ONE

Introduction

IN THE UNITED STATES, a 10 percent unemployment rate is a catastrophe, the kind of number that gets presidents and parties booted from office. In much of the world, especially in the Middle East and North Africa, a rate three times that—unemployment greater than America's at the height of the Great Depression—is a fact of life.

From Yemen to Turkey, Algeria to Iraq, young men face staggering odds against finding work. The job market is even worse for job-seeking women, who are not even counted in unemployment figures in some countries. Twenty-eight percent of young people[1] in Saudi Arabia are unemployed. Over 30 percent in Tunisia. Thirty-five percent in Egypt. Nearly 40 percent in the Palestinian Territories. As a whole, the MENA region is home to the highest youth unemployment rates in the world. And those rates are rising.[2]

This is not merely a crisis of percentage. MENA is absolutely teeming with young people. Today, of the roughly 420 million Arabs in the world, two-thirds are age twenty-nine or younger. Half of those hundreds of millions are under fifteen years old.[3] By 2025, the populations of Iraq, Syria, Yemen, Jordan, Oman, Kuwait, the West Bank, and the Gaza Strip will be double the 1995 levels.[4] In the words of regional expert Vali Nasr, "Looking at the population numbers in the Middle East today, it is hard to see anything but youth."[5] Hard to see anything but youth without jobs, he might have said.

Millions of unemployed young people makes for millions of lives stunted by economic despair. It makes for legions of frustrated, idle, angry, and impressionable teenagers and twenty- and thirty-somethings. It makes for instability and chaos that spills over borders—into Jordan, into Israel, and into Turkey. And, as we know from Paris, more and more, it makes for threats that spill into Europe and into America.

Today, the lands of breathtakingly huge numbers of jobless youth are the lands of extremism and the lands where threats to peace and prosperity spawn. These lands are often "failed states" or, at the very least, "failing states," especially from the standpoint of their increasingly hopeless and disaffected youth. From al-Qaeda to the Islamic State, terror and instability breed where young men cannot find jobs. Joblessness, not religious, cultural, or tribal strife, is, I believe, the root (though not the only) cause of the chaos that today challenges international security and American foreign policy. The Peruvian economist Hernando de Soto, whose groundbreaking work ties peace and prosperity to economic opportunity, wrote in 2014 that the "West must learn a simple lesson: economic hope is the only way to win the battle for the constituencies on which terrorist groups feed."[6]

De Soto is right. This book advances his point and argues that the United States government has utterly failed to deal with the foremost underlying cause of extremism: economic dysfunction. But this book also argues that the hope de Soto speaks of can come in great part—in most part, in fact—from a quintessential American value and underutilized foreign policy tool that offers a tremendously potent solution: entrepreneurship.

Entrepreneurship is a job-creating machine. Jobs are the foundation of peaceful, civil societies. In the United States the youngest firms, not our established corporations, account for nearly all net job growth.[7] The same is true in poor states and emerging markets, where small- and medium-size businesses predominate.[8] By bolstering entrepreneurship in fragile and developing states, by supporting the innovators, startup companies, and job creators of the Arab world, the United States can generate truly viable economic opportunities for jobless youth and alternatives to the chaos and extremism that threatens America today.

Until now, our response to the problems wrought by massive youth unemployment has been warfare, military advisors, drones, Guantanamo Bay detentions, and vast amounts of military spending. These have not made America more secure. Every year (or every month) it seems we face a new question about invading a Middle Eastern country, bombing a terrorist cell, arming a repulsive rebel group, or ratcheting down on our own civil liberties. We spend trillions and lose thousands of American lives. And, as British diplomat and author Rory Stewart writes of coalition efforts to combat the Islamic State: "We already tried counterinsurgency and state-building in the same area of Iraq in response to a very similar group—al-Qaeda in Iraq—in 2008. We invested $100 billion a year, deployed 130,000 international troops, and funded hundreds of thousands of Sunni Arab militiamen. And the problem has returned, six years later, larger and nastier."[9]

In other words, the return on our anti-terror investment is negative. It is time for a new strategy for dealing with the threats that dominate our fears and headlines: terror groups running amok across the Middle East; shootings in Paris and Ottawa; beheadings in Syria (and Oklahoma); hatchet attacks in London; Denver schoolgirls flying abroad to jihad.

