

For the individual states, as well as for the country as a whole, this means that the environment for manufacturing employment will continue to be difficult. Production facilities will not offer considerable new employment, but without manufacturing, the growth of research and development, parts production, sales and corporate service employment will be severely hampered.

3. Entrepreneurship

The growth of employment in the service sector has come at a time when this sector is most open to the entrance of new firms. Manufacturing tends to be concentrated into relatively few hands, with the top 500 corporations employing most, if not nearly all, manufacturing workers.⁸ Part of this is due to the capital requirements for manufacturing, which are far greater than for retail establishments, for instance.

The creation of small businesses has been the subject of a considerable amount of debate and analysis. U.S. employment data suggest that of 10.5 million jobs added to the non-farm economy between 1973 and 1983, 5.6 million were added by small businesses (under 50 employees), 3.7 million by medium-sized firms and 1.2 million by large firms.⁹ Birch claims that similar small-business proportions in job growth can be attributed to even smaller firms, those with 20 or less employees, over the period 1969-1981.¹⁰

In comparative perspective, the United States added 23 million net new jobs during 1974-1984 while the EEC added none.¹¹ Most of the American jobs were added by small businesses and to a great extent by new small businesses. The respective roles of new small businesses and large, older firms has reversed itself since World War II in terms of the generation of employment.¹²