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Chief Economist

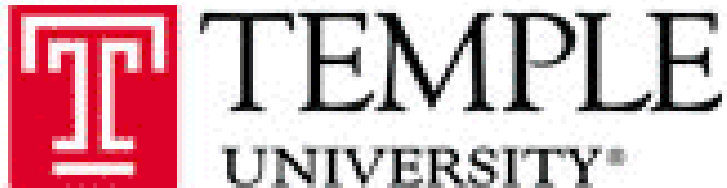
***NATIONAL FEDERATION
OF INDEPENDENT BUSINESS***

ECONOMIC STRATEGIST

BOENNING & SCATTERGOOD
ESTABLISHED 1914

**CHAIRMAN, LIBERTY
BELL BANK, NEW JERSEY**

PROFESSOR OF ECONOMICS



**CHAIR, GLOBAL
INTERDEPENDENCE CENTER**



ENTREPRENEURSHIP AND THE ECONOMY

- LEADER IN JOB CREATION
- LEADER IN EDUCATION
 - “ON THE JOB” training
- LEADER IN INNOVATION
 - INVENTIONS AND PATENTS (more than big firms)
 - THE “R&D” OF THE ECONOMY
- LEADER IN CAPITAL FORMATION

World Land Area Shares

North America	South America	Europe	Africa	Asia
19%	14%	8%	24%	35%

World Population Shares

North America	South America	Europe	Africa	Asia
5%	9%	13%	14%	60%

World GDP Shares

North America	South America	Europe	Africa	Asia
30%	4%	34%	2%	30%

ONLY THE ENTIRE U.S. AND JAPAN ARE LARGER THAN U.S. SMALL BUSINESS

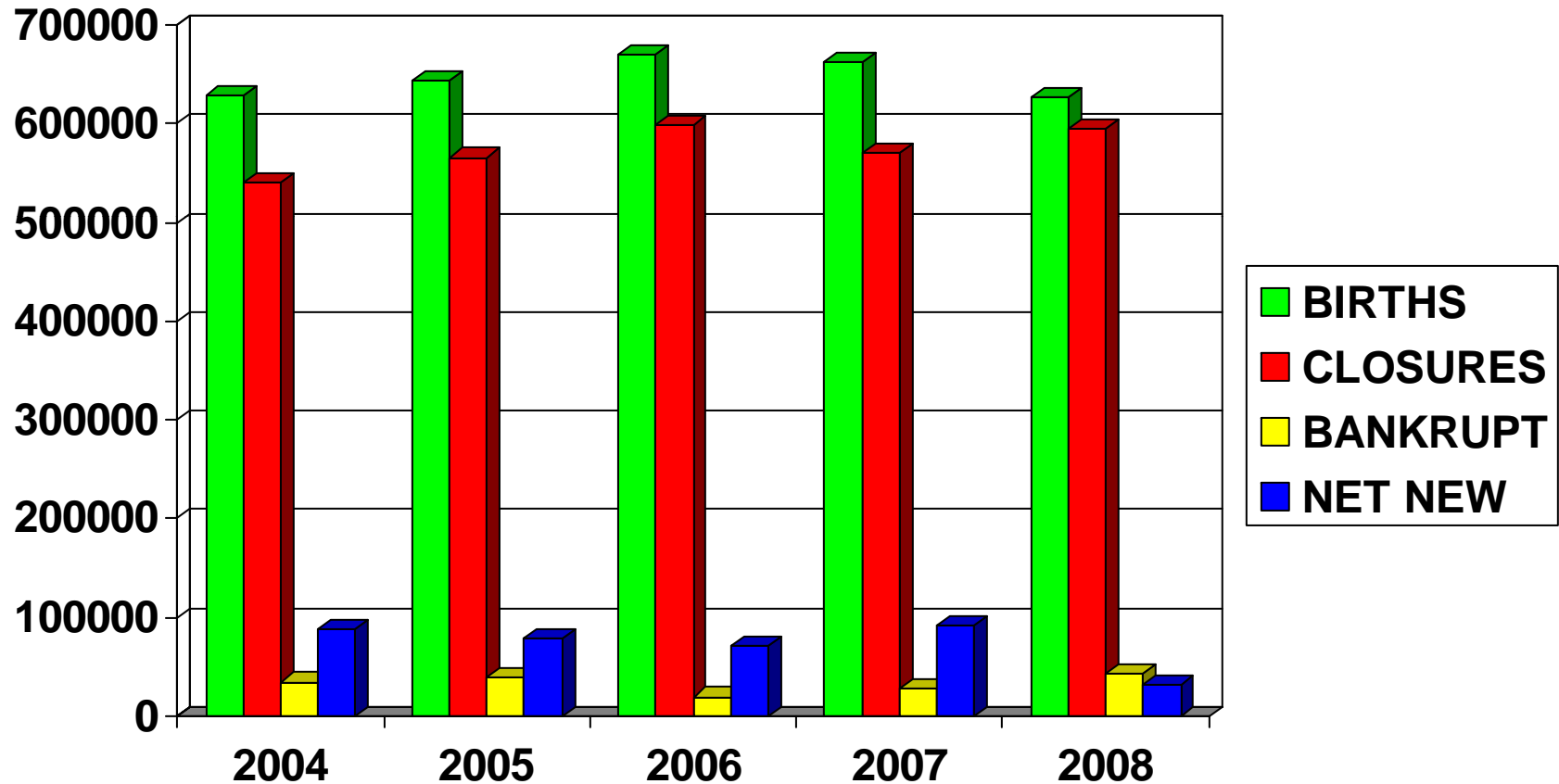
SMALL BUSINESS IN THE ECONOMY:2008

- 29,600,000 SMALL BUSINESSES
- 6,000,000 EMPLOYERS
- 18,000 LARGE FIRMS (>500 WORKERS)
- 25% HOME BASED

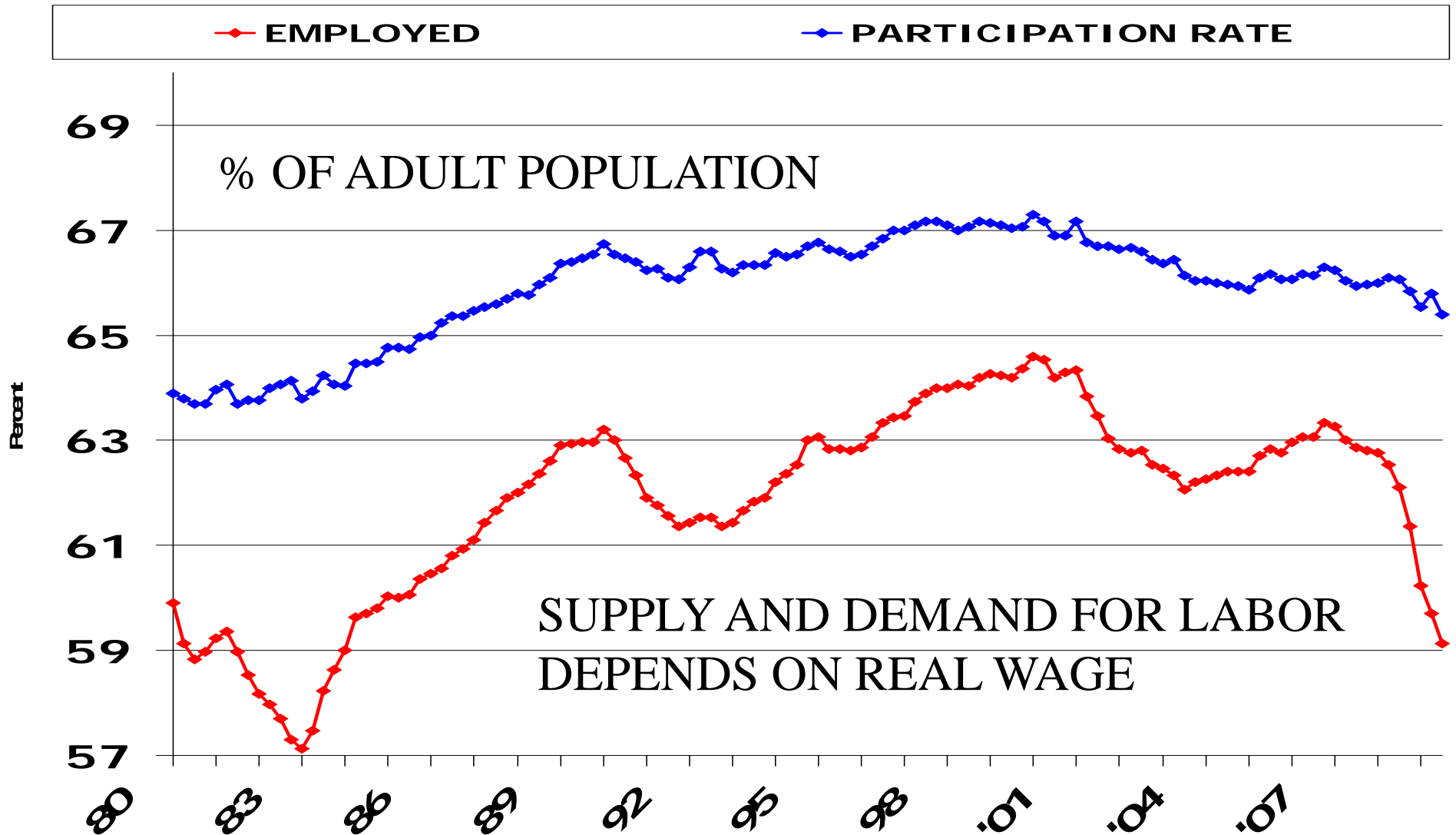
SMALL BUSINESS IN THE ECONOMY

- 99.7% OF ALL EMPLOYER FIRMS
- EMPLOY OVER HALF OF ALL PRIVATE SECTOR WORKERS
- PAY 44% OF PRIVATE PAYROLL
- 64% OF NEW JOBS LAST 15 YEARS
- PRODUCE HALF OF PRIVATE GDP
- 13 TIMES MORE PATENTS PER EMPLOYEE
- EMPLOY 40% OF HIGH TECH WORKERS

