ISSUE GUIDE

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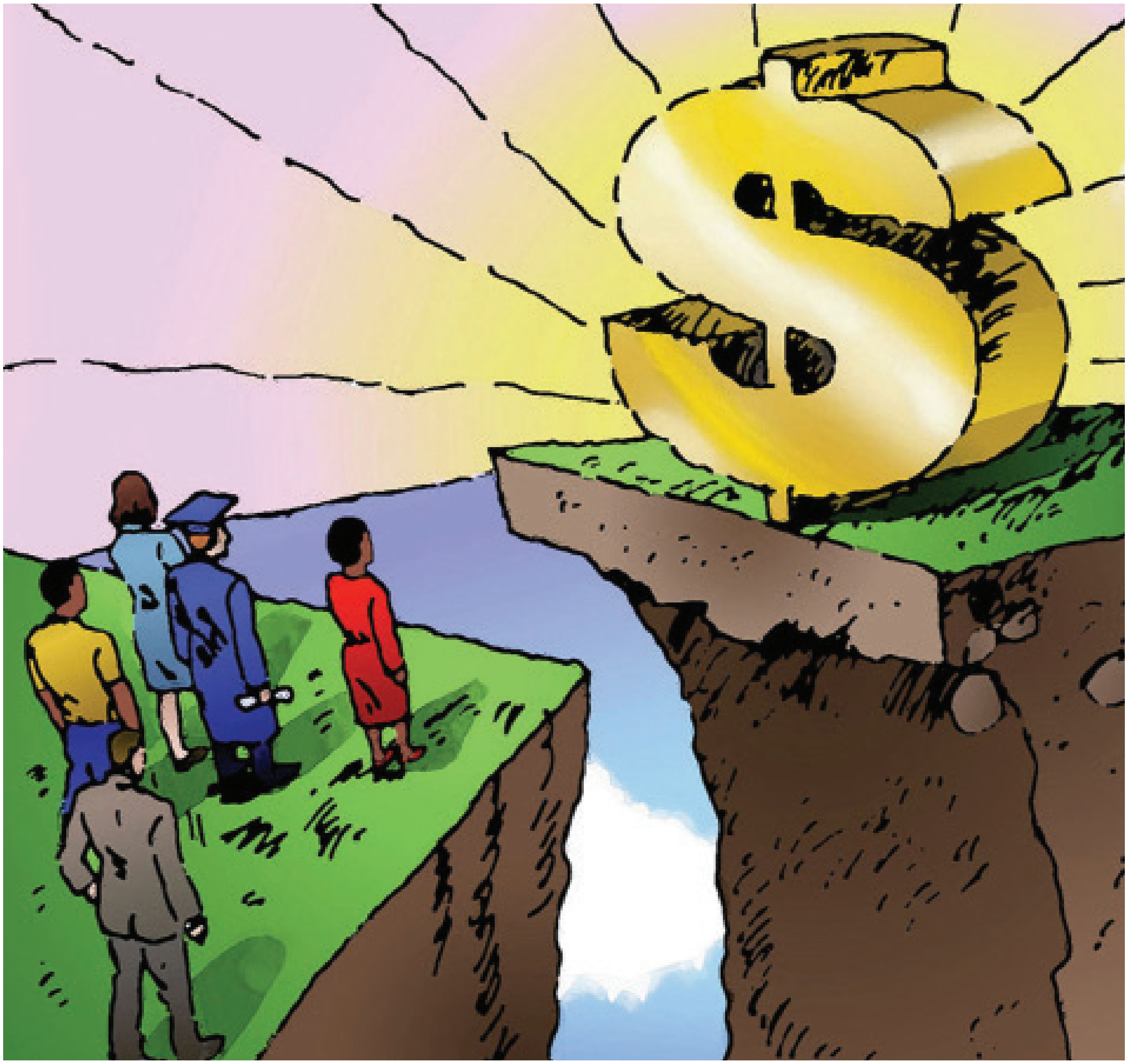
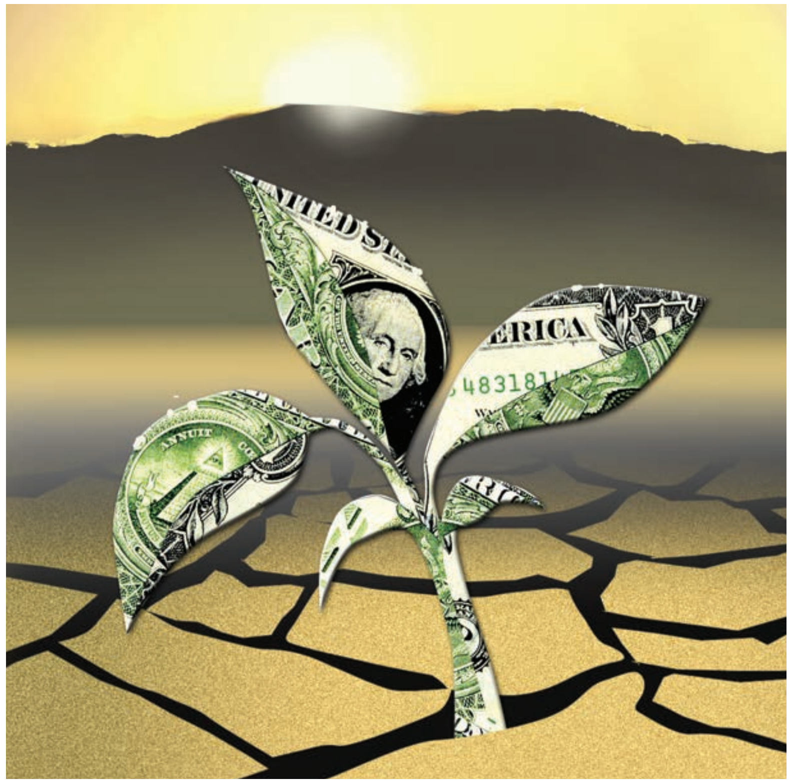
>>Economic Security

