

# KEYNOTE ADDRESS: RACE, WEALTH, AND SOCIAL ENTERPRISE POLICY

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## ABSTRACT

*This Essay, which is a lightly edited version of the keynote address delivered at the Drexel Law Review Symposium on “Inheritance and Inequality” at the Drexel University Thomas R. Kline School of Law on September 27, 2024, examines the intersection of race, wealth, and social enterprise policy. It challenges prevailing myths about entrepreneurship and upward mobility in the United States. The Essay also critiques the cultural hegemony and political rhetoric surrounding the “American Dream,” particularly the promise of business ownership as a pathway to economic success, which often obscures structural inequalities. Using family history as a lens, the Essay highlights the limitations of generational wealth transfer and exposes the systemic barriers faced by marginalized communities. It introduces the concept of the “entrepreneurial industrial complex” to explain how dominant narratives perpetuate inequality and examines the shortcomings of current policies supporting small and minority-owned businesses. The Essay concludes by proposing structural reforms to prioritize measurable social impacts, innovative business models, and equitable resource allocation to foster a more inclusive and sustainable entrepreneurial ecosystem.*

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## INTRODUCTION

My focus today is the intersection of business formation, wealth creation, and social impact in the United States. In exploring the crossroads of these issues, there are two forces that deserve special attention. First, in a nation that reveres entrepreneurship and rugged individualism, the concept of the “American Dream” is central to baseline assumptions about what success is and what are regarded as the valid pathways for achieving it.<sup>1</sup> Ironically, the United States’ global reputation for being a land of opportunity falls short. The country is not even close to the top of the list of industrialized nations whose working classes have a high probability of upward socio-economic mobility—whether through home ownership, formal educational attainment, savings and investments, or starting a business.<sup>2</sup> Thus, the passionately embraced vagaries of the American Dream that center on owning a home that retains or increases in value and building enough financial wealth to enjoy a stable, if not comfortable, life for one’s family are out of reach to most Americans. The late comedian and satirist George Carlin famously addressed this bleak reality by observing, “It’s called the American dream because you have to be asleep to believe it.”<sup>3</sup>

Second, it is important to make visible the invisible (yet very influential) role that cultural hegemony plays in how we view, embrace, and advocate for entrepreneurship and business

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1. See, e.g., JOHN DEWEY, *INDIVIDUALISM OLD AND NEW* 18 (Prometheus Books ed., 1999) (“[R]ugged individualism is praised as the glory of American life.”); Benjamin C. Waterhouse, *How America Became Obsessed with the Idea of Working for Oneself*, FAST CO. (Jan. 16, 2024), <https://www.fastcompany.com/91009611/how-america-became-obsessed-with-the-idea-of-working-for-oneself> [<https://perma.cc/69X4-AQ9Q>] (discussing the American origins and embrace of the idea that “the opportunity to behave entrepreneurially was everywhere in American business”).

2. See, e.g., Robert Manduca, *The American Dream Is Less of a Reality Today in the United States, Compared to Other Peer Nations*, WASHINGTON CTR. FOR EQUITABLE GROWTH (Apr. 28, 2021), <https://equitablegrowth.org/the-american-dream-is-less-of-a-reality-today-in-the-united-states-compared-to-other-peer-nations/> [<https://perma.cc/8KWN-XGB9>].

3. George Carlin, *George Carlin - The American Dream*, YOUTUBE (Aug. 4, 2009), <https://youtu.be/-54c0IdxZWc?si> [<https://perma.cc/Z5X7-5PQX>] (A clip of George Carlin from his 2005 HBO special “Life is Worth Losing”).

pursuits. Combined forces estrange us from a realistic and meaningful view of the business sector, its challenges, opportunities, and limitations—particularly for members of marginalized communities. As a result, any discourse around business formation and viability that does not explicitly address these factors is nothing less than “dreamwashing.”<sup>4</sup> Specifically in the context of business pursuits, dreamwashing is the cynical marketing of the notion that success can be achieved through business ownership irrespective of one’s station or ascribed social identity.<sup>5</sup>

In conversations about wealth in the United States, there is not enough attention paid to structural disparities that keep Americans from achieving dreams of financial success for themselves, their families, and their communities. The myth of upward mobility through business ownership is, in fact, dreamwashing at its finest. There is plenty of evidence to suggest that upward social and economic mobility in the United States is very difficult to achieve.<sup>6</sup> Even if there were some golden moment in the past (which I doubt; that’s part of the myth, too),

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4. See *Don’t Be Fooled by Dreamwashing*, PENSIONCRAFT (Dec. 7, 2022), <https://pensioncraft.com/captivate-podcast/dreamwashing/> [<https://perma.cc/A3D5-DSTR>] (using the term “dreamwashing” in the investment context to describe “attempts to milk us for fees and capital. But how is it done? Simply take a humdrum product, dress it up in exciting clothes, and sell the dream . . . . Today we coin a new term for this phenomenon: Dreamwashing.”). One similar concept is “greenwashing.” See, e.g., Jane Hoffman & Mike Hoffman, *What Is Greenwashing?*, SCI. AM. (Apr. 1, 2009), <http://www.scientificamerican.com/article/greenwashing-green-energy-hoffman/> [<http://perma.cc/Y6P6-FSSN>] (defining greenwashing as “what happens when a hopeful public eager to behave responsibly about the environment is presented with ‘evidence’ that makes an industry or a politician seem friendly to the environment when, in fact, the industry or the politician is not as wholly amicable as it or he might be.”).

