

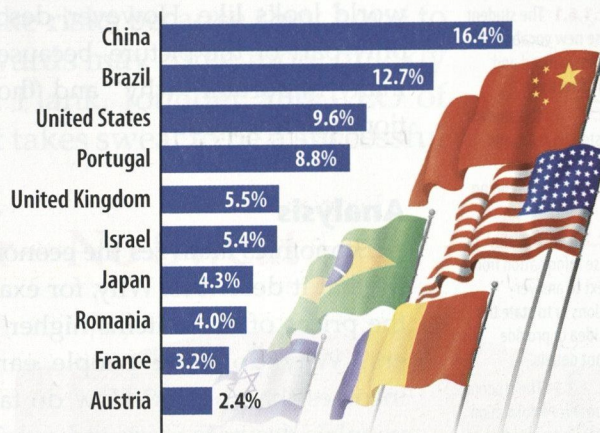


Global Entrepreneurs Drive the Economy

Every time you get paid for baby-sitting, mowing the lawn, or being the deejay at an event, you have joined the "force"—the global entrepreneurial force, that is. A vast majority of the more than 20 million businesses in the United States are owned by entrepreneurs. Most either work alone or have a few employees.

Until recently, the United States led in the percentage of adult entrepreneurs, with an estimated 11.3 percent of Americans starting a new business each year. Today, China has one of the highest rates of entrepreneurship in the world. The shift toward capitalism that has taken place in China since the 1980s has led to a huge growth in the number of new businesses. The bar graph here illustrates the percentage of the adult population in select countries who are starting new businesses.

RATES OF EARLY-STAGE ENTREPRENEURIAL ACTIVITY



Source: 2007 Global Entrepreneurship Monitor (GEM)
www.gemconsortium.org

Entrepreneurs

Some people are singled out because they are the innovators responsible for much of the change in our economy. Such an individual is an **entrepreneur**, a risk-taker in search of profits who does something new with existing resources. Entrepreneurs are often thought of as being the driving force in an economy because they are the people who start new businesses or bring new products to market.

Production

Everything we make requires the four factors of production. The desks and lab equipment used in schools are capital goods. Teachers and other employees provide the labor. Land includes the property where the school is located as well as the iron ore and timber used to make the building. Finally, entrepreneurs are needed to organize the other three factors and make sure that everything gets done.

✓ Reading Check **Interpreting** What would happen if one of the factors of production was missing?

The Scope of Economics

MAIN Idea Economics analyzes how societies satisfy wants through careful use of relatively scarce resources.

Economics & You So far, you have learned about the basics of economics. Read on to learn how economists help us make sense of this information.

Economics is the study of human efforts to satisfy seemingly unlimited and competing wants through the careful use of relatively scarce resources. Economics is also a *social science* because it deals with the behavior of people as they deal with this basic issue. The four key elements to this study are description, analysis, explanation, and prediction.

Description

One part of economics describes economic activity. For example, we often hear about **gross domestic product (GDP)**—the dollar value of all final goods, services, and structures produced within a country's borders in a 12-month period. GDP is the

entrepreneur
risk-taking individual in search of profits

gross domestic product (GDP)
dollar value of all final goods, services, and structures produced within a country's borders during a one-year period

Skills Handbook

See page R50 to learn about **Using Bar Graphs**.

NGSSS

SS.912.E.1.1 Identify the factors of production and why they are necessary for the production of goods and services.

(continued on p. 10)