Thank you Kimberly for the introduction, and thank you all for coming and supporting the American Swiss Foundation. In particular, thank you Ambassador Sager, Ambassador Whittlsey and Chairman Hoch, and Fellow Young Leader Christa Markwalder.

One important mission of the American Swiss Foundation is to bring together leaders from both countries to celebrate and improve our friendship and to discuss new ways of thinking about our problems, solutions and opportunities. Ambassador Whittlsey: your singularly important leadership in creating and nurturing the Young Leaders Conference is commendable. Ambassador, you are a true entrepreneur and innovator, and a leader we all admire.

The YLC, has influenced hundreds of important leaders in both countries. All of them leave each Conference with a more profound connection to our nations' deep and important friendship. You have enlightened us that there is a possible "third way" to the U.S. system, a system which sometimes seems hopelessly deadlocked on two conversations that rarely intersect.

Switzerland is a unique country. It is a landlocked nation that has built one of the world's most prosperous economies, while running a balanced budget, providing universal healthcare and a strong social security system, all without fighting a war in nearly 200 years.

The World Economic Forum's Global Competitiveness Report ranks Switzerland's economy in its top position. In 2011, the Global Innovation Index ranked Switzerland as the world's most innovative country. The United States was ranked a distant 7th. In 2005, the median household income in Switzerland was the equivalent of roughly $100,000 USD.

Now there's a country that American policy makers should study closely for ways to sustain economic growth and innovation.

It is an honor to talk tonight about three related things: entrepreneurship, innovation and economic growth.

Let us define entrepreneurship as forming a new commercial venture and taking on risk. Entrepreneurs come in all forms, from a new shop owner to a scientist who has the cure to cancer. In the United States, the most noticeable and high profile entrepreneurs are usually connected with brilliant technology or innovative products or services. But a small retail store or restaurant owner is as much an entrepreneur as the founders of Twitter. What they all have in common is the pursuit of a path that isn't safe, a path lined with both risk AND reward.

Innovation is an improvement in a product, process or service over the old way of doing something. Innovation fuels economic growth and personal income growth. It is the source of improved quality of life and the process through which the human condition is made better.

The United States and Switzerland are good at innovation because we both have established the three key ingredients of innovative societies: 1) open systems that incentivize innovation, 2) robust financial markets that fund innovation, and 3) highly educated and motivated people who are engaged in innovation.

We all care about entrepreneurship, innovation and economic growth.

My personal experience with it comes from growing up in Flint, Michigan, at one time the home of four major divisions of General Motors,there were 80,000 GM employees in a county of 450,000. In the 1960s, Flint had the highest per capita income of any city its size in the country. Flint was a great place to grow up, get a good education and raise a family. It had terrific schools, parks, and cultural institutions. It was a bustling, economically vibrant place that represented the American dream. My immigrant grandfather worked in a paint pit in a Buick factory for 40 years. He and my grandmother had 7 children and 28 grandchildren, 27 of whom graduated from college.

Today, fewer than 5,000 of those 80,000 jobs still exist. Real unemployment has hovered above 20% for more than two decades. Flint has lost nearly half of its population.

Seeing Flint in both prosperous and tough times instilled in me a desire to build something that thrives and led me, in part, to becoming an entrepreneur.

One of Flint's sons was one of the most incredible entrepreneurs in history. His name was Billy Durant, and he was the founder of General Motors.

In 1900, there were dozens of companies making automobiles in the United States. But Durant thought that those cars were noisy, dangerous and smelly contraptions. A high school dropout, he decided to get into the auto business and solve this problem of dirty, noisy, unsafe cars.

Starting from virtually nothing, he built and/or bought Cadillac, Chevrolet, Pontiac, Oldsmobile and Buick, and he had significant influence in the founding of Chrysler and American Motors. He produced cars that people wanted to buy. He built factories and invented the modern car dealership system.

In addition to all of that work, he was the innovative visionary who brought laundry machines to the masses under the Frigidaire brand. At one point, Durant was one of the richest men in the world . . . until he tried to prop up the stock market on his own after Black Tuesday.

After twice losing control of GM, he died as the proprietor of a bowling alley on Flint's North End. The world has long forgotten his story.

Even Flint has forgotten him. But much of the U.S. auto industry can claim Billy Durant as its father. Today, despite its struggles, GM employs more than 200,000 people at over 150 sites around the world. It sells overnight 8 million cars a year.

The story of Billy Durant is the story of the COLLISION of entrepreneurship and innovation, a collision that resulted in MASSIVE economic growth. It's that collision that has brought America and Switzerland their economic leadership, and it's that collision of entrepreneurship and innovation that will save America once again.

Tonight, let us touch on three topics.

First, we should share some of the most recent research about job creation in the United States.

Second, we will talk about the state of entrepreneurship and innovation in America today.