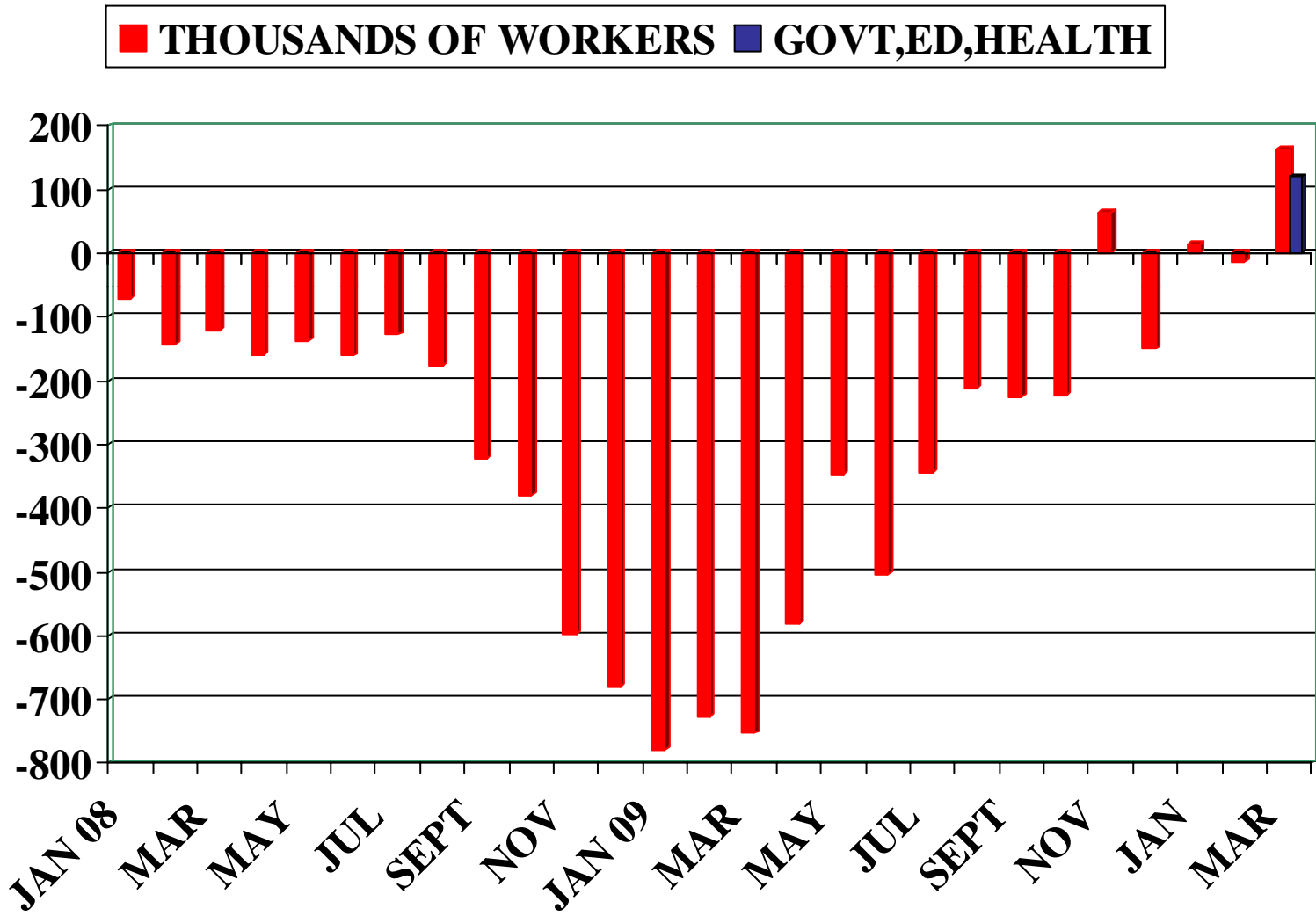
“STARTS AND STOPS”