How Should We Take Charge of Our Future?



INTRODUCTION

As the nation slowly recovers from its worst recession in decades, it is a good time to ask how we can best take charge of the future, so families can feel reasonably secure, parents can help their children prosper, and everyone can move toward a financially stable retirement.



We've been through the wringer. In 2008-2009, it's estimated that Americans lost about $8 *trillion* in home values and savings. At least 100 banks failed in less than 2 years, costing taxpayers billions.

The unemployment rate hovered around 10 percent and millions of other workers could only get part-time work, or jobs that didn't use their skills. For some, especially in hard-hit areas of the Northeast and Midwest, years had passed since they had been productively employed in jobs with a future. Altogether, the combined estimates of unemployed and underemployed Americans reached 16-17 percent.

Many Americans are justifiably angry at the irresponsibility and greed exhibited by Wall Street speculators gambling with the nation's fortunes.

"I'm out here protesting against the big bankers, the CEOs that's receiving the big bonuses after we bailed them out," said Joan Matthews, a West Virginian who was part of a protest in downtown Charleston, West Virginia. "And a lot of them paid back their money and that's fine. But the billions that have gone into bonuses could help create jobs and they should give back, not take."

At the same time, many people are troubled—even angered—by the willingness of their neighbors to buy houses they couldn't possibly afford or to run up massive credit card debts.

It's easy to feel powerless in the face of such large forces at work. Yet it's important to remember that we, as individuals, are largely responsible for decisions about our economic security and the future of our families—decisions about where we work and live, how long we stay in school, how we spend and save our money, and when we retire. And, just as important, we make collective judgments about the direction of our nation and the economy.

What is economic security? For the purposes of this discussion, it has three elements:

- having enough reliable income
- being able to save for emergencies
- being able to support yourself when you retire

As the nation slowly recovers from its worst recession in decades, it is a good time to ask how we can best take charge of the future, so families can feel reasonably secure, parents can help their children prosper, and everyone can move toward a financially stable retirement.

What we mean by "the future" is a little different for each of us. For young workers, it may be about their careers—the next job, starting a new business, or saving for a home. Others are thinking about giving their children a good start. For older Americans, retirement looms much larger in their decision making.

This issue guide will help us make choices about how we can best help the most people achieve economic security.

There are several converging trends to consider: more of us work in service jobs, far fewer in manufacturing; employee pensions are giving way to 401(k) savings plans and other individual retirement accounts; the baby boomer generation is hitting retirement age; and, thanks to advances in health, Americans are living longer.

Moreover, any discussion of the U.S. economy quickly becomes complicated. For example, the rise of the Internet seems to many people to be a good thing. Yet the ability to instantaneously send documents and information by e-mail has hurt companies that make copiers and FAX machines, as well as the U.S. Post Office.

It's likely that it will take a long time to recover from this recession, especially when it comes to anything like full employment. We have critical questions to answer and we have important decisions to make that will affect our individual and collective economic security.

Do we want to build more control into the system, with more guarantees of safety but less room for financial creativity and entrepreneurship? What kinds of sacrifices should each of us make and expect of one another? Should we expect to work longer before retirement?

By their very nature, these questions pit important values against one another and challenge us not only to deal with the differences we have with each other but also with the need to sort out and prioritize those things we ourselves care most about. Most answers have advantages as well as drawbacks.

Even something as seemingly straightforward as extending unemployment benefits, raises questions about our priorities. For example, in a report on National Public Radio, Heritage Foundation economist James Sherk pointed out that "the jobs that have been lost are not coming back and workers need to change to new industries, move to new sectors of the country. And having two years of unemployment insurance benefits allows those who are unemployed … to put off making those very difficult and very painful decisions, to keep imagining that the jobs that they used to have will come back."

Congressional legislators have been considering multiple proposals to repair the economy.

Some are regulatory. One would create a consumer financial protection agency that would provide safeguards for consumers by regulating credit cards, mortgages, and other financial tools. Another would reform or replace Fannie Mae and Freddie Mac, the giant mortgage finance corporations, once quasi-private, which the government took over entirely in 2008 when the real estate market collapsed.