As we say in the business world, "Don't tell the market what it wants; listen to what the market is telling you." The United States must move away from military-heavy solutions (and military-leaning humanitarian solutions) and away from low-yield traditional economic development projects. We must rebalance our portfolio of investments in fragile and developing regions toward job creation—that is, toward entrepreneurship—and redeploy our agencies and staffing to do so effectively. Simply, the United States must elevate entrepreneurship as a foreign policy tool.

What Is Entrepreneurship?

In chapter 2 of this book we will look closely at how entrepreneurship can solve the unrest that plagues and threatens so many people today. The short answer: Entrepreneurship creates jobs in great numbers and generates economic growth; jobs and growth are the underpinnings of a stable, civil society. But, first, we need to understand what kind of entrepreneurship we are talking about. Who is an entrepreneur? Let's get this straight. We are not talking about rural microfinance. We are not talking about lemonade stands. We are talking the stuff of Silicon Valley and Sam Walton, the stuff of Walt Disney and Thomas Edison.

This is my definition of *entrepreneur*: An entrepreneur is a person with the vision to see a new product or process and the ability to make it happen.

Not every small business owner on Main Street or in a Marrakesh market is an entrepreneur according to this definition. Walk down stretches of

Sepulveda Boulevard in my home town of Los Angeles (one of the longest streets in America, by the way) and you will spot quite a few restaurants serving Central American fare—pupusas, fajitas, rice and beans. Street vendors stroll the sidewalks, too (along those few blocks where there are actually pedestrians), perhaps dicing mangoes for passersby on a sweltering day. Catering to, and often owned or operated by, first- and second-generation immigrants living nearby, few of these establishments are "entrepreneurial" by my definition. Why? There is nothing new about them, as enjoyable, tasty, or income generating as they may be. Such establishments, and their menus, exist all across the country.

There are also plenty of nail salons and cheap furniture stores along Sepulveda Boulevard, as well as countless other businesses with signage in Korean, Farsi, Vietnamese, Hmong, Russian, Hebrew, Armenian, Arabic, Hindi, and Tagalog. Even English! The owners (or franchisees) of these, too, are not entrepreneurs by my definition, even if it is the first shop they have run and even if they have sunk their life's savings into its launch. They are certainly inspiring, determined businessmen and women, but they have not brought to life a new product or service. Opening a barbershop; opening a café; starting a retail store . . . this is not entrepreneurship in and of itself. For similar reasons, the Lebanese and Indian enterprises across West and East Africa do not necessarily fall under my definition of entrepreneurship. Their owners are typically traders, not entrepreneurs. Traders, shop owners, and small businessmen and women are very important to economic growth, so I am not detracting from their work or their contribution to jobs and growth. But I am making a distinction. In this book, when I talk about entrepreneurship, I am talking about new products and processes. It's about innovation. And innovation isn't the same thing as technology, although they often go hand in hand. Show me a growing chain of dry cleaning operations that offers drive-thru service or ensures 100 percent environmentally sensitive chemical processes and carbon-neutral energy consumption, and I will show you an entrepreneur.

What about the hawkers along Jalan Sudirman in Jakarta, Indonesia? There, as in other bustling mega-cities across the globe, when a traffic light turns red, dozens of men, women, and children sweep up to captive drivers offering bottled water, handkerchiefs, maps, encyclopedias, live animals, lottery tickets . . . you name it. Some yank back windshield wipers and immediately begin washing and buffing windows in hope that an acquiescing customer will pay a few coins. These street vendors often provide a convenient service, responding to a demand in a hot, traffic-choked city. They are enterprising. But they are not entrepreneurs for the purposes of this book.

Many of Jakarta's street vendors are what entrepreneurship watchers like the Global Entrepreneurship Monitor (GEM) or the Omidyar Network refer to as "necessity entrepreneurs."[10] These vendors have no other options for making money. My definition in no way precludes the necessity entrepreneur who makes it big off an innovation, but GEM's other category, the "opportunity-driven" entrepreneur, speaks more to the innovator who will generate commercial success under my criteria. My definition of entrepreneurship is about disruption, high growth, scalability, and serious job creation.

