

The American Dream Is Dying: How Entrepreneurs Can Change That

By Jeremy Quittner Jeremy Quittner is a staff writer for Inc. magazine and Inc.com. He previously covered technology for American Banker and entrepreneurship for BusinessWeek. Full bio @ JeremyQuittner Staff Writer, Inc. @ JeremyQuittner

Can [entrepreneurship](#) save the American Dream?

That's the central question that the latest [Milstein Commission](#) report, out Wednesday, hopes to answer.

The commission, a multi-year collaboration of high-voltage business experts, politicians, and policy experts at the University of Virginia's [Miller Center](#), has proposed some bipartisan solutions for ensuring the solvency of the American Dream, and its promise of a strong middle class.

While the [report](#) takes a high-level, often academic approach to solving the problems faced by U.S. business owners, the solutions proposed are generally laudable and worth considering.

"Too few people have focused on this connection between entrepreneurship and the middle class," says [Karen Mills](#), former head of the [Small Business Administration](#) and a member of the Milstein Commission, which was co-chaired by AOL co-founder Steve Case and former Hewlett-Packard chief executive Carly Fiorina. "And we all believe in a shared hypothesis, that you want to encourage entrepreneurship as a pathway to the middle class."

Although there is little concrete data to support the hypothesis, Mills says, broader access to starting a business is likely to create greater economic resilience and a stronger economy in general.

In many ways, the paper is a direct response to the finding of a [Brookings Institution](#) report, out last May, which describes the destruction and decline of U.S. entrepreneurship as seen through the lens of business starts, which have been dissipating for more than three decades. Currently, half as many new small businesses start each year than in 1978.

"We have a problem," says Fiorina, the former HP exec who is expected to make a run at the presidency in 2016. "Small business is the engine of economic growth and innovation in the nation, but small businesses are suffering and fewer are starting and more are failing now than in the last 40 years."

Given those facts, the commission proposes five solutions for unlocking entrepreneurial power.

These include increasing access to capital, teaching entrepreneurship as a profession, creating stronger entrepreneurial ecosystems, and helping small businesses navigate the welter of regulations that, according to many, constrain economic growth.

Capital Access

When it comes to increasing access to capital, for example, the commission proposes reformulating the bank Credit and Reinvestment Act (CRA) criteria to allow financial institutions to invest in businesses, as opposed to banks' traditional mainstay, real estate, Mills says.

Similarly, program related investments (PRIs), or so-called impact investing in entrepreneurship, could be increased from large foundations, if IRS regulations surrounding such grants could be streamlined.

"[PRIs] are a targeted way of getting money to small businesses, just like the Credit and Reinvestment Act is," Fiorina

says.

Reining in Regulations

Even more pressing, Fiorina and Mills say, is streamlining regulations and making them easily understandable and transparent to new business owners. (As it stands now, the commission reports, small businesses currently pay 36 percent more in compliance costs than large businesses.)

To do that, the commission proposes building a regulatory roadmap, including a website to centralize all state, local, and federal regulations. The data would be searchable by zip code to give entrepreneurs targeted information. The website would also serve as a forum for complaints about overly burdensome regulations, providing transparency with the hope of weeding out particularly onerous compliance.

"The purpose of this recommendation is to take the kind of regulations that small businesses need to know and understand and make them easily accessible," Mills says.

Training Tomorrow's Founders

Existing businesses aside, the commission further proposes making the U.S. more entrepreneurial again by teaching entrepreneurship as a path to would-be business creators through various curricula, starting as early as grade school.

Development of "plug-and-play" entrepreneurial ecosystems, with civic leaders versed in the latest research about business creation and new toolkits available for them, would be vital in building new business clusters. That way the nation can expand beyond existing clusters like Silicon Valley, Boston's Route 128 corridor, and Durham's Triangle Park.

Certainly the stakes are high, and it's important to dream big.

Or, as Case said in statement about the Milstein Commission's findings, "Entrepreneurs must again be at the heart of rebuilding the American economy."