Meetings to benefit from the comments of discussants and attendees.

To have a manuscript considered for inclusion in the *Journal of Economics and Politics*, v. 17, no. 1 or v. 17, no. 2, please submit the manuscript as an MS Word attachment to hrennie@heidelberg.edu. Manuscript

submission guidelines are available on the OAEPS website: <http://www.case.edu/orgs/oaeps/> and by consulting the most recent issue of the *Journal*. Guidelines are also available from the Editor upon request.

WHAT IS ENTREPRENEURSHIP?

There are many different types of entrepreneurship, e.g., Social Entrepreneurship, Political or Public Entrepreneurship, and Economic Entrepreneurship. More information can be obtained from “Entrepreneurship: Social, Political, and Economic” by Henry Rennie in OAEPS Newsletter, September 2005, who offers this definition: “Entrepreneurship generates value by creating an opportunity and implementing change.”

JOURNAL OF ECONOMICS AND POLITICS NOW AVAILABLE ONLINE!

The previous two issues of the JEP are now available online through the OAEPS website, located at <http://www.cwru.edu/orgs/oaeps>. Future issues will be added to the website after publication.

GUEST ARTICLE

ENTREPRENEURSHIP: SOCIAL, POLITICAL, AND ECONOMIC

by

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What doth man love more than life,
hate more than death or mortal strife?
'Tis that which contented men desire,
the poor possess and the rich require,
the miser spends, the spendthrift saves,
and all men carry to their graves
(vos Savant 2005)

WHAT IS ENTREPRENEURSHIP?

The theme of this article is that entrepreneurship is creative action. Entrepreneurship transcends political, economic, educational, social, religious, and cultural boundaries. Entrepreneurship can exist under a wide

variety of “ism’s” such as capitalism, communism, or socialism. Entrepreneurship is the antithesis of the answer to the above riddle. But I get too far ahead of the story.

Entrepreneurship and Capitalism

I am writing this article on a PC from Japan, using MS Word software from Microsoft in America, sipping Lipton tea from India/Kenya/Tanzania, using a plastic keyboard made from petroleum from the Middle East, all resting on a particle-board desk from Sauder’s in Archbold, Ohio. I’m guessing that most of the other things on my desk are “made in China.” “Oh no!” you say, “Not another reference to the global economy and a level playing field.” What is remarkable is not that “the world is flat” (Friedman 2005) and that we are in a global economy . . . it “is” and we “are.” This allows millions of people around the world to enjoy similar goods and services. “But”, you may say, “isn’t that what we have been attributing to capitalism for generations?”

Perhaps this would be the time for me to sing the praises of capitalism. But I think not. We have been taught that the progress made by mankind over the last two hundred years is the result of capitalism. To be sure, capitalism has contributed much to society’s well being, albeit, not without a certain amount of misery. Capitalism, spurred by the profit motive, has been a powerful inducement to efficiency and productivity gains. Millions of persons have access to “things” only the wealthy had a generation or two or three ago. Credit must be given to capitalism for the benefits flowing from material well being due to its efficiency in marshalling society’s economic resources; however, I argue that it is not to the capitalist that we should sing our praises for a (hopefully) prosperous future. As we move from a society founded on “land, labor, and capital” to the knowledge economy, is it possible that we will live in a world of capitalism without the capitalists? (Drucker 1993). Progress made by mankind has been and will be due to the creative, enterprising spirits behind the products and services that capitalism supplies so efficiently and that other “isms” also make available although perhaps less efficiently.

My thesis is that the advancement of society is due to the creativity of its peoples and that applied creativity is the hallmark of entrepreneurship. I will do this by exploring the many dimensions of entrepreneurship: Social, Political, and Economic.

Definition of Entrepreneurship

What is “entrepreneurship?” Many definitions of entrepreneurship exist; however, we need to set aside the popular idea that Entrepreneurship only means, “the creation and management of new businesses, small businesses and family businesses” (Academy of Management 2004). Certainly that is one common concept of entrepreneurship. According to Drucker, “The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.” [Drucker as in (Dees 1998)]; On the other hand, others, in true Mises-Hayek tradition, would argue that the entrepreneur, rather than responding to change, creates change (Kirzner 1973); Schumpeter attributed to the entrepreneur the “big” changes such as railroads. He saw the entrepreneurship role in five areas of change:

New product; New combinations; New methods of production; New markets; or New organizations (Schumpeter 1934). To others, capitalist control of resources is irrelevant, “Entrepreneurship is the pursuit of opportunity without regard to resources currently controlled.” (Stevenson 1988); “Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence” (Hisrich and Peters 1998).

I define entrepreneurship as:

Entrepreneurship generates value by creating an opportunity and implementing change (Rennie 1995; Rennie 2004).