Thought leaders in the field of entrepreneurship who are far more accomplished than I have offered various definitions of "entrepreneur," several of which resemble my thinking. Joseph Schumpeter, widely credited with coining the term "entrepreneur" and fathering the study of the phenomenon, also thought the creation of new products or processes, or new markets for products and processes, was the hallmark of entrepreneurship.[11] Peter Drucker speaks of someone who "upsets and disorganizes" and William Baumol of "the bold and imaginative deviator from established business patterns and practices."[12] Carl Schramm and Bob Litan would describe L.A.'s restaurants and Jakarta's street vendors as "replicative entrepreneurs" and anoint businessmen and women who create new products, services, and processes as "innovative entrepreneurs."[13] For some, myself included, true entrepreneurship requires employing more than oneself.[14] Entrepreneurship is about growth and creating jobs.

My definition of entrepreneur is driven not by necessity but by opportunity. Entrepreneurs innovate a product or a process rather than replicate an existing offering. Entrepreneurs envision scalable, high-growth businesses. But they also possess the ability to make those visions a reality. They are not merely inventors. As mentors tell startup founders all the time, "It's 5 percent inspiration and 95 percent perspiration." Entrepreneurs get things done. They go over, under, and around obstacles, do not take no for an answer, and have a fire in their belly, a fire to make their endeavor succeed.

There is another way of thinking about this criterion. Entrepreneurship is the bridge between innovation and commercialization. Innovation without entrepreneurship stays in the university lab or on the garage workbench.[15] In fact, I have always felt that only about one in five entrepreneurs are innovators, while the remaining 80 percent (including me) are commercializers of other people's innovations. Entrepreneurship brings the new thing to market. It does not always mean being the genius with the idea. My version of entrepreneurship actually delivers a product or process to the marketplace. Someone takes a risk and launches a firm; someone pitches for capital; someone sweats to meet payroll; someone hires and fires; someone makes late-night runs to FedEx to ensure a customer is happy. Someone makes it happen.

Despite the limitations I have drawn around "entrepreneur," my definition—a person with the vision to see a new product or process and the ability to make it happen—is, in fact, hugely broad. Here's why. First, I strongly believe that entrepreneurs are everywhere. Entrepreneurs are men and women, rich and poor, Christian and Muslim and otherwise; they are found in every country, be it democratic or authoritarian, industrialized or developing. Second, my version of entrepreneurship doesn't require an engineering degree. Innovation can be high-, low-, or no-tech. Entrepreneurship is by no means synonymous with apps and software, Facebook and Google.

Entrepreneurs are everywhere. In fact, they are among today's top celebrities, at least in the United States. Most people most of the time think of today's entrepreneurs as high-profile supermen and superwomen, people like Steve Jobs, Mark Zuckerberg, Bill Gates, Oprah Winfrey, and Richard Branson. My view is slightly different. Sure, these are all exceptional people and extraordinarily successful entrepreneurs. But, to me, they are a rare breed, like a prize-winning rose that has grown in ideal conditions. In my experience, entrepreneurs are not so much well-groomed flowers as they are crabgrass. Crabgrass is everywhere. It does not require good soil, fertilizer, or careful tending. Crabgrass pushes through the cracks in broken pavement in abandoned lots littered with broken glass and detritus. I see entrepreneurs finding a way all over the world, in rich and poor countries, from Jakarta to Jordan, Maine to Morocco, Accra to Ankara. The *New York Times* has even reported on entrepreneurship penetrating Jordan's "squalid, barren" Zaatari refugee camp for Syrians, in the form of camp-tailored pet stores and pizza delivery.[16]

But, as I will discuss later, strengthening the ecosystems in which entrepreneurs work greatly boosts the odds that more crabgrass (more startups) can fully flourish and, perhaps, become prize-winning roses. Just because an entrepreneur does not enjoy an ideal enabling environment with liberal access to startup capital, great intellectual property laws, and plentiful, inexpensive, trained staff does not mean that the entrepreneur does not exist.

I strongly second the sentiments of Erik Hersman, cofounder of the messaging app Ushahidi and a key player in putting Kenya on the global innovation map: "The truth is that innovation in Africa is everywhere. My theory is that there is an even distribution of innovation globally, in the same proportion in Africa as any other continent in the world."[17]

So we should not be surprised when *The Economist* tells us that "in Beirut, Cairo, Dubai, Riyadh or even Gaza City, small technology firms are multiplying."[18] We should not be surprised that in many Middle East cities women comprise 35 percent of Internet entrepreneurs, three times the global rate for such startups.[19] We should not be surprised that in high-growth industries twice as many entrepreneurs are over fifty as are under twenty-five.[20] Entrepreneurs are everywhere. Opportunities to nourish them are everywhere, too.

