

## **Unleashing A Nation of Entrepreneurs**

By Victor W. Hwang and John M. Bridgeland

There is a hole at the center of our economic debate where hope should be.

Heading into a presidential election, we are a nation divided, yet grasping for solutions. Some prioritize the protection of jobs from global competition. Others talk about addressing income inequality. Still others emphasize overall economic growth.

All these things, while important, are insufficient. Hiding in plain sight is a vast opportunity to unite our nation and grow our economy. However, few leaders on the national stage even mention the essential American calling of starting a business, and how it changes lives and communities for the better. Few understand that it is the age, not the size of a business that matters – since *new* businesses, not small or big businesses, account for nearly all net new job creation. Fewer still propose new ideas to spread entrepreneurship broadly and fairly in our country.

This represents both a challenge and opportunity for candidates for public office at all levels.

Supporting entrepreneurs – from the mom-and-pop restaurant owner to the health care technology innovator – would tap into something deeply embedded in the American DNA. America was founded as a “startup nation,” which spawned great economic revolutions – in agriculture, industry, technology and service – based on a commitment to creativity and innovation.

A dynamic, fluid economy has also been the answer to class division. If economic destiny is determined by birth, then inequality leads to deep resentment. As a main source of social mobility, entrepreneurship plays a healing social role, not only as an engine of job creation, but as a carrier of the American Dream.

The nation faces, however, a difficult reality: founding and building a business has become harder and rarer in most of America. The creation of new businesses has been flat-lining for the past 20 years, with the opportunity cost of lost potential and fewer jobs.

This entrepreneurial stagnation is found across the country, but has not been equally felt. Smaller startups by Main Street entrepreneurs have been hard hit. But even high-growth startups don’t get a level playing field. Seventy-five percent of all venture capital supports entrepreneurs in only three states: California, Massachusetts, and New York. This rocket fuel of our economy is not flowing – inward from the coasts, outward beyond a few big cities – to places it is needed.

This challenge is not only geographic. Just 2 percent of venture capital goes to women-led firms and a mere 1 percent to African American-led businesses. The unequal distribution of startup capital is a form of economic injustice.

Yet America remains a nation with vivid entrepreneurial dreams. More than 40 percent would quit their job and start a business in the next six months if they could. More than 60 percent have a dream business in mind.

Entrepreneurs want government to take their side. Seventy-nine percent feel they did not have support from government to start their business, 66 percent agree

government favors established businesses over new businesses, and 90 percent who hire employees require financing.

So what's to be done? We need not just a new agenda, but a new perspective – viewing economic issues through the eyes of prospective entrepreneurs and flooding the zone with policies and practices that make their task easier. That's why the Kauffman Foundation has created America's New Business Plan, a policy agenda to lift our nation by lifting its entrepreneurs.

The entrepreneurial spirit blooms in the right ecosystem. Entrepreneurs need a level playing field and less red tape, so policymakers should evaluate proposed laws and rules for their impact. Policies should support home-grown enterprises, not just established businesses, streamline the startup process with a single list of requirements, create a Startup VISA for job-creating immigrant entrepreneurs, and reform non-compete agreements and occupational licensing to unlock more entrepreneurial activity.

Building ecosystems for entrepreneurs merits a national commitment to expand equal access to capital everywhere, including patient capital, catalyst grants, innovative funds, and crowdfunding. There needs to be a greater flow of talent, including giving people entrepreneurial skills through real-world K-16 education systems and workforce training, while supported by incubators, accelerators, peer networks, community hubs, and an E-Corps of mentors who can show them the ropes.

Policymakers can enable more Americans to take the risk of a new venture with student debt relief, portable health care, and reach-back contributions to retirement savings.

And Mayors, Governors, and Presidents don't have to wait to pass legislation – they can help entrepreneurs now. They can use their bully pulpits to make entrepreneurs a priority, appoint a Secretary of Entrepreneurship to their cabinets, streamline regulations on new business creation, improve how contracting and procurement can support new businesses, and charge economic development agencies to support home-grown startups as a top priority.

Individual entrepreneurs are mobilizing to become a national movement, ready to grow in every variety of soil our nation offers. Promoting entrepreneurship crosses political divides, as both a source of economic vitality and an instrument of social inclusion. It embodies a concern for the common good that transcends tired ideological debates. And it elevates a grand and enduring hope: that every American with an entrepreneurial dream should have the right to rise.

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