5. See *Don’t Be Fooled by Dreamwashing*, *supra* note 4.

6. See, e.g., JULIA B. ISAACS, INTERNATIONAL COMPARISONS OF ECONOMIC MOBILITY 2 (2008) (“While Americans have an optimistic faith in the ability of individuals to get ahead within a lifetime or from one generation to the next, there is growing evidence of less intergenerational economic mobility in the United States than in many other rich industrialized countries . . . .”); Ana Swanson, *US Social Mobility Might Be Even Worse Than You Thought*, WORLD ECON. F. (Oct. 10, 2016), <https://www.weforum.org/stories/2016/10/us-social-mobility-might-be-even-worse-than-you-thought/> [<https://perma.cc/954L-PMCF>] (“[E]vidence now abounds that this idyllic version of America—a place where men and women can attain their highest potential regardless of the circumstances of their birth—is not one that many Americans experience.”).

disparities based on race, gender, and class have always been present in this country.<sup>7</sup>

This short Essay focuses on a key trope of dreamwashing: what I call the “entrepreneurial industrial complex.” The near-mythical positioning of business ownership as the way to get ahead in American society is an idea that has infected the minds of Americans from all walks of life. The entrepreneurial industrial complex is the dominant influence on what ordinary people come to believe can be accomplished through business. It guides thinking about what practices are acceptable, what results are “good,” and what levels of success are possible to achieve. The entrepreneurial industrial complex drives the laws that make possible the multiple business formations available under U.S. law. There are C-corporations, S-corporations, limited liability companies, limited liability partnerships, and more.<sup>8</sup> The ease with which the average person can form a valid legal business belies the difficulty in succeeding in business. Yet the idea that one can transform one’s own economic and even social position by “becoming your own boss” is a persistent myth that is bought and sold every day in this country.

Part I of this Essay provides a brief overview of the ways that ideas about entrepreneurship are deployed in political rhetoric. Part II provides context for this discussion of entrepreneurship by exploring my family’s personal history. Part III turns to consider the ways that myths and rhetoric around

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7. See Swanson, *supra* note 6 (“[T]hat the people at the bottom of the economic ladder could work their way up through luck or hard work . . . has been a popular view of how the U.S. works ever since Horatio Alger published his rags-to-riches stories in the mid-19th Century.”). The myth most certainly has even earlier origins, though. See, e.g., John Swansburg, *The Self-Made Man*, SLATE (Sept. 29, 2014, 11:45 PM), [https://www.slate.com/articles/news\\_and\\_politics/history/2014/09/the\\_self\\_made\\_man\\_history\\_of\\_a\\_myth\\_from\\_ben\\_franklin\\_to\\_andrew\\_carnegie.html](https://www.slate.com/articles/news_and_politics/history/2014/09/the_self_made_man_history_of_a_myth_from_ben_franklin_to_andrew_carnegie.html) [<https://perma.cc/PSJ5-9TAW>] (calling Benjamin Franklin “undoubtedly the original self-made man”).

8. See, e.g., *Choose a Business Structure*, U.S. SMALL BUS. ADMIN., <https://www.sba.gov/business-guide/launch-your-business/choose-business-structure> [<https://perma.cc/SN3T-CRWK>] (Mar. 7, 2025) (providing a general overview of different ways one can organize a business). See also Allen Sparkman, *Family Business Entities: Preserving Wealth and Minimizing Taxes*, 32 COLO. LAW. 11, 11 (2003) (focusing on business and tax advantages of limited partnerships as compared to other types of business entities).

business ownership fail to address larger structural inequalities. Part IV briefly outlines the policy changes that are needed to develop the infrastructure, programs, and resources to meaningfully support business owners in the United States. It also explains why policies that encourage entrepreneurship should prioritize social impact over social identity. The Essay concludes with a positive vision of a more inclusive economic future.