Third, we will discuss a few low-cost policy changes that could make a big impact on innovation and entrepreneurship in the United States.

So.....(pause), where do new jobs come from in our economy?

A recent study by the Kauffman Foundation found that new companies account for nearly all net job growth in the U.S. They add 3 million jobs a year, while older companies lose 1 million jobs annually. **Without new company formation, there would be NO net job growth in the U.S. economy.**

When you think about this, it makes sense. After companies go through rapid growth, they tend to grow slowly or shed jobs. For example, 87% of the Fortune 500 companies from two decades ago are no longer on the list.

When it comes to real U.S. job growth, startups aren't the main thing, they're really the only thing that really matters.

The conventional wisdom that established companies are net job creators is dead wrong. Net job growth occurs in the U.S. economy only through startup firms, defined as firms that are less than a year old.

On average, one-year-old firms create nearly one million jobs, while ten-year-old firms generate only one-third of those jobs. The notion that firms bulk up as they age is, in the aggregate, not supported by data.

Further, the Kaufman study showed that existing firms have much more cyclical job creation variance than startup firms. Most notably, during recessionary years, job creation at startups remains stable, while net job losses at existing firms increase.

For the United States to regain its edge, we must vigorously look at ways to increase our entrepreneurial activity. New business formation centered on innovation is paramount.

What is the state of American entrepreneurship and innovation?

By one measure of innovation, total spending on research and development, the United States spends half a trillion dollars per year, more than China, Japan and Germany combined. That's the good news.

The bad news: when you look at the number of companies filing IPOs, the US isn't doing so well. In 2010, only about 100 US companies went public. China had over 500. 20 years ago, the converse was true. The world's emerging economies have caught up quickly.

By another measure of innovation, leadership in the commercialization of groundbreaking technologies and the development of fundamentally new industries, like biotechnology, mobile devices and social media, the United States is more innovative than the rest of the world combined. Think Apple, Google, Facebook, Twitter, Genentech, Amgen . . . and someday, Exact Sciences! The United States remains an indisputable global innovation leader.

But what about entrepreneurship?

The news here is challenging. The best way to analyze entrepreneurship is to consider the rate of new company formation, defined as the percentage of companies that have been formed in the last year. Traditionally, about 13% of all companies in the United States are less than a year old. Last year, however, that rate fell to 8%.

Looking at companies that are less than 5 years old, we see that they represent just 35% of all companies. In the 1980s, fully 50% of companies were less than 5 years old. This downward trend has continued unabated since the 1980s and was exacerbated by the Great Recession.

From March 2009 to March 2010, U.S. private-sector firms saw a net loss of 1.8 million jobs. The nearly 400,000 companies that began operations in 2010, however, created 2.3 million jobs, in spite of the anemic economy. So the older firms lost 4.1 million jobs during that period. Imagine the turbocharging of our job creation engine if our country had created new companies at our historical rate of 13%, instead of 8%.

Economists are talking about long-term growth in the range of 2% per year. This decline in new company formation may be an important dynamic in these anemic growth prospects.

If we are to get our economy moving in the right direction and at the right pace, we must create the right conditions to encourage more new company formation.

What can we do to change the trend lines?

We know that the speed of innovation is increasing faster than ever before. The paradox is that the majority of people think that the future is going to be worse that the present. This is amazing. Innovation is NOT going to go backwards. But we know that great ideas can't scale without good public policy. When things were less partisan, our Congressional leaders focused on their committees and good policy. They were more technocratic. Now we are more simplistic and more rigid in our policy making. We need to change that, and here are some ideas that should find some common ground.

1. Reform U.S. immigration laws so that more high-skilled immigrants can launch businesses in the United States.

2. Improve technology licensing and financing practices so innovation is more quickly and efficiently commercialized. Follow the model of the SwissNex tech transfer organization that has proved successful.

3. Redesign and make permanent the federal research tax credit.

4. Address the large patent application backlog by allowing applicants to pay for more rapid patent reviews.

5. Teach entrepreneurship and financial education in our high schools and colleges . . . and in our Congress.

6. Incentivize investment in startups by VCs, banks and non-conventional finance firms.

7. Have a national, focused economic development plan like the Swiss plan . . . that runs on time like Swiss trains.

This is a short list of things that we can do to re-ignite American entrepreneurial activity. In an election year, this stuff sounds pretty boring, but it's what really matters. It matters to places like Flint that no matter how far down can yet come back.

The collision of entrepreneurship and innovation is what fuels our two nations' economic prosperity. There are always peaks and valleys in the trajectory of great societies. The key to the renaissance of growth in both of our countries is to constantly invest in R&D and innovation and do everything in our power to encourage, incentivize and finance the formation of new companies of all kinds. The more that America looks to the Swiss model, and we strengthen our bonds of friendship, the greater will be our joint contribution to growth and prosperity.

Thank you very much.