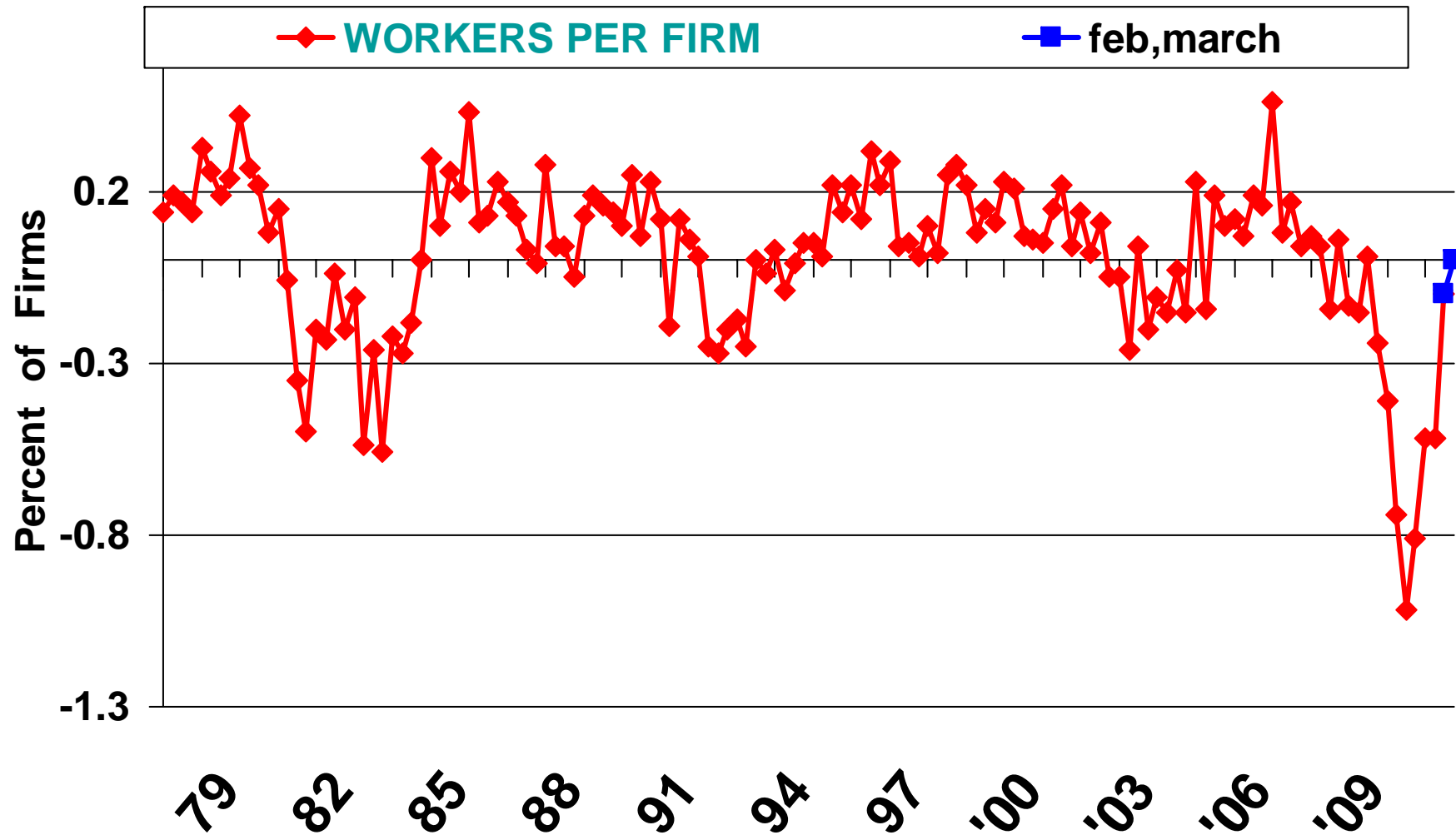
PARTICIPATION & EMPLOYMENT RATES



MONTHLY JOB GAIN (LOSS)

