

The Illusions of Entrepreneurship

Scott A. Shane blows apart many of the myths of starting one's own business in *The Illusions of Entrepreneurship*, as reviewed by Nick Schulz in *The Wall Street Journal*.

According to Scott, most entrepreneurs are not the “jet-setting, Silicon Valley-residing engineer who, along with a couple of his buddies, has raised millions of dollars of venture capital to start a new company to make a patent-protected gizmo.”

In fact, most entrepreneurs tend to “live in a place like Des Moines or Tampa” and pursue “a low-tech endeavor, like a construction company or an auto repair shop.”

And although as much as 40 percent of the U.S. population will be self-employed for some part of their working lives, “America is no longer a particularly entrepreneurial country.” According to Scott, entrepreneurship in America “has been flat or declining over the past twenty years.”

Reason is, America is a wealthy country with relatively more job opportunities, where “the opportunity cost of running your own business goes up because the amount of money you could have earned working for someone else increases.

While Nick Schultz likes this book, he faults Scott for failing to mention Joseph Schumpeter, he of “creative destruction” fame, who said that entrepreneurs are less interested in making money than in challenging the status quo and creating change—a characteristic that puts them at odds with the establishment and, he says, has led to “a long tradition of vilifying entrepreneurs.”

The Big Switch

In his latest book, *The Big Switch*, Nicholas Carr contemplates a world in which the internet is “as ubiquitous, networked and shared as electricity now is,” reports L. Gordon Crovitz in *The Wall Street Journal*.

There was a time, back in the 1800s, when Thomas Edison hoped he could control electricity via a proprietary “direct-current” system that would

require factories to buy his “steam engines and dynamos.” But the “alternating-current” system, designed to transmit “power over great distances and at low cost,” prevailed.

Nicholas observes that essentially the same thing is about to happen with the internet, predicting that “we’ll get into the habit of entering a ‘cloud’ of computing,” accessing services but “no longer tethered to whatever software may be loaded onto our own computer.”

But, apparently, he’s afraid the result will not be a happy one. He thinks that unlike electricity, the internet as a utility will destroy jobs instead of make them, and envisions the demise of the entertainment and news industries, for example.

L. Gordon Crovitz thinks Nicholas worries too much: “As Edison’s experience teaches,” he writes, “the ideas that prevail are the ones that deliver lower costs and better choices ... For those of us who use technology, the reward is increasing individual freedom and power.”

Little Chapel on the River

For 50 years, Jim Guinan has “yanked cold beers from an old metal Coca-Cola cooler and spun tales until the sun started to set”—but that era is now over, reports Gwendolyn Bounds in *The Wall Street Journal*.

Jim’s pub—Guinan’s Pub and Country Store—closed mainly because of “the absence of a full-time family member” to run it. But Guinan’s also succumbed to marketplace pressures: “The store’s traffic drivers, newspapers and a cup of plain coffee don’t hold the same lure in our latte-addicted, news-on-the-BlackBerry era. Folks don’t eat as many doughnuts anymore, either.

Gwendolyn Bounds says she wandered into Guinan’s for the first time shortly after 9/11, and was so taken by the place that she moved to Garrison and wrote a book called *Little Chapel on the River*, about it.

At Guinan’s, “there are no computers or calculators; just a 1927 wooden cash register.” Jim puts coins out on the counter so customers can make their own change. No flat-screen TVs or wi-fi, either. Just a feeling, as one regular put it, “that there’s still something pure and good and all right in this world.”