Rising health-care costs are a significant concern for many Americans and a key factor in their economic security. While the recently enacted health-care reforms are, in part, meant to address these concerns, health care is a complex issue that deserves its own discussion. It will not be a focus of this conversation.

Discussions about the economy in Washington, D.C., or in state capitals, connect with the things we talk about in our kitchens and community centers. We also need to figure out how we want to move forward and take action on a number of levels.

This issue guide explores three options for addressing economic security, suggesting what could be done, and what could happen as a result.

Option One suggests that we need to act more responsibly with our own money and, in the government and financial sectors, with other people's money.

Option Two holds that our neighbors' welfare is tied up with our own and that we should look out for each other to ensure that both our families and our communities are economically secure.

Option Three says we need to tap into our considerable individual and collective entrepreneurial potential, pursue more opportunities, accept more risks, and "grow our way out."

The National Issues Forums Institute
This issue guide was prepared for the National Issues Forums Institute in collaboration with the Kettering Foundation. Issue guides in this series are used by civic and educational organizations interested in addressing public issues. These organizations use the books in locally initiated forums convened each year in hundreds of communities. For a description of the National Issues Forums, log onto the Web site: **www.nifi.org**.

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Economic Security: How Should We Take Charge of Our Future?

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Option One says that by making better choices about how we spend our money, we can make better use of what we have, and set aside more for future needs, such as college tuition for our children and retirement for ourselves. For many, this will involve hard choices. For others it will mean learning and practicing new skills.

>>Act More Responsibly with Our Money

Personal debt soared in the 1990s and early 21st century until, by 2007, Americans collectively owed about $13 *trillion* needed to pay off mortgages, car loans, credit cards, and a myriad of other personal and household bills.

According to a 2009 survey sponsored by the National Foundation for Credit Counseling (NFCC), more than one-half of all Americans don't keep track of their spending, one-third have no savings for retirement or anything else, and two-thirds have not recently reviewed their credit report. Other research indicates that many of those Americans who have retirement accounts paid little or no attention to them until the stock market tanked.

At least one in five home buyers in 2006, and probably more, reached well beyond their means and put up very little of their own money to obtain a mortgage. Choosing to ignore the terms of their mortgage contracts—or not to read them at all—many were surprised when adjustable payments went up.

This urge to take on more than we can afford has also taken place on broader levels. The ballooning federal debt was closing in on $13 trillion by the spring of 2010. And most analysts predict that Social Security and Medicare will begin running deficits within the next decade as more baby boomers retire. In addition, a University of Chicago study estimated that state government pension plans alone face a deficit of at least $3 trillion at present funding levels.

Option One says that by making better choices about how we spend our money, we can make better use of what we have, and set aside more for future needs, such as college tuition for our children and retirement for ourselves. For many, this will involve hard choices. For others, it will mean learning and practicing new skills.

This is not just a question of individual choices. The principle applies not only to our personal finances but also to banking and investment firms that handle other people's money, and to policymakers who spend taxpayer funds. The 2008-2009 recession was caused in part by financiers who transformed risky mortgages into what turned out to be even riskier investments, "packaging" them in ways that were never contemplated by U.S. lawmakers or regulated in any way.

Clearly, we need to exercise better control over our resources. For individuals, Option One will take work, more work than many of us are used to putting into our finances. It's especially urgent that we sharpen our focus on financial basics, because planning for our economic security today is far more complicated than it was for our parents or grandparents.

Take 401(k) plans, for example. These plans have spread rapidly across U.S. corporations in recent years, often taking the place of pension plans. In a typical 401(k), a part of an employee's salary is automatically deducted from his or her paycheck each pay period. The contributions are invested at the employee's direction into one or more funds provided in the plan. Employers often "match" employee contributions but are not required to do so. The benefits paid out upon retirement depend on how well the investments have done.

"The advent of 401(k)s saw a massive risk transfer from corporations to employees," wrote Jill Schlesinger, editor-at-large for CBS Moneywatch.com. "But as pensions disappeared nobody said, 'Hey, instead of your boss paying into a guaranteed retirement plan, the risk of making contributions and managing your retirement money is entirely on you.' And until the bottom fell out of the market, ignorance was bliss."

The need for fundamental financial precautions remains unchanged. The NFCC recommends that every household draw up a written budget based on a set of short-term and long-term goals that include saving for the future. Families should track monthly income and expenses and keep close tabs on their use of credit and the rates of interest they pay. The bottom line is that we may well have to spend less. Some people will need to give up some luxuries. Others, who have already cut nonessential spending, will have much harder choices to make.

For federal, state, and local governments—and all of us, as taxpayers—Option One would also mean facing up to serious fiscal challenges. Former House Speaker Tip O'Neill called Social Security the "third rail of American politics,"

Families, elected officials, bankers, and money managers should spend only what they can afford. . . . We will all need to put in the time and work needed to understand our finances.