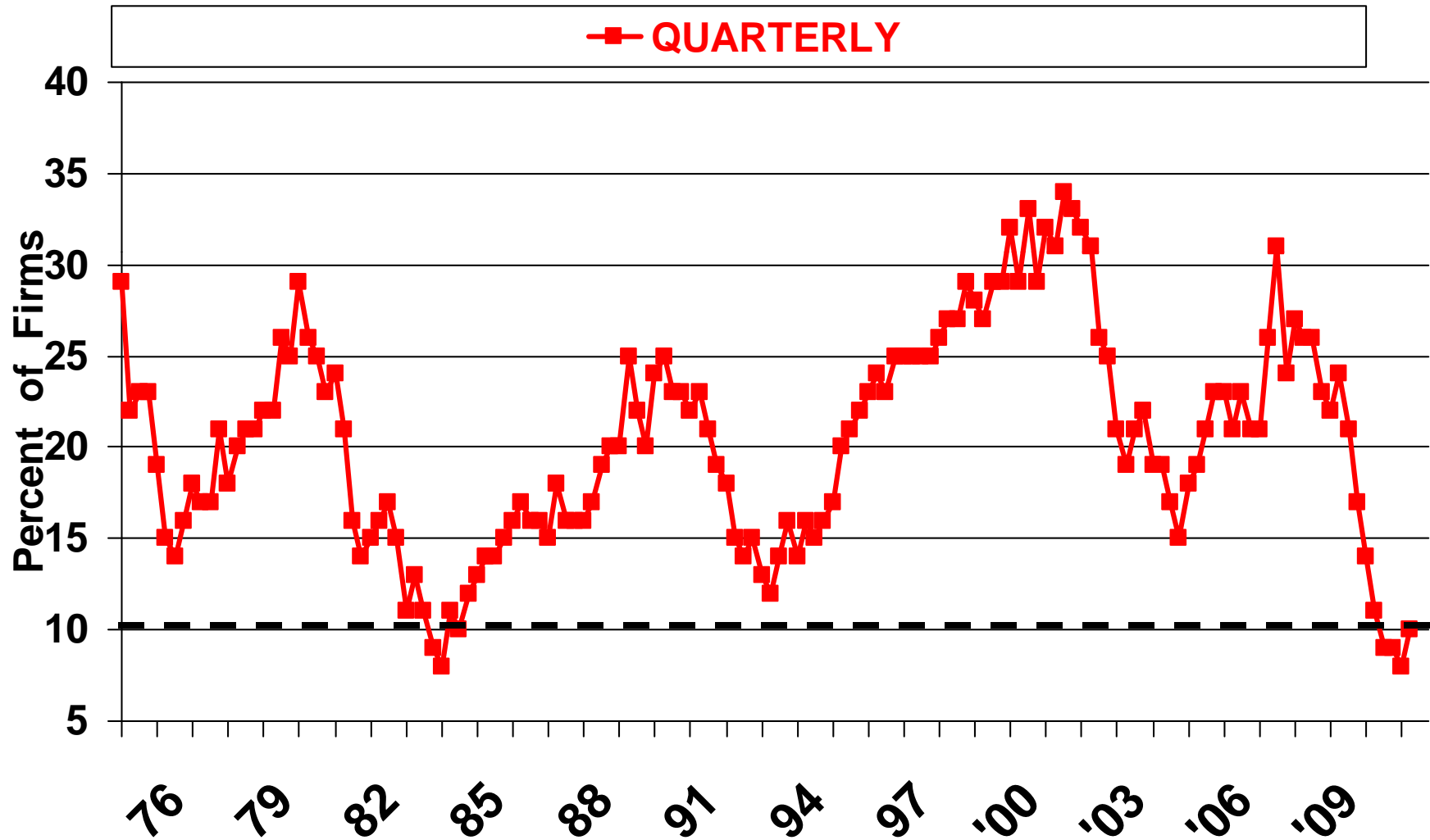


AVERAGE CHANGE IN EMPLOYMENT PER FIRM



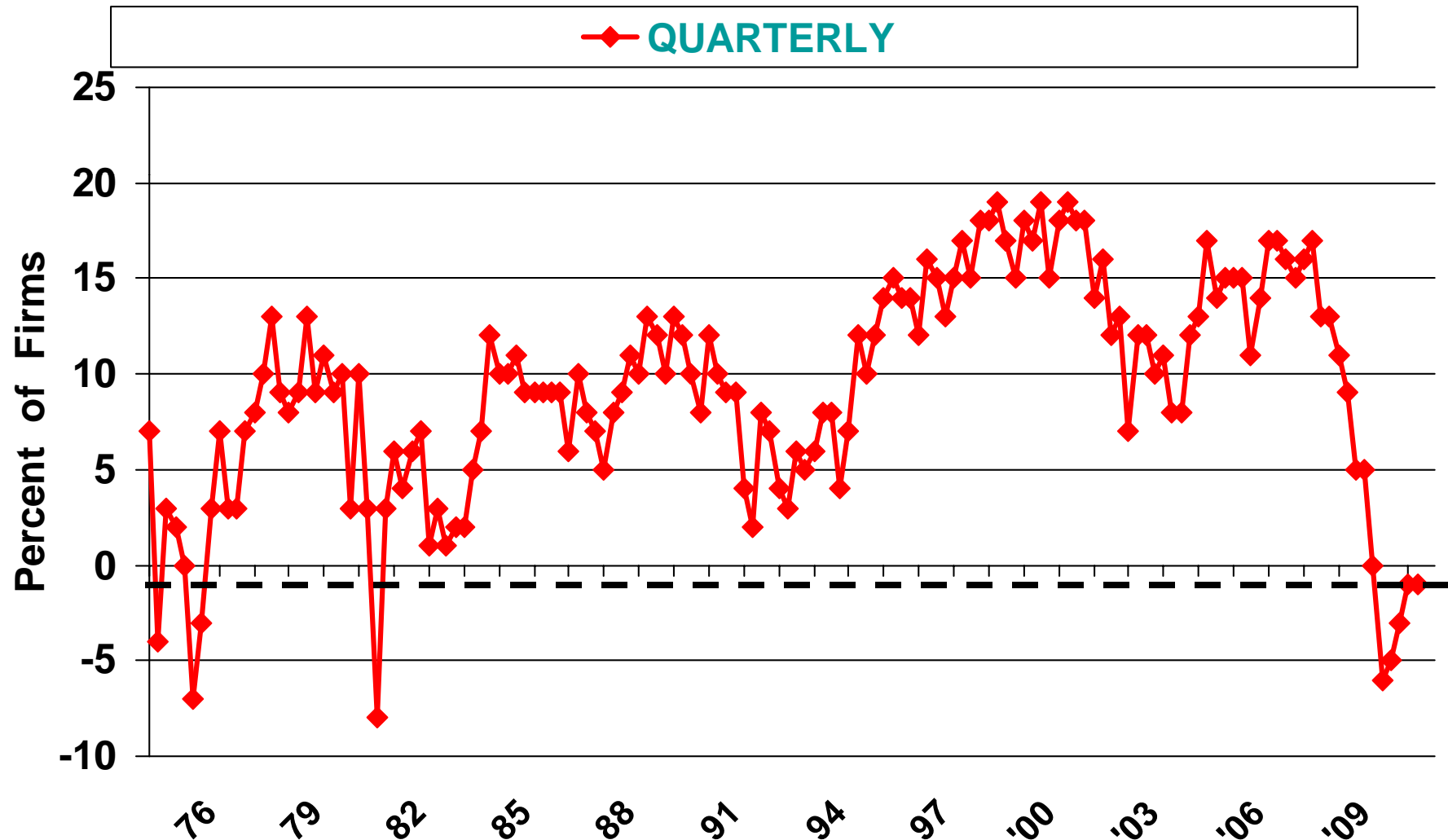
UNFILLED JOB OPENINGS

% WITH AT LEAST ONE UNFILLED OPENING



JOB CREATION PLANS

% PLAN INCREASE - % PLAN DECREASE



TOP 10 PROBLEMS: 2000

(OUT OF 75 CHOICES)

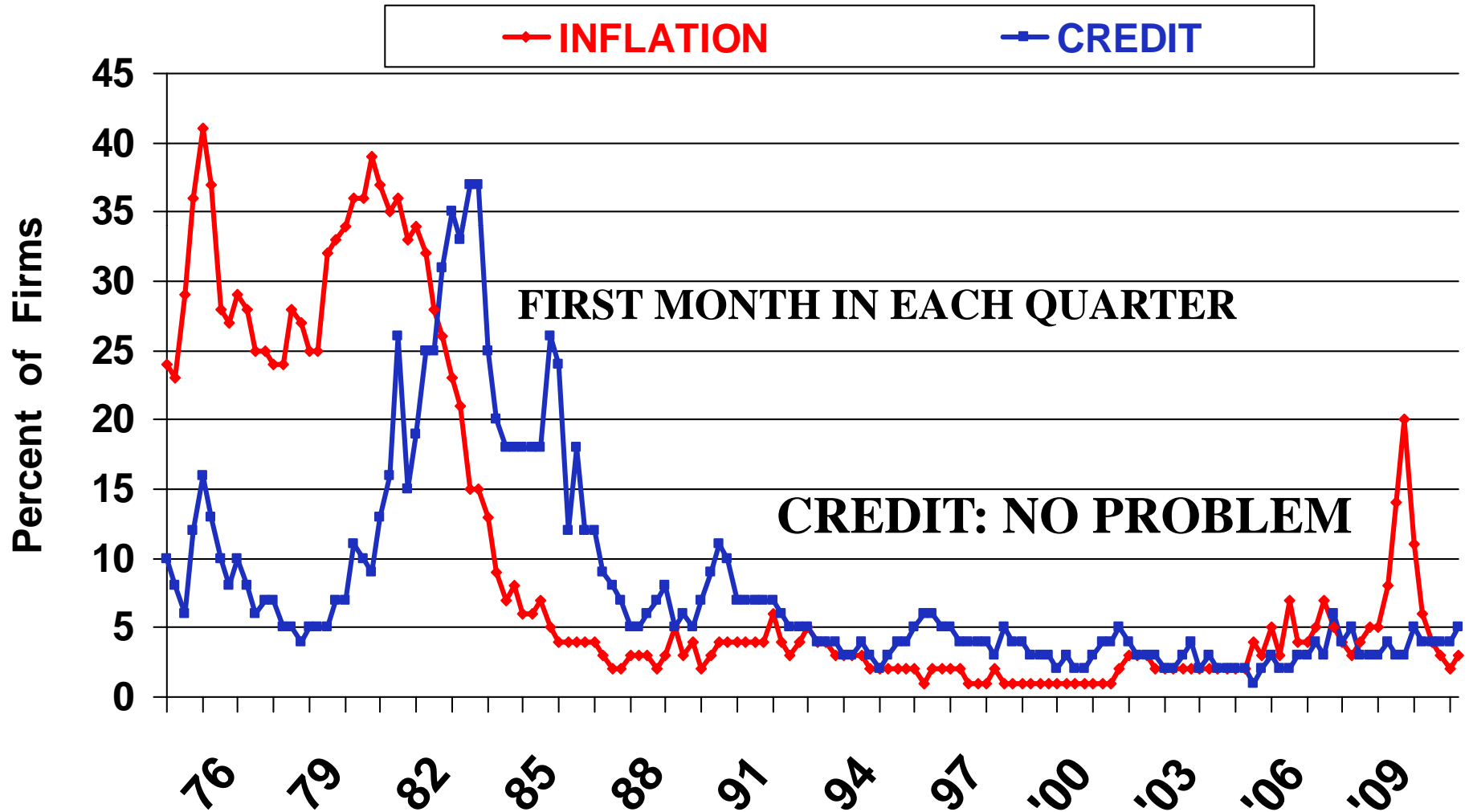
- 1.COST OF HEALTH INSURANCE
- 2.FEDERAL TAX ON INCOME
- 3.LOCATING QUALIFIED EMPLOYEES
- 4.UNREASONABLE GOVT REGS
- 5.FICA TAXES
- 6.STATE INCOME TAXES
- 7.WORKERS COMPENSATION
- 8.FEDERAL PAPERWORK
- 9.ENERGY COSTS
- 10. FREQUENT CHANGES IN TAX CODE
-FINANCING RANKED IN HIGH 60S
- “GOVERNMENT” DOMINATES THE LIST