The second point—about no-, low-, and high-tech entrepreneurship—is one of my favorite subjects. In the West, all too often "innovation" is used as synonymous to "technology." Our rock star entrepreneurs include Jobs, Zuckerberg, Gates, and other Silicon Valley stalwarts. But my definition of entrepreneurship is also open to the likes of talk-show pioneers (Oprah) and travel innovators (Branson). And look at Starbucks. It serves a centuries-old drink, but it innovated the coffee shop experience and is now on every street corner in every city. That is a process innovation and very much an example of no-tech entrepreneurship. Travis Kalanick and Garrett Camp, founders of Uber, are low-tech entrepreneurs. They did not invent taxis or even using a mobile phone to call one. But their innovative end-to-end mobile process, including the way in which drivers are recruited and graded, has changed the way an ancient business (carriage for hire) works.

That entrepreneurship is tech-agnostic becomes absolutely critical when we consider what this whole book is about: jobs. No- and low-tech companies often create far more jobs than the techie darlings of Silicon Valley. Instagram, for all its buzz and popularity, boasted only thirteen employees when it was famously acquired by Facebook for $1 billion. As Jaron Lanier points out in *Who Owns the Future?*, Kodak, a company that serviced that same snapshot market, employed a whopping 140,000 people during its day in the sun.[21] Today, Starbucks employs 182,000 people.[22] That is nearly 50,000 more than Facebook,[23] Google,[24] and Apple[25] combined. And when you consider social ramifications, no- and low-tech innovations are often more consequential than tech breakthroughs. For example, economist Ha-Joon Chang has argued that the washing machine has changed the world more than the Internet, since it helped liberate women into the labor force.[26]

So it's quite likely that no-tech and low-tech innovators, not the high-tech rock stars, will create the bulk of the jobs in the future. This is doubly true in the emerging and developing markets we are most concerned with. These countries, though saddled with youth unemployment, often possess burgeoning urban middle classes who want what entrepreneurs are typically good at figuring out how to deliver in the local context: housewares, furniture, textiles, convenience food, and the like. In Ghana, my consulting firm met Albert Osei of Koko King, who sells packaged breakfast foods roadside and by delivery to Accra's traffic-bound commuters and professionals; he has grown from two employees to over 100 locations in the greater Accra area.[27]

As another example, agriculture, decidedly no- and low-tech, is crucial to developing economies. Perhaps you have noticed quinoa claiming increasing space on the shelves at Trader Joe's and Whole Foods. The protein-packed grain has been grown in Bolivia for centuries, but it has only become commonplace in foreign (for example, American) markets over the past few decades due to clever marketing, partnership initiatives, and the all-around entrepreneurial resolve of smallholder Bolivian farmers, like those of Nor Lipez province. There, starting in the 1970s and 1980s, a local cooperative won several grants and loans to improve the efficiency with which quinoa is debittered, trained its members to improve production, and partnered with American agricultural scientists to expand to U.S. markets. Today, the Nor Lipez co-op has doubled the size of its farmer membership and been part of a quinoa boom that has seen exports climb from next to nothing in the 1990s to $80 million in 2012.[28]

So, entrepreneurs are everywhere and they excel at bringing innovative, no-, low-, and high-tech products and services to market. Again, we're not concerned with just any small business or microfinanced enterprise. We're interested in the innovators who are developing scalable enterprises and who will create significant numbers of jobs. I take the time to explain my definition of entrepreneurship for a reason. This is the kind of entrepreneurship at which the United States excels and for which it is famous, and it is the kind of entrepreneurship our government can use as a foreign policy tool. That is because scalable, high-growth entrepreneurship is amenable to turbo-charging. It is "influenceable." It does not happen by accident; it can be proactively, consciously, and deliberately spurred.