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Parents can begin early, teaching their children the importance of saving for future needs.

meaning that politicians who touch it are in for an unpleasant shock. But Social Security and Medicare benefits are unsupportable at current levels and policymakers are going to have to make hard decisions about what to do. Citizens will have to accept this reality as well.

Facing difficult choices, along with accountability and prudence, are the threads running through Option One, which holds that families, elected officials, bankers, and money managers should spend only what they can afford. And we will all need to put in the time and work needed to understand our finances.

We will also need to make some decisions about the nation's financial institutions. The strategy outlined in this approach would mean putting constraints on risk-taking. We've pushed that freedom to the utmost, with disastrous results.

"A sound economy needs healthy financial institutions. Rather than stop lenders from hurting consumers, the first priority should be to keep the banks from harming themselves," wrote financial journalist Roger Lowenstein on the Bloomberg news service. "In the short run, solvency is often at odds with what consumers want (or with what they think they want). We should remember that for every mortgage customer that was hosed, others were willingly grabbing all the unsound mortgages they could get."

Lowenstein and others propose that new regulations on bankers and Wall Street financiers should focus on building capital for American companies to grow, rather than crafting new and ever more complex speculative financial instruments, which are intended solely to make money.

Author David Korten, writing in the *Kalamazoo Gazette*, suggests that we would be better off without the large Wall Street banks. "These banks should be broken up and their branches sold to local investors," he said. "These community banks, credit unions and mutual savings and loan associations should be chartered to serve Main Street needs, lending to local manufacturers, merchants, farmers, and homeowners within a strong regulatory framework."

The bottom line is that we have taken future prosperity and our economic security for granted. Neither is guaranteed unless we act now to responsibly manage our money.

Facing difficult choices, along with accountability and prudence, are the threads running through Option One, which holds that families, elected officials, bankers, and money managers should spend only what they can afford.

What we could do:

Option One says that, for too long, many of us—individuals as well as businesses and governments—have avoided coming to grips with the hard choices today's economic realities demand. We have no choice but to rein in risky speculation at all levels and to take a more disciplined view of our personal and public spending habits.

- Families can draw up and stick to a household budget, keep track of income and spending, and make more prudent use of credit cards. We can educate ourselves about investing and more closely monitor the money we put into individual retirement accounts and other funds. Community groups and high schools can educate people on how to track expenses and live within a budget.

  But, *many Americans are already stretched to the breaking point and don't have enough money after paying for housing, food, and utilities to save for retirement. And if well-to-do consumers watch their money more closely, they will buy fewer cars and dishwashers and houses, effectively slowing down the economy. Adding budgeting and financial literacy to high school classes would take time away from instruction on the core curriculum.*

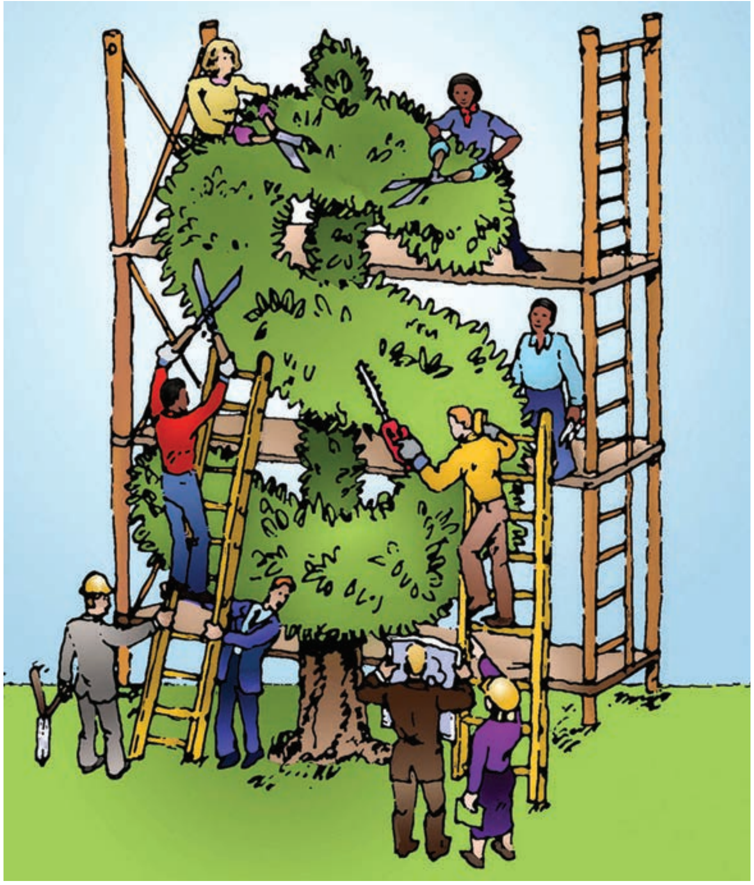
- Businesses could renegotiate pension agreements so they are more affordable to individual firms. Government could address pension and entitlement deficits by raising the retirement age and reducing benefits.