TOP PROBLEMS IN 2004

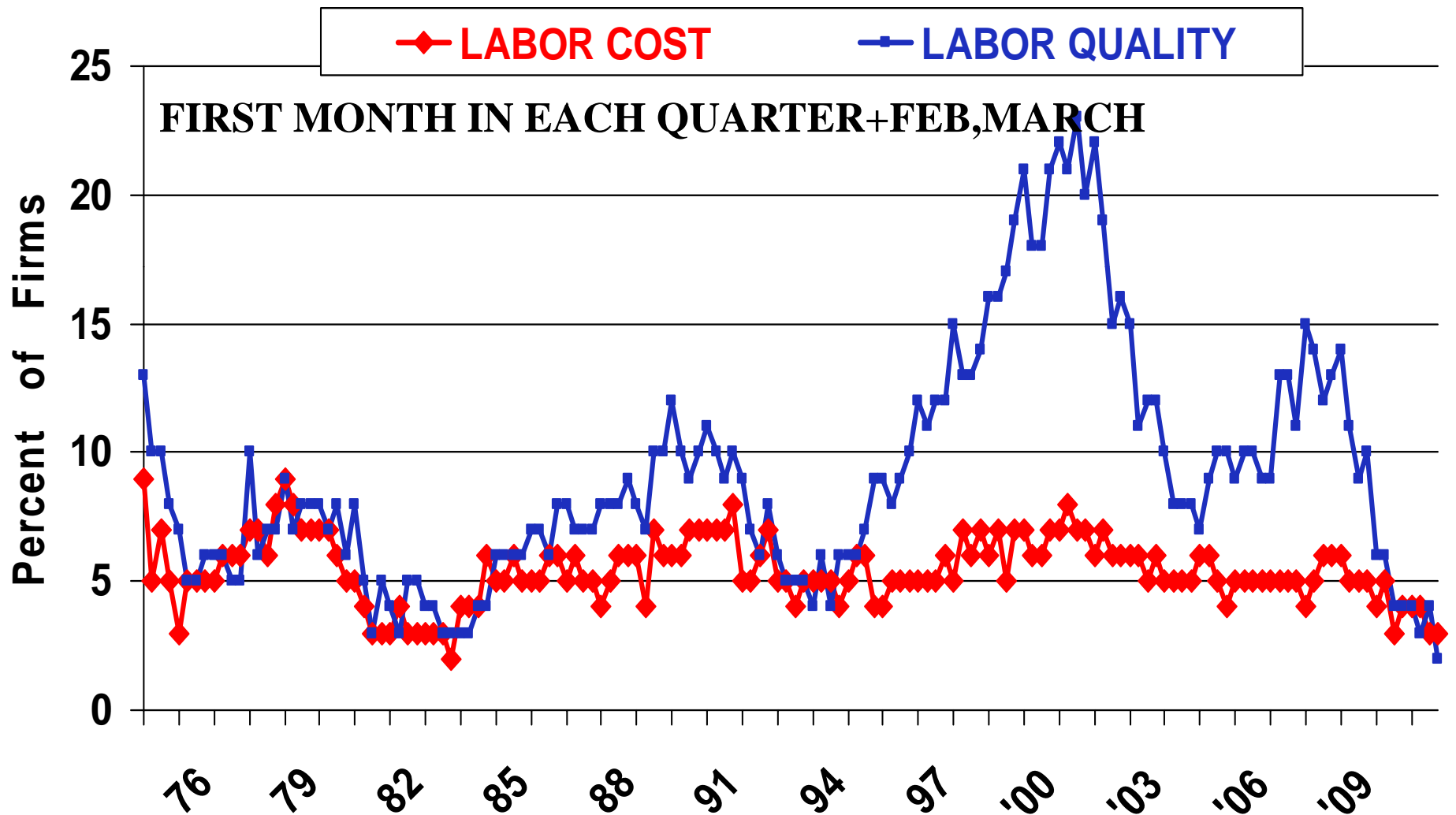
(OUT OF 75 CHOICES)

