

# [The government and the entrepreneurs article reviews example](https://assignbuster.com/the-government-and-the-entrepreneurs-article-reviews-example/)

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Let us see some of the key points of the article from microeconomic point since governmental influence and entrepreneurship activity have a big impact on household level. We cannot agree more to the point that poor countries have higher intention for entrepreneurship activity because for them it is an option to earn some income because lack of education, social position and other factors leave people no chances to find a well paid job in a big company. Such household start ups in poor countries create a thick net of vendors and suppliers so they are active contributors to supply-demand factor. Even if demand factor in poor country is not enough to satisfy the supply that will not be critical for an entrepreneur since initially there was not social insurance, no government support and no illusions of successful business. Statement two which is dwelt upon in the article reflects overall current situation in the world on macro and micro level when rich countries loose their start ups and effective businesses during bad economic situation due to customer fear to invest and to buy and due to investors being cautious and conservative. When we speak of entrepreneurial activity in developed country we should keep in mind that there is a tough competition In situation when competition is high, investments low, production costs grow and government support is moderate it is very difficult for a single individual to find a whole of opportunity to start up a new business. Entrepreneur should be aware of a number of factors significant for success and they also lie in micro-level: price of the same product in the competing firm, demand on the product (how much to produce and how elastic is going to be the demand), marginal revenue and relation of the latter to marginal cost. The question of pricing is of extremely important for an individual entrepreneur in a developed country, because bad macroeconomical situation is able to ruin any adequate pricing for a certain product. Statement three can also be supported as significant. Judging by the observations of Global Entrepreneurship Monitor report profitable businesses face a problem of tax burdens. If poor countries can violate tax policies due to weak role of government, in developed countries this seems to be impossible. Government wants a piece of the pie e. g. profits, so it leaves you at the choice of hiring more people (accountants) to make this tax burden weaker increasing entrepreneur’s costs at paying wages and social security money. Therefore, when entrepreneur of a developed country tries to establish and develop a business, he has to take over a responsibility not only for microeconomical aspects like supply-demand issues, pricing, taxing, competition, loans but also responsibility for other individuals who are working for him and have to keep their own households. All this puts great pressure on entrepreneurial activity and makes fear of failure stronger despite of governmental support in different business areas.

## Works Cited

Johnson S. " The Government and the Entrepreneurs." The New York Times 22 August, 2013, article. Retrieved from http://economix. blogs. nytimes. com/2013/08/22/the-government-and-the-entrepreneurs/