  But, *if Americans work longer, there will be fewer jobs available for young people entering the workforce. Reduced benefits will mean more seniors living in poverty.*

- Congress can regulate Wall Street activities in such a way as to emphasize building capital for investment and growth and to more closely monitor the use of speculative financial instruments. Federal regulators can separate investment banking and everyday deposit banking to further insulate ordinary individuals from risk-taking they didn't agree to.

  But, *innovation and speculation help drive the economy. Putting more controls in place will make the economy less dynamic and diminish opportunity.*

Option Two argues that the most reliable place to find strength and economic security is with each other. For families, that may mean combining households and cutting costs; for communities, it means pulling together to help everyone make a decent living, or at least have the basic necessities.



>>Look Out for Each Other

Hard times remind us of the web of connections between each of us and our neighbors, whether they're next door or across town.

Option Two argues that the most reliable place to find strength and economic security is with each other. For families, that may mean combining households and cutting costs; for communities, it means pulling together to help everyone make a decent living, or at least have the basic necessities.

"We're only as strong as the weakest link," said one woman in Richmond, Virginia.

Many families are already taking this to heart, according to an analysis of census data by the Pew Research Center. Their research found that the proportion of households with multiple generations, which was as low as 12 percent in 1980, had risen to 16 percent by 2008. In a parallel trend, the proportion of people 65 and older living alone declined.

Charles and Rebecca Polston and their three children lived in the suburbs of Charlotte, North Carolina, until the housing industry slumped and Charles lost his job. After trying for several months to get another job, he moved his family to Great Falls, North Carolina, a small country town. Their rent is $200 less, and they know they have extended family to fall back on.

"We thought coming down here close to family we could pool our resources. Live close together. Help each other out. Make it a little easier for everyone," Rebecca told *Atlantic* magazine. "We did what we thought was best to survive and get through this."

The benefits of this approach include lower living costs; reduced anxiety about children still trying to make their way and about aging parents; the reciprocal advantages of grandparents looking after grandchildren; and healthier families. It would, in fact, make us richer in the long run.

Another way to achieve some of the same advantages is through "smart growth," reshaping our communities to minimize sprawl and make it easier for families to live near each other. Author Jane Jacobs and others have noted the critical importance of neighborhood and family to livable, prosperous communities, and vice versa. We need local employers and economic development groups to place a higher priority on businesses and job opportunities that strengthen local ties.

Returning to the kinds of compact living spaces familiar to our forbears would take some getting used to. As households grow in size, for example, we would have to give up a significant amount of the "personal space" we've come to prize, and we would have to handle family problems without the luxury of hanging up the phone when matters become too unpleasant. Some couples might elect to work out difficult conflicts and stay together for economic reasons rather than seeking a divorce.

Taking steps that strengthen our communities will not only help us survive an economic recession but also give us the tools to build a more stable economic future.

Workers also would lose some of their flexibility. They would need to think twice about taking that better job in a faraway city. "Strong ties can hold you back," as one man in Kansas said.

Option Two also looks beyond families to ask what we can do to support our neighbors, especially those millions of Americans who live paycheck to paycheck, just one stroke of bad luck away from disaster.

The Seattle P-Patch program for community gardens began in the early 1970s during a local recession that caused many families to lose their jobs. Community gardening programs have spread across the nation—and throughout the world. In addition to providing fresh produce to millions of families, the movement has been credited with creating neighborhood improvement and rebuilding a sense of community in such widely divergent settings as central cities, outlying suburbs, and rural towns.

Time banks are another such community initiative. In Montpelier, Vermont, for example, Elizabeth Wilcox, a single mother of five, was delighted to discover the Onion River Exchange, which helps Central Vermonters exchange goods and services without using money. Instead, more than 300 members exchange services they can perform for services they need. Members on tight budgets can earn an hour of credit for giving someone a ride to a doctor's appointment, for example, and use that credit for an hour of babysitting.

A 2008 study of government labor and census statistics found that nearly one-third of U.S. families could be defined as poor or "working poor," even with one or two employed adults. Thus, millions of workers in the United States, while classified above the federally defined "poverty line," don't make enough money to pay their bills, take care of their families, and still put money aside for the future. The Working Poor Families Project estimates that the number of such families increased by 350,000 between 2002 and 2006.

One direct approach is through the paycheck. Some economists note that the low wages many people earn have a hidden cost for the rest of us in the form of government or nonprofit support necessary to meet the basic needs of poor working families. If we insist on fair wages, and getting more people into better jobs with reasonable job security, those people will spend and save more, thereby strengthening the country's bottom line. Many communities have passed laws that require employers—at least those who do business with state and local governments—to pay workers more than the federal minimum wage.

Another way to support families is through child care. Lack of quality child care is a leading cause of job loss and continued unemployment for single parents and low-income two-parent families. Many studies also have found that quality child care and early childhood development have short-term and long-term economic benefits for both the parents and the children, and ultimately the entire economy. Some research suggests a three-to-one return on every dollar invested in such programs.