- 1.HEALTH INSURANCE COSTS
- 2.LIABILITY INSURANCE COST,AVAIL
- 3.WORKERS COMP COSTS
- 4.ENERGY COSTS
- 5.FEDERAL INCOME TAX
- 6.PROPERTY TAX
- 7.STATE INCOME TAX
- 8.UNREASONABLE GOVT REGULATIONS
- 9.ELECTRICITY COSTS
- 10.FINDING QUALIFIED WORKERS
- 11.FICA TAXES
- 12.COST OF SUPPLIES, INVENTORIES
- 13.FREQUENT CHANGES IN THE TAX CODE
- 14TELEPHONE COSTS
- 15.,16 FEDERAL, STATE AND LOCAL PAPERWORK
-FINANCING IN THE HIGH 60S

SINGLE MOST IMPORTANT PROBLEM FACING OWNERS

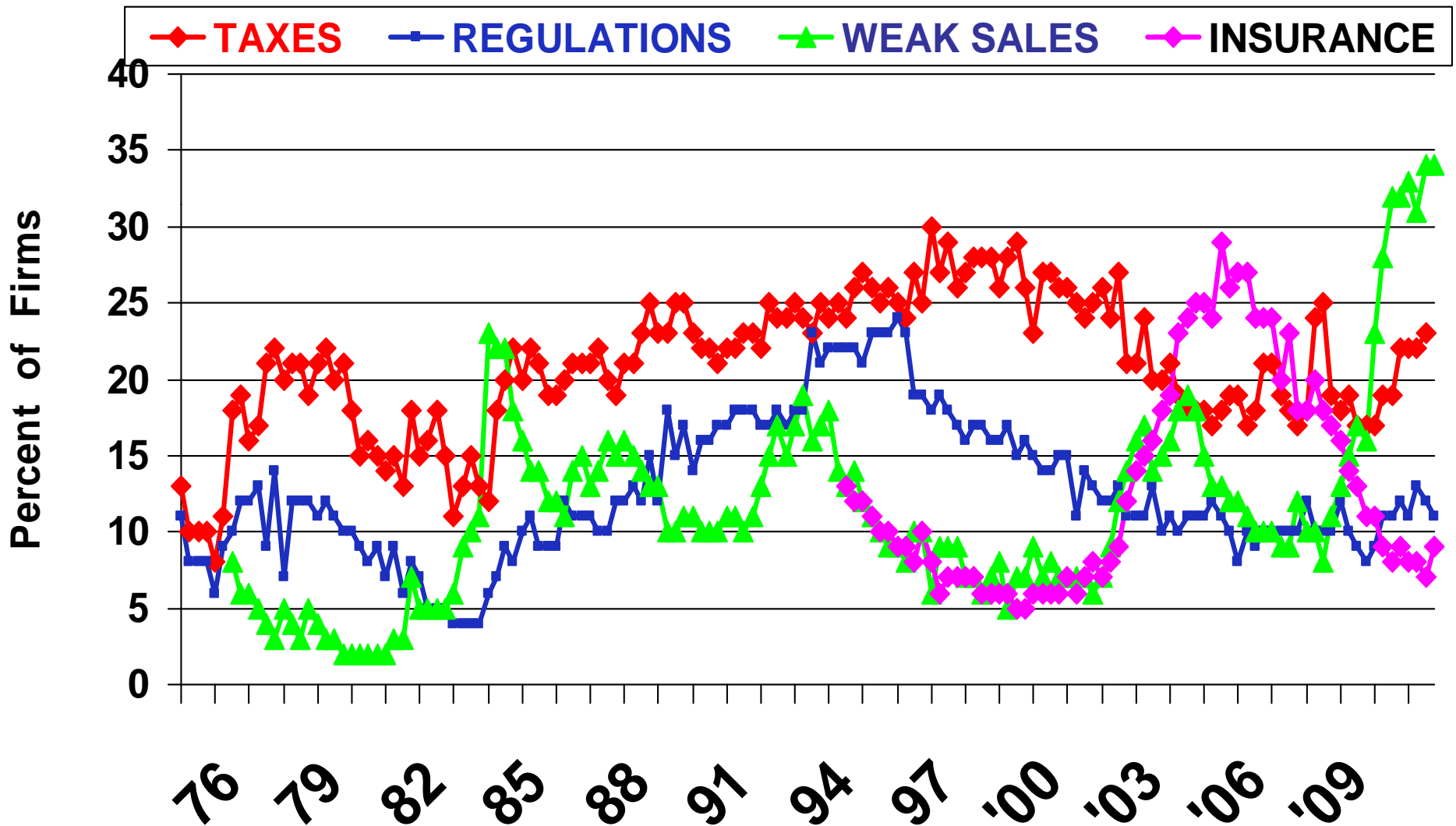


MOST IMPORTANT PROBLEMS



MOST IMPORTANT PROBLEMS

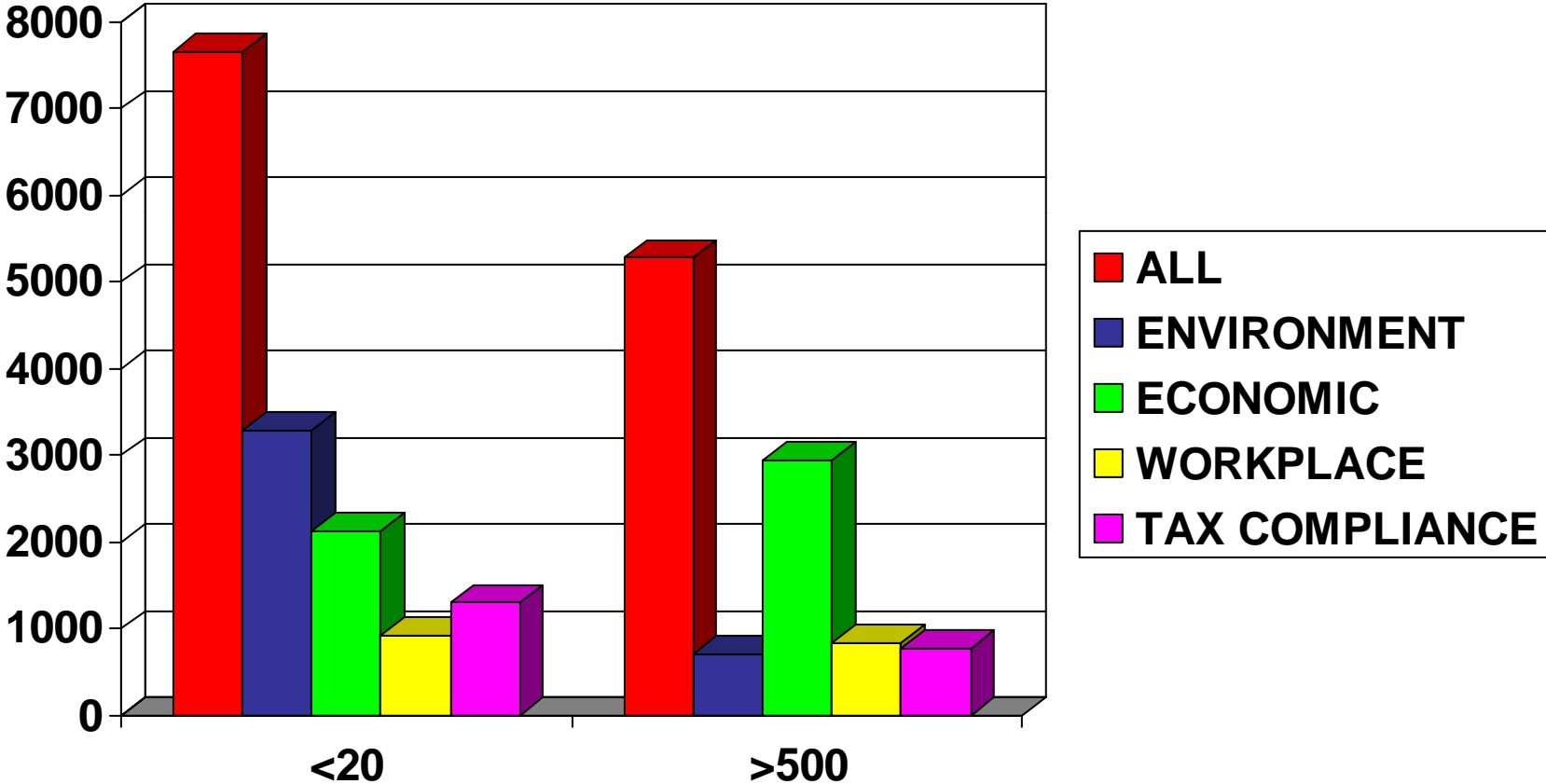
FIRST MONTH IN EACH QUARTER+FEB,MARCH



“GOVERNMENT” IS A REGRESSIVE “TAX”

- REGULATIONS “TAX” MOST VALUABLE ASSET, ENTREPRENEUR’S TIME
- SPEND 45% MORE PER EMPLOYEE TO COMPLY WITH REGULATIONS
- NEW HEALTH CARE BILL ADDS MANY NEW “SMALL BUSINESS” REGS

REGULATORY COSTS PER WORKER



“CROWDING OUT”

- THE SOURCE OF ALL CAPITAL IS CONSUMER SAVING (OURS, CHINA)
- NEW FIRMS ARE FUNDED PRIMARILY WITH OWNER SAVINGS