What Is Entrepreneurship and What is it Not?

What does my definition of entrepreneurship really mean? We can parallel Drucker who, when describing management, said what management is not and then what management is (Drucker 1974). We can clarify the above definition of entrepreneurship by giving examples of what entrepreneurship *is* and what entrepreneurship *is not*:

What entrepreneurship is (Rennie 2004):

- Entrepreneurship is a creative act
- Entrepreneurship recognizes and pursues opportunity
- Entrepreneurship creates change
- Entrepreneurship re-allocates resources
- Entrepreneurship rests on uncertainty, not risk
- Entrepreneurship exists in every field of study
- Entrepreneurship is a way of thinking
- Entrepreneurship is a practice
- Entrepreneurship is “free,” *i.e.*, liberal, thinking
- Entrepreneurship is doing things in a new way
- Entrepreneurship is a form of creative, free, thinking

One can also help understand our definition by stating what entrepreneurship is not (Rennie 2004):

- Entrepreneurship is not about creating jobs (although it can create jobs)
- Entrepreneurship is not capitalism (although it is consistent with capitalism as it is with communism and socialism)
- Entrepreneurship is not a personality trait (although some Entrepreneurs have personalities)
- Entrepreneurship is not synonymous with risk taking
- Entrepreneurship is not about making a profit (although some Entrepreneurs make a profit, others lose, and still others never seek a profit)

Those who are entrepreneurs have in common creativity and the ability to obtain results by implementing change. They are “undertakers” of risk (Smith 1776). Specialization through the division of labor is no different when applied to entrepreneurs as it is to manual labor, the arts, medicine and all other economic endeavors:

“This great increase of the quantity of work which, in consequence of the division of labour, the same number of people are capable of performing, is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.”

“All the improvements in machinery, however, have by no means been the inventions of those who had occasion to use the machines. Many improvements have been made by the ingenuity of the makers of the machines, when to make them became the business of a peculiar trade; and some by that of those who are called philosophers or men of speculation, whose trade it is not to do anything, but to observe everything; and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects. In the progress of society, philosophy or speculation becomes, like every

other employment, the principal or sole trade and occupation of a particular class of citizens. Like every other employment too, it is subdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or class of philosophers; and this subdivision of employment in philosophy, as well as in every other business, improves dexterity, and saves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is considerably increased by it.” (Smith 1776).

TYPES OF ENTREPRENEURSHIP

Social Entrepreneurship

Social entrepreneurship differentiates itself from business entrepreneurship in that its primary mission is a social mission. The objective is to create social value. As such, social entrepreneurs set out to create change with that objective in mind. We can categorize the distinction between a social enterprise and a business enterprise on two dimensions: Social objective and social method (Dees 1994). Whereas a business enterprise is primarily motivated by financial benefit, a social enterprise looks more to improvement in social conditions. They do this by modifying concepts of business entrepreneurship: (a) Adopting a mission to create and sustain social value; (b) Recognizing and relentlessly pursuing new opportunities to serve that mission; (c) Engaging in a process of continuous innovation, adaptation, and learning; (d) Acting boldly without being limited to resources currently in hand; (e) Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created (Dees, Emerson et al. 2002).

Florence Nightingale was a social entrepreneur. Born of a wealthy land-owning family, she was not allowed to seek employment, and certainly not allowed to seek employment in the lowly field of nursing, in which, at that time, “a ‘nurse’ implied a coarse old woman, always ignorant, usually dirty, often brutal ... in bunched-up sordid garments, tipping at the brandy bottle or indulging in worse irregularities.” (Bornstein 2004). For eight years, Florence made her case to her father, and eventually succeeded in being allowed to become a nurse. She transformed the medical facilities of the British Army, she pioneered pie charts as graphical representations of the soldier’s sanitation and health, she reduced the mortality rate of troops in India by 75%. She did all this while suffering discrimination from a male-dominated society and she did it all from her own home where she was confined much of the time because of a serious illness (Bornstein 2004).

John Muir was a social entrepreneur. Born in Scotland in 1838, his family emigrated to Wisconsin in 1849. He had a keen interest in natural science, attended the University of Wisconsin but left after three years. He was blinded in an industrial accident in 1868, recovered, and for the next 40 years studied nature by trekking through the great, and relatively unknown, wildernesses and canyons of America. His nature writing is second to none.

“Muir's great contribution to wilderness preservation was to successfully promote the idea that wilderness had spiritual as well as economic value. ... Muir's good will and opinion were sought by some of the most powerful figures in his time; men such as railroad baron Edward Henry Harriman and Theodore Roosevelt. The young borax magnate, Stephen T. Mather was a disciple of Muir's and an early member of Muir's famed Sierra Club.” (Sierra Club 2005; U.S. National Park Service 2005).