Looking out for each other is a strategy that can extend to everyday decisions, such as shopping in discount stores owned by distant corporations. Several different studies have demonstrated a link between the low prices we've come to expect in such stores and the low wages many workers are receiving. As another woman in Richmond put it, "We should not be benefiting from others' failure to thrive." Although we might have to accept paying higher prices for many products, buying local would keep dollars in the community where the economic circulation can help all of us.

Businesses can also keep their focus on community.

Hometowne Heritage Bank is located in Lancaster County, Pennsylvania, where most of banker Bill O'Brien's customers are Amish. There are no Amish bankers, so the Amish must use local banks. At Hometowne Heritage, all business is done face to face, and the bank has never sold one of its customers' mortgages to a larger bank. In the midst of the recession, the bank had one of its best years ever. None of their customers lost money, and none of them lost their homes.

"It's our loans," banker Bill O'Brien said on National Public Radio. "We write them. We have to service them. I

Courtesy of Mid City Community Garden

Volunteers from a number of nonprofit organizations help maintain the Mid-City Community Garden, which occupies a formerly abandoned lot on South Salcedo Street in New Orleans.

haven't had that experience where you just pass it along."

A bank that serves many Amish customers is in a unique situation. Still, there are lessons to be drawn from the personal accountability that O'Brien and his customers show each other.

What we could do:

Option Two argues that all of us lose when our neighbors fail to prosper, that our long-term recovery depends on the participation of as many Americans as possible. We can't talk about economic security—for *everyone*—unless we come up with strategies that boost foundering families just enough to give them a fighting chance. Our mutual fortunes are bound up together. Taking steps that strengthen our communities will not only help us survive an economic recession but also give us the tools to build a more stable economic future.

- Families can reaffirm intergenerational ties and commitments, pooling resources, taking in extended family members, and creating more closely knit families. Community groups can provide counseling for couples with financial difficulties (a leading cause of marital problems) to help them stay together and avoid the economic problems divorce can bring.

  But, *this could increase the stress on families, leading to more cases of elder abuse and domestic violence. Just when we most need workers to be flexible and mobile, this approach would keep them tied to one place. Each of us would be less free to seek opportunity wherever we find it.*

- Businesses, community groups, and faith-based organizations can provide more child-care options for working parents. Employers can be more generous with family leave and sick time, recognizing that healthy families are essential to a strong local economy.

  But, *this will add very real costs to businesses, and many will not be able to support them. Community groups are stretched and may not be able to provide such support.*

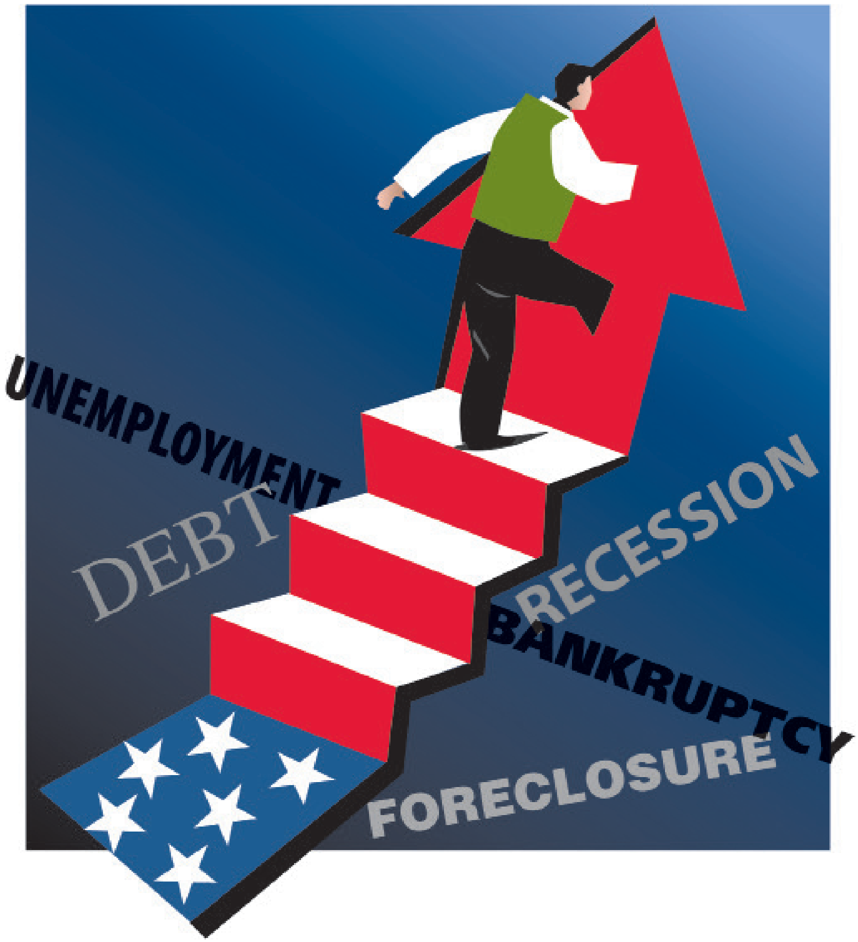
- Local governments and zoning commissions could make every effort to control sprawl and promote more public transit, to make it easier for families to live near and with each other.