- ONCE STARTED, 70% DEPEND ON SAVINGS INSTITUTIONS FOR CAPITAL
- FINANCING A \$1.5 TRILLION DEFICIT COMPETES WITH ENTREPRENEURS
- GOVERNMENT ALWAYS WINS

TURNING OUR ENTREPRENEURS INTO ADMINISTRATORS OF SOCIAL PROGRAMS

- JOB: PRODUCE DESIRED OUTPUT, PROVIDE JOBS
- JOB: CONGRESS' VIEW (MANDATES SHIFT COST TO FIRMS)
 - 1.COLLECT TAXES, PAY TAXES (VAT?????????)
 - 2.PROVIDE HEALTH CARE
 - 3.PROVIDE DAY CARE, NURSING ROOMS
 - 4.PROVIDE INCOME TO UNEMPLOYED
 - 5.PROVIDE INCOME TO CITIES, STATES
 - 6.PROVIDE “LIVING INCOMES”
 - 7.SUPPORT COMMUNITY ACTIVITIES
 - 8.SAVE THE ENVIRONMENT
 - 9.SAFEGUARD COMMUNITIES
 - 10.FUND RETIREMENT PLANS
 - 11.FILL OUT REPORTS AND PAPERWORK
 - 12, OH YES, AND PROVIDE JOBS WITH GREAT PAY
- THESE POLICIES WILL SLOW GROWTH IN INCOME

Change in Real GDP - Per Decade
Compared to Gov't % of GDP - Per Decade

	Change in Real GDP	Gov't % of GDP
1960's	54.3%	29.0%
1950's	49.8%	27.0%
1970's	37.4%	31.8%
1990's	36.7%	35.3%
1980's	34.7%	35.0%
2000's	19.6%	36.2%

WHAT POLICY?

"The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance."

Cicero - 55 BC