Doing Entrepreneurship

Turbo-charging entrepreneurship and turning crabgrass into a vibrant garden is about more than making money. It can also change the world. The United States, respected throughout our history as a world leader in innovation, from Ford to Facebook, is uniquely positioned to leverage its expertise in entrepreneurship for the force of good. At home, our entrepreneurs in many (though not all) parts of the country enjoy the advantages of a supportive ecosystem, from early-stage financing that allows entrepreneurs to borrow against their homes and max out credit cards to a generally favorable regulatory environment, rule of law with minimal corruption, cutting-edge research universities, low-cost shared workspaces, incubator and mentorship programs, and, perhaps most important, a culture that extols starting your own business. We "do entrepreneurship" so well because our entrepreneurship ecosystems are so strong. This is experience we can bring to the dozens of developing countries suffering from 30 percent youth unemployment (and unrest). Doing entrepreneurship is not about picking winners, but about bolstering the ecosystems—influencing them—so that more young firms have more chances for more success over more time, and so they can generate more jobs and more economic hope in the places that need it most (and the places where America needs it most).

Building these ecosystems is precisely what I tried to do when I created the Global Entrepreneurship Program at the State Department. GEP's first pilot country was Egypt and, in 2011, just days before the Arab Spring swept through Tahrir Square, I was in Cairo. One moment on that fateful trip in January sticks out in my mind. Two young, awkward guys, looking like they might be presenting to the principal at a high school science fair, came onto the stage to make their pitch at GEP's business plan competition finale.

Ashraf and Haytham ElFadeel certainly deserved their spot in the finals, but the brothers were not cut out to stand in front of a crowd and deliver "wow." At the time, Ashraf did not seem to speak English very well and Haytham did so with an accent that occasionally turned "problems" into "broblems" and "product" into "broduct." The unassuming twenty-something siblings from Port Said were a bit shy, and the room was a bit weary from the competition's slate of thirty-two finalists.

But then the ElFadeels pitched Kngine. Their idea, Haytham explained, was a new, smart search engine, a voice-activated mobile search tool for iOS and Android that relied on natural language, context, and word relationships—as the human brain does—to derive its results. Kngine would provide users with true answers to search questions, not a catalog of links. The ElFadeels had a plan to deliver cutting-edge semantic search.

I sat riveted, eyes on the Kngine pitchmen. Haytham, on stage, essentially laid out his plans to build a back-end engine to compete with Wolfram Alpha, the engine behind Apple's Siri. Google's Mike Cassidy was there, along with Austin Ligon, the CarMax cofounder turned angel investor, and a dozen other savvy American investors and top entrepreneurs, all delegates on GEP's tour of the Egyptian startup scene. Kngine had their attention and they had questions. Watching from the wings was diaspora Egyptian Ahmed El Alfi along with his partner, Hany Al Sonbaty, and their American colleague, Leslie Jump, the founders and principals of Sawari Ventures, the venture capital and startup equity stalwarts of Egypt. They, along with the American Chamber of Commerce and American University in Cairo, were partnering with GEP to sponsor the business plan competition.

Haytham and Ashraf had taken Kngine as far as they could on a shoestring budget. It had been three years of coding and platform development. The brothers had reached the classic make-or-break moment for technology startups, and all entrepreneurial ventures, really, when the backing of friends and family is exhausted and more capital is required to further a product, to hire additional employees, and to expand.

The appearance at GEP's competition turned into precisely the catalyst the ElFadeels needed. The brothers were the stars of the event and claimed one of the top cash prizes of $20,000. Buoyed by the independent validation Kngine garnered from the GEP delegation, the ElFadeels were soon in negotiations with Sawari Ventures. Sawari, indeed, decided to invest in Kngine—to the tune of $275,000 and, later, $150,000 more—thereby attracting further investors, including Samsung and Vodaphone in 2014.[29] TechCrunch profiled Kngine, noting that an independent consultant had run tests pitting Kngine against Siri and another natural-language competitor, United Kingdom-based Evi. Kngine outperformed them both.[30] The ElFadeels opened a Palo Alto office.

Yet Kngine's creators were hardly the only winners in Cairo. The business plan competition and "entrepreneurship delegation" (EDel, for short) to Egypt, both arranged by GEP, brought together accomplished American business veterans and investors, people like Cassidy and Ligon, as well as their regional counterparts, to get Egypt's entrepreneurial and investment juices flowing and mixing. The EDel participants met with hosts of startups, ran workshops for budding Egyptian angel investors, dropped by the Egypt office of Google and Cisco, interacted with the Ministry of Communications and Information Technology, and learned much about the Egyptian entrepreneurial ecosystem.