  Stricter zoning laws often mean that people have to give up rights to develop or use their property as they might have planned or wished to do.

- Communities can institute "buy local" campaigns to keep money in the community. Individuals can do business with companies that pay their workers a decent wage, and avoid those that don't.

  When it comes down to making a choice between strengthening the community and saving money to meet family needs, the latter is almost always likely to win out.

We need to tap into our considerable capabilities, do whatever we can to expand on them, accept the risks that success requires, and grow our way out of this slump, advocates of Option Three say. We won't achieve economic security by waiting for someone else to solve the problem.



>>Grow Our Way Out

In this view, we may be focusing so much on the bad news that we've forgotten our potential.

The United States remains the world's largest economy, by far. It is first, or among the top five nations, in terms of worker productivity, patents granted, exports, educational attainment, and, yes, even manufacturing.

We need to tap into our considerable capabilities, do whatever we can to expand on them, accept the risks that success requires, and grow our way out of this slump, advocates of Option Three say. We won't achieve economic security by waiting for someone else to solve the problem. We have the power to get the economy moving again.

This approach focuses on the ability of Americans to take small advantages and multiply them into successes through hard work. It is fundamentally about capitalizing on new opportunities all around us.

Option Three argues that even a recession as deep as this one is still part of the cyclical nature of our market economy, and we shouldn't panic or turn away from a policy that makes the most sense over time—encouraging growth. That means everyone needs to stop "hunkering down" and begin taking risks again. Banks need to start lending, businesses should start hiring, and individuals can start businesses or go back to school to train for new careers.

This approach does not advocate for across-the-board tax cuts and repeal of regulations. Its strategy is to encourage growth by targeting the human potential in our society —the entrepreneurs, ambitious workers, and college students of all ages who are taking risks in order to get ahead. In today's economy, and with the rise of the Internet, there are opportunities for each of us, if we're willing to work hard.

It does mean we need to take some risks, an idea that's understandably lost favor since the recession began. Yet risk helps drive the U.S. economy. When someone starts a new business, invests in a company, goes back to college, or hires a new employee, he or she is taking a calculated risk. Many of us have taken such chances in order to improve our lives, or our bank accounts.

A strategy that focuses on risk and American potential would support job generation in small businesses, direct resources to certain segments of the educational system, and innovation in business.

The small business sector is a ripe target for growth. According to the U.S. Small Business Administration, small firms employ just over half of all private-sector workers and created 64 percent of net new jobs over the last 15 years. A March 2010 study by the National Bureau of Economic Research showed that small businesses create more jobs than larger ones. Why, then, is so much attention paid to corporate conglomerates and so little to small business?

In Sacramento, California, Jim Collins and his wife Arlene own a 12-employee company that retrofits buildings with energy efficient technologies. Collins told McClatchy Newspapers that he has a solid credit history and 35 years of experience in the industry. Yet when he approached a large bank about financing an expansion, he was turned down … because he was too small.

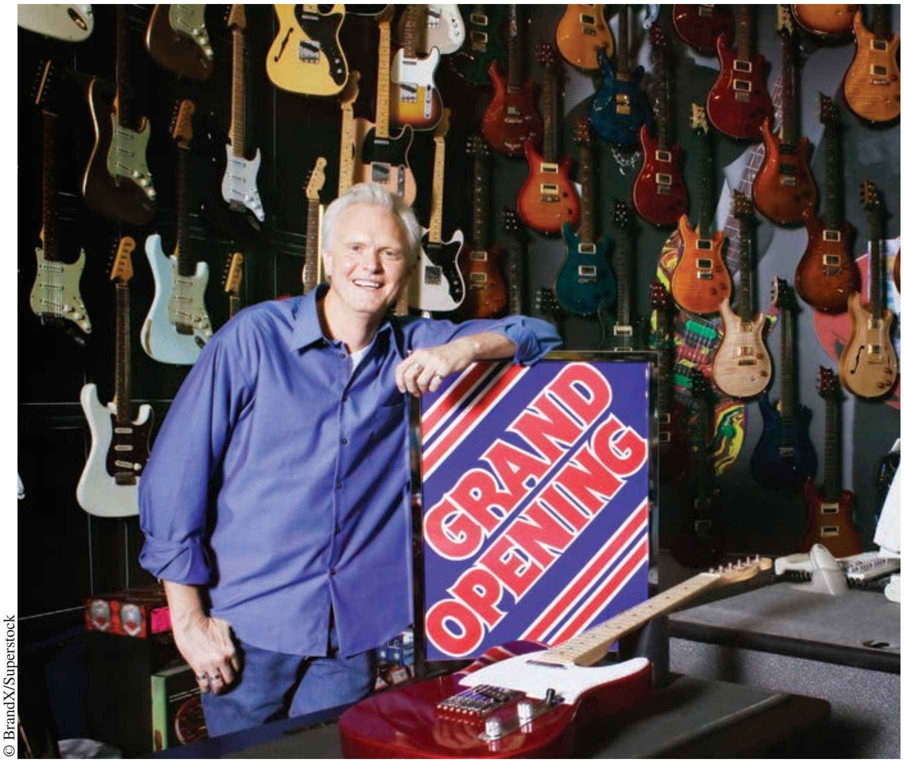
Collins can't get the money he needs to hire five additional workers and take on more contracts, even as the government promotes "green" jobs. "The credit crunch is still there. It really impedes our ability to grow," he said. "I'd put five more people to work tomorrow."