John Muir is honored in California every year on the 21st of April: *John Muir Day*, for his achievements in conservation. He is rightly considered the "Father of the American Natural Parks."

You will have your own favorite candidates for social entrepreneur ... Robert Baden-Powell originator of the Boy Scouts; Juliette Gordon Low, founder of the Girl Scouts; Clara Barton, inspired by the International Red

Cross Movement, founder of the American Red Cross? . . . There are thousands of them. Here, I am interested in the concept of a social entrepreneur. Social entrepreneurs are not “capitalists” in the sense we normally attribute to capitalism; However, they do fit my definition of entrepreneurship because they “generate value by creating an opportunity and implementing change.” (Rennie 2004). Florence Nightingale, John Muir, and countless others were social entrepreneurs rather than business entrepreneurs.

Political Entrepreneurship

Political science research on entrepreneurship is relatively new. For example, of the thirty-seven organized sections of the Political Science Association, none, as yet, is labeled “Political Entrepreneurship;” however, there is growing interest in academic research in this area.

Much of political entrepreneurship is based on public choice theory; that is

“the application of economic theory and methodology to the study of politics and political institutions, broadly defined. Neoclassical price theory has been one of the principal tools of the public-choice theorist, having been applied to address such questions as why people vote, why bureaucrats bungle, the effects of deficit finance on government spending, and myriad other questions regarding the operations and activities of governments. There has indeed been a public-choice ‘revolution’ in economics.” (DiLorenzo 1988).

Pioneers in public choice theory include economists such as Buchanan, Tullock, and Arrow. With roots going back to Adam Smith, Mueller starts his book on public choice with the sentence: “Probably the most important accomplishment of economics is the demonstration that individuals with purely selfish motives can mutually benefit from exchange” (Mueller 2003).

As with any new field of study, public entrepreneurship is evolving even if the field is not yet well defined. In “The Changing Nature of Public Entrepreneurship,” the authors state:

“In American history, a few public entrepreneurs have become legendary. Robert Moses in New York, Lilienthal with the TVA, Rickover in the US Navy or Hoover with the FBI are heroes of another era of public administration development. They evolved in an era where resources were more easily available and their work was highly visible. In the new public management period when governments are less popular and have to reinvent themselves, public entrepreneurs are not mythical figures. They are local or unsung heroes that Riccucci (1995) or Borins (1999) have described, working without the limelight of their predecessors.”

“In this paper, we argue that today's public entrepreneurs are teams that accomplished what cannot be done by individuals. Such teams need the expertise that was important in the past (Doig and Hargrove, 1987) but also the political skills necessary to get their ideas implemented. They don't create new systems of government, they reinvent their organization.”

“The importance of entrepreneurs is well documented in the American government literature Schneider et al., 1995; Roberts and King, 1996). The particularities of the American system make necessary for civil servants to become entrepreneurs. We argue in this paper that the same is true in a Westminster-type parliamentary system. We use the material presented to the Institute of Public Administration of Canada for the annual innovation award to illustrate the new bread of public entrepreneurship. For this competition, over a thousand of entries have been registered over the last decade. These entries, once coded, allow describing what public entrepreneurship is now made of. That is the future of the research grounded in institutional theory we propose to do” (Bernier and Hafsi 2003).

These authors cite conditions under which public entrepreneurship will move from the individual to systemic.

Examples of political entrepreneurship can be obtained from recent topics presented at regional and national political science meetings:

“Legislative Entrepreneurship and Women's Issues: An Analysis of Members' Bill Sponsorship and Cosponsorship Agendas” the author writes:

“This study engages the debate over descriptive representation by attempting to isolate the conditions in which the presence of a descriptive representative will influence the policy process and the factors that contribute to variation in that influence. By examining the agenda-setting activities of bill sponsorship and cosponsorship to determine if female representatives are more likely to act as legislative entrepreneurs on women’s issues than are their male colleagues, I find that congresswomen devote a larger proportion of their overall legislative agenda to sponsorship and cosponsorship of women’s issue initiatives, particularly feminist proposals. The differences in legislative behavior were greater in the area of bill sponsorship than cosponsorship demonstrating that the impact of descriptive representation is most significant in those areas that require the greatest expenditures of resources and incur larger opportunity costs for participation in other areas. Finally, I illustrate how changes in the institutional and political contexts impact members’ decisions concerning whether to pursue women’s issue initiatives” (Swers 2004).

“Opportunities and Obstacles: Congressional Foreign Policy Entrepreneurship in the House and Senate, 1946-2000”

“Our analysis compares congressional behavior and influence in each chamber of Congress, focusing on the nature, role, and behavior of congressional foreign policy entrepreneurs, individual members of Congress who initiate action on their own foreign policy agenda without awaiting action from the administration” (Scott and Carter 2004). Also see (Scott and Rowling 2004).