These investors and mentors won, too. Especially so Sawari Ventures. "Having eight outside people look at the company, and the fact that they won, helped with my decision," El Alfi later said, referring to how the EDel drove his investment in Kngine.[31] Sawari, in fact, used the momentum of the EDel to announce at the closing ceremonies additional investments in mobile app and services companies as well as the creation of a new venture capital fund focused on Egyptian startups.[32] El Alfi and Al Sonbaty were also in the midst of launching Cairo's first serious startup accelerator program, Flat6Labs, in conjunction with American University in Cairo.[33] Since its launch on the heels of the EDel, Flat6Labs has incubated more than seventy-five businesses and spurred the creation of over 400 jobs, nurturing companies in search of investment as well as those that have already secured funding and are growing. In 2013 Flat6Labs opened a second office, in Jeddah, Saudi Arabia, and in 2014 a third, in Abu Dhabi. A Flat6Labs Beirut is slated for 2016.[34]

GEP was shooting for just this sort of catalytic effect. Companies like Kngine secured deals with investors like Sawari Ventures. Professors of development and entrepreneurship mingled with government officials. International investors discovered the Egyptian market. The business competition helped *identify* aspiring entrepreneurs; workshops *trained* entrepreneurs on pitch dos-and-don'ts; mentoring relationships were established between seasoned businessmen and young entrepreneurs, ensuring innovators *connected* with one another and could *sustain* their efforts; investors made *funding* commitments to startups; discussions with government officials tackled regulatory issues that *enable* business growth; and the closing ceremony *celebrated* Egypt's entrepreneurial culture, broadcasting the success of the ElFadeel brothers and, we all hoped, inspiring the next Kngine. One American delegate, Chris Schroeder, was making his first trip to the Arab world startup scene. What he saw inspired him to write a widely acclaimed book, *Startup Rising*, about the bubbling entrepreneurial activity of the Middle East.[35] Thanks in part to GEP, companies were sprouting, jobs were being born, and Egypt's economy made a quarter turn forward.

This is entrepreneurship ecosystem building, and EDels have proven to be one of the most successful programs in that effort. The key words above—*identify*, *train*, *connect and sustain*, *fund*, *enable*, *celebrate*—are the crucial elements of a healthy ecosystem. Later in this book I will discuss these elements, and who pays for and implements them, and what I call the Six+Six Entrepreneurship Ecosystem Model. For now, suffice it to say that Egypt's entrepreneurship ecosystem, and Egypt itself, was clearly a GEP and EDel winner, too.

After the GEP EDel to Egypt, the events of Tahrir Square and ensuing months of Arab Spring turmoil highlighted the importance of entrepreneurship to the Middle East and North Africa. As Hernando de Soto has argued, those revolutions were less about democracy and ideals than they were about "a massive economic protest."[36] It became abundantly clear, at least to me, that a generation of young Egyptians had had enough; they wanted economic hope, not the same old same old. Programs like GEP are one way, perhaps the best way, to deliver economic hope.

Elevating Entrepreneurship

Unfortunately, today, the U.S. government does very little GEP-style ecosystem building. In fact, it barely does GEP anymore at all. GEP-Egypt itself was shut down in 2014. We're not shy about spending in Egypt. We just don't spend it on effective entrepreneurship programming. The United States has funneled $1.3 billion in arms and weapons annually to successions of Egypt's military governments since the mid-1980s,[37] while all but ignoring the budding entrepreneurial class. GEP closed shop after stretching its paltry (and hard-won) budget of $2.3 million across three-plus years, a veritable rounding error relative to Egypt's military aid package.

Guns and drones aside, it is clear that our aid and international economic development budgets do not "think entrepreneurship," either. Remarkably, less than 1 percent of our government's foreign aid budget is devoted to programs that have something to do with entrepreneurship, and we can assume that only a fraction of that supports the scalable, job-creating entrepreneurship we really want to see.[38] The impact of GEP, the State Department, the U.S. Agency for International Development (better known as USAID), and many other agencies pales in comparison to the potential.

And so this book is about flipping this around, or at least balancing the tables. This book does not ask you to imagine billions in entrepreneurship assistance to Egypt, but it does ask you to consider what might happen if just a bit more U.S. foreign assistance were diverted to the sort of entrepreneurship ecosystem building that helped launch Kngine. The result, I believe, would be peace, or at least a big step toward that dream.