There are proposals under discussion in Washington, D.C., to deal with situations like this.

"We have proposed a $30 billion fund from the Treasury that would be available for community banks to borrow," Karen G. Mills, head of the Small Business Administration, told the *Miami Herald*. "And if they increase their small business lending, they can get this money as low as 1 percent. So that's very profitable business for them…. When you put $30 billion of capital into community banks, you actually get much more money out in lending some multiple of that because they leverage it up. So you get $90 billion, let's say … for a few billion in investment."

Option Three would also address the needs of the workforce through education. In a period when so many workers are looking for new careers, we need to focus immediate attention on community colleges and vocational schools.

"Community college enrollment has been increasing at more than three times the rate of four-year colleges," columnist David Brooks wrote in the *New York Times*. "This year, in the middle of the recession, many schools are seeing enrollment surges of 10 percent to 15 percent. And the



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The small business sector is a ripe target for growth. Many people are willing to accept the risks of starting a new business.

investment seems to pay off. According to one study, students who earn a certificate experience a 15 percent increase in earnings."

In addition to the critical role community colleges play in educating students for new and emerging vocational fields, they also play a dynamic leadership role in strengthening the underpinnings of the community at large. When large employers close their doors, for example, community colleges often organize major efforts to help displaced workers find their footing and help community leaders rethink their economic future.

Americans should look at the range of economic opportunities available to them and think about building diverse income streams.

HR 3221, passed as part of the health-care bill in March 2010, provides more support for innovation and growth at community colleges, but there needs to be sustained attention focused on this unsung segment of the educational system.

This option would also encourage people to look at work differently. Many Americans no longer work at one job all day or stay on a single career path throughout their working lives. Typically they may have full- or part-time jobs and supplement their incomes by working at another business—or by starting small home businesses of their own. This option holds that Americans should look at the range of economic opportunities available to them and think about building diverse income streams.

Finally, this option would encourage innovation in American industry.

"There needs to be a radical re-emphasis on innovation in the workplace," writes Karen Noble in the *Huffington Post*. "At a bare minimum, start a 'Blue Sky Thinking' campaign. Establish a regular time and/or place where innovation rules.... The motto 'Failure Welcomed Here' should be explicit, because encouraging failure often unleashes people's capacity to succeed."

One simple way to boost innovation in the United States would be reforming and expanding the Patent Office, which currently has a three-year backlog of applications due to underfunding and longtime neglect.

The downside of risk, of course, is failure. Yet the economy will gain if there are more successes than failures, and not to take the risk at all runs counter to our national character.

What we could do:

This option holds that, at a time like this, we need to be seeking opportunity and growth rather than circling the wagons. America remains an economic powerhouse and there are new opportunities all around us. We need to be more entrepreneurial and innovative so we can grow our economy to benefit all of us.

- Each of us can be more creative and bold in the face of employment difficulties, striking out on our own and becoming more entrepreneurial. Individuals can get bank financing to start new businesses, or seek student loans to start (or return to) college to train for new careers. State governments and local school systems can direct more money to community college and vocational school systems.

  But, *individuals accept the risk along with the reward. According to a study by the U.S. Small Business Association, only two-thirds of all small business startups survive the first two years and less than half make it to four years. Furthermore, just getting a degree does not guarantee getting a job. If too many people go back to school in the same areas, the resulting glut of workers will leave many still unemployed and deeper in debt.*

- Business owners could take more chances by aggressively seeking loans to expand and hire more workers.

  But, *encouraging risk could lead to poor decisions and businesses overreaching, part of what led to the recession we just had.*

- Government can support entrepreneurship and forward thinking by cutting red tape for small business owners and entrepreneurs. Congress could renew and increase the Research and Experimentation Tax Credit for corporations to spur basic research and innovation. Government could invest heavily in research and capacity building in growth areas like green technology and alternative fuels.

  If we loosen regulations, more people could be hurt by unscrupulous entrepreneurs. Finally, there is no guarantee about which areas will truly show growth; plenty of sectors could use investment now.

- Government could push hard for "buy American" policies, where appropriate, and move aggressively to negotiate advantageous trade agreements.

  Large-scale economic moves may benefit large companies but won't necessarily help individual families in the foreseeable future.