“The Congressional Nature of International Negotiations in the Uruguay Round.” Emphasizing the importance of “bureaucratic entrepreneurship,” the author writes:

“In comparing old and new forms of diplomacy, Sir Harold Nicolson wrote that new diplomacy was brought about by the belief that it was possible to apply to the conduct of external affairs, the ideas and practices which, in the conduct of internal affairs, had for generations been regarded as the essentials of liberal democracy. This paper will test Nicolson's observation by comparing negotiation in the GATT Uruguay Round to legislative procedures in the U.S. Congress. The following points of similarity between GATT and Congressional practices will be examined: committee processes; the role and operation of committee chairs; the role and importance of staff work; certain practices like negotiation by auction; and the role of political and mediatorial leadership, as well as the concept of bureaucratic entrepreneurship. The paper will conclude with an assessment of whether or not GATT/WTO negotiation represents an important change in the diplomatic method. (Winham 2004).

The above are just a few example of the emerging sub-field of political science that could be labeled as “political entrepreneurship.”

Economic Entrepreneurship

Entrepreneurship is not synonymous with capitalism nor is it synonymous with business in the profit seeking definition. We have made the case above; however, too often we view the role of business in a narrow sense of

“profit maximization” or of “maximizing shareholder value.” That may be a result, but it is not always the prime motivator. Business has taken “creativity” and turned it into innovation, *i.e.*, applied creativity.

Entrepreneurship is a process of creativity and innovation that leads to implementation.

Business has brought to market creations from every area of human endeavor: From mathematics has come logistics that is fundamental to the trucking industry, airplanes, buses, and railroads and to Boolean logic have come the fundamentals of the software industry; The music and movie industry has been created to package artistic endeavors to the masses; The fundamental scientific achievements of Watson and Crick and others have brought DNA to many areas from crime solving to medical cures; Arithmetical and other calculations that would have taken a lifetime to compute now are done in fractions of a second with the computer in areas such as weather forecasting. Many business entrepreneurs have grown from a cottage industry spun-off by fundamental scientific discoveries such as: transistor, silicon chip, binary/boolean math/logic, DNA, Boolean Algebra, etc.

Business entrepreneurship need not be confined to the lone risk taker, working in a garage with a wonderful and revolutionary idea, *e.g.*, Bill Gates or Steve Jobs. “Corporate Entrepreneurship is the term used to describe entrepreneurial behavior in an established, larger organization” (Burns 2005). Corporations, as part of a competitive advantage strategy, attempt to marshal the creative spirit of employees through “intrapreneurship.” They have pioneered many ways of doing this such as venture teams, inculcating an entrepreneurial culture, and encouraging creativity and innovation, in marketing and in new products.

IMPORTANCE OF ENTREPRENEURSHIP TO SOCIETY

In a new view of developing countries, Carl Schramm, President and CEO of the Ewing Marion Kauffman Foundation makes a compelling case why developing countries should not necessarily follow the American Capitalist Model, but should follow the American Entrepreneurial Model:

“The United States, using its own direct-aid programs and its influence over development agencies, has encouraged other nations to adopt the features and institutions of post-Cold War American capitalism. But this approach -- the so-called Washington consensus -- has often yielded disappointing results. Many economies in Latin America, eastern Europe, and elsewhere are stagnant or backsliding, and most of the world's poorest economies show few signs of new life. Going forward, the American economic model should not be abandoned, as some development economists advocate, but it must be improved. The current template is incomplete. In particular, it fails to reproduce a vital element of the U.S. economy: support for entrepreneurship” (Schramm 2004-b).

It is the thesis of this paper that the future well-being of a global society will come from the ingenuity of its people through social entrepreneurship, political entrepreneurship, and economic entrepreneurship.

Institutions of higher education recognize the value of entrepreneurship and many are now mandated by their respective states to become the engines of the knowledge economy, stimulating the economy by commercializing the technology and creative ideas coming from their faculty, staff, and sometimes students. Through the scholarship of engagement, these institutions answer the needs of the industrial, social, and educational communities through creative activities and emerging innovations.

Answer to the Riddle

The answer to the riddle posed at the beginning of this article is “nothing.” In a state of nothing, there is no resource allocation, no creation, no innovation, no risk, no opportunity. There is not entrepreneurship.

As the world continues to get smaller, global competitive advantage will not be as dependent on differential capital distribution. Also, one country will not be superior on the availability of knowledge. Growth, at least relative growth, will become more dependent on creativity and innovation that are the tools by which entrepreneurs operate. Entrepreneurship is a growth industry. The future is unlimited if we adopt the entrepreneurial spirit in our social, political, economic, and business relationships.

ACKNOWLEDGMENTS

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