The first part of this book will explain the power of entrepreneurship, and why the U.S. government routinely fails at entrepreneurship. Chapter 2 discusses how promoting entrepreneurship in foreign countries answers America's national security threats through sheer job-creating power, sopping up unemployment abroad and generating the kind of opportunity that underpins political stability and a civil society. "Doing entrepreneurship" abroad also generates investment opportunities for Americans, opening up markets and investments in today's fastest-growing economies. Entrepreneurship empowers, enabling the undereducated and underserved in weak economies to better themselves. As I say in chapter 3, there are "a million reasons entrepreneurship is good for you." Don't worry; I don't list them all. But some of the benefits will surprise you.

Chapter 4 focuses on entrepreneurship as a key, universally respected American value. Even in the countries that dislike America the most (a growing list), almost all admire the spirit of American innovation and entrepreneurship.[39] They want some of our secret sauce for business success. This is our in.

Chapters 5 and 6 will turn to the bad news. No administration, Democratic or Republican, has ever effectively leveraged entrepreneurship as a foreign policy tool. President Obama's 2010 Summit on Entrepreneurship birthed programs, including GEP, but did not sustain them. Funding and staffing for real pro-entrepreneurship work has remained pitifully small. Even with funding, the convoluted chain of contractors, procurement guidelines, and bureaucracies virtually guarantees entrepreneurship programming will fail.

Beyond stingy funding, critical elements of government functionality are broken; we are turning the economic development screw with a rubber screwdriver. Programs for foreign economic development assistance are scattered across dozens of federal agencies with little coordination, almost always devised by people who have zero "subject matter expertise" (government-ese for "actually knowing what the hell you're talking about"). Government contracting and procurement processes lack the hallmarks of entrepreneurialism: flexibility, innovation, boundary pushing, the ability to "work around" an obstacle. The vast majority of procured government work goes to a small set of large "beltway bandit" firms that are really good at winning government contracts, not to firms that are really good at substantive work.

During my stint with the State Department, I witnessed all the oxymoronic inefficiencies of a bureaucracy doing entrepreneurship. This book will tell these stories, and they are not all about disappointing budgets. Much like Alice's observations of Wonderland through the looking glass, I found that how things are done in Washington is quite different from how things are done in the rest of America. The State Department is different from the real world of business; bureaucracies know little about startup culture.

After that downer, we'll begin the second part of the book by lifting your spirits. It doesn't have to be this way. I'll explain how to do entrepreneurship, highlight examples of entrepreneurship done well, and outline how the U.S. government, warts and all, can do the job.

Chapter 7 outlines my ardent belief that bolstering entrepreneurship requires an ecosystem approach rather than narrow or one-off efforts (for example, seed capital or hit-and-run training), and that startups and small and medium enterprises thrive when multiple actors play multiple roles. As described by my Six+Six Model, business mentoring, regulatory climate, and making entrepreneurship "cool" are also essential to entrepreneurial success. There are proven programs that help build healthy entrepreneurship ecosystems. Chapter 8 examines a host of these. EDels are one example, but as we know from ecosystems in America, there are many ways to bolster entrepreneurship and spark startups, from incubators to television shows like *Shark Tank*.

Chapter 9 brings things together with a roadmap for the U.S. government. Tilting economic development spending toward entrepreneurship, consolidating our entrepreneurship programming into a specialized agency, and reinvigorating "Washington" with "America's" entrepreneurial spirit are vital steps. There is no need to spend more money, just to spend better. But we do need to upgrade two Ps, *procurement* and *people*, to do entrepreneurship right. Redeploying America's entrepreneurship and job-creating talents in the service of foreign policy is part of what might be considered a new approach to "economic statecraft." The United States has been woefully slow to recognize that economic development (and democratic development) and American security and prosperity are inextricably linked. And so the concept and tools of economic statecraft, of which entrepreneurship is a vital part, are at a critical juncture.

I write from the vantage point of an entrepreneur with a keen interest in foreign policy. This is not an academic book. It is not designed to "boil the ocean" with sweeping ideas on bureaucratic reform in the American foreign affairs cluster, detailed blueprints for reforming the government procurement apparatus, or exhaustive surveys of case studies on the role of entrepreneurship in economic development. It is a business guy's view on what entrepreneurship can do, as well as a statement for why and how, based on my tour of duty in Washington, the U.S. government must elevate entrepreneurship as a foreign policy tool and core strategy to preserve American security and prosperity.