### I. POLITICAL PROMISES, ECONOMIC WELL-BEING, AND EVERYDAY PEOPLE

I have been thinking, speaking, and writing about business formation, entrepreneurship, social impact, wealth creation, and social identity for over thirty years.<sup>9</sup> For a variety of reasons, there is not much conversation at the intersection of these topics. In my anecdotal experience, people who identify as left-of-center do not tend to talk a lot about entrepreneurship if they do not have an entrepreneurial background.<sup>10</sup> My sense is that progressives and those to the political left of them tend to refrain from weighing in on business-formation policy.<sup>11</sup> The thought seems to be, “Why do I want to make the entrepreneurial sector better, if I have fundamental issues with capitalism

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9. See, e.g., CHRIS RABB, *INVISIBLE CAPITAL: HOW UNSEEN FORCES SHAPE ENTREPRENEURIAL OPPORTUNITY* 6 (2010) [hereinafter RABB, *INVISIBLE CAPITAL*]; Chris Rabb, *Obama's Proposed "Small Business" Initiative Lacks Audacity (and Focus)*, HUFFPOST [hereinafter Rabb, *Obama's Proposed "Small Business" Initiative*], [https://www.huffpost.com/entry/obamas-proposed-small-bus\\_b\\_441329](https://www.huffpost.com/entry/obamas-proposed-small-bus_b_441329) [<https://perma.cc/C2MP-XVWX>] (May 25, 2011); Chris Rabb, *Wi-fi and the Digital Divides*, DMI BLOG (Dec. 7, 2005, 6:00 AM) [hereinafter Rabb, *Wi-fi and the Digital Divides*], [http://www.dmiblog.com/archives/2005/12/wifi\\_and\\_the\\_digital\\_divides.html](http://www.dmiblog.com/archives/2005/12/wifi_and_the_digital_divides.html) [<https://perma.cc/J58R-HABG>].

10. See, e.g., Ken Montville, *Entrepreneurial Liberals Do Exist—Fact or Fiction?*, AM. GENIUS (Nov. 22, 2009), <https://theamericangenius.com/entrepreneurial-liberals/> [<https://perma.cc/SHG8-GZUR>] (explaining that, at a business conference, the author revealed his liberal political inclinations in an ice-breaker activity that asked participants to share something “unique” about themselves, believing that he was in the extreme minority among conference attendees).

11. *But see id.* (“If you read enough of the stuff in the blogosphere you learn pretty quickly that if you want to consider yourself a capitalist you need to learn the conservative dogma . . . . [Yet money] helps me become more involved in the society that provides me opportunity to be prosperous.”).

itself?” There’s not a lot of substantive critique of this sector from a progressive perspective, but I acknowledge that I have not conducted an exhaustive literature review.<sup>12</sup>

Because I have been a political animal my whole life, I have heard many politicians utter different variations on the following:

“I want to reform the tax laws so you have more money for your family.”<sup>13</sup>

“I want to put money back in your pocket, so that you could buy your first home or send your kid to college.”<sup>14</sup>

“I want to help entrepreneurs start businesses.”<sup>15</sup>

I would argue that very few political promises become policies that allow middle-class and lower-income people to own a home or pay for their children’s college educations without loans or grants.<sup>16</sup> Even promises that eventually turn into

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12. *But see, e.g.,* David E. Pozen, *We Are All Entrepreneurs Now*, 43 WAKE FOREST L. REV. 283, 283 (2008) (noting the proliferation of the language of entrepreneurship outside the business context, as those “who tackle civic problems through innovative methods are ‘social entrepreneurs.’ Those who promote new forms of legislation or government action are ‘policy entrepreneurs.’ Those who seek to change the way society thinks or feels about an issue are ‘norm entrepreneurs.’”).

13. *See, e.g.,* President George W. Bush, President Bush Discusses the Budget at John Q. Hammons Convention Center (Oct. 15, 2007) (critiquing a congressional plan that would require a tax increase, because “I don’t think it makes sense to be taking money out of the pockets of the individuals in America, or money out of the pockets of small businesses—particularly if we set priorities, we can fund that which we need to fund.”).

14. *See, e.g.,* *Candidates & Elected Officials*, CAMPAIGN FOR FREE COLL. TUITION, <https://www.freecollegenow.org/candidates> [<https://perma.cc/9F7X-Z2VL>] (last visited Apr. 8, 2025) (quoting multiple political candidates on the need to make college more affordable); President William J. Clinton, Remarks on the National Homeownership Strategy (June 5, 1995) (saying that “the objective for young people, with their futures before them and their dreams fresh in their minds, starting out their families, to be able to own their home and to start a family in that way, that’s a worthy objective”).

15. *See, e.g.,* *Growth of Small Business*, WHITE HOUSE, [https://clintonwhitehouse4.archives.gov/WH/Accomplishments/Small\\_Business.html](https://clintonwhitehouse4.archives.gov/WH/Accomplishments/Small_Business.html) [<https://perma.cc/RH8Q-VGGX>] (last visited Apr. 9, 2025) (encouraging the growth of small businesses, President Clinton said, “[t]he entrepreneurial spirit burns brightly as the creativity and productivity of America’s small businesses make our Nation’s business community the envy of the world.”).

16. In September 2024, the median price for a home in the United States was over \$400,000. *See* David McMillin, *Median Home Prices in Every State*, BANKRATE (Nov. 19, 2024),

policies do not come even close to accomplishing these goals. Far too few people understand that.

## II. ENTREPRENEURSHIP AND (MY) FAMILY

One of the reasons I am interested in business policy and entrepreneurship is because I would genuinely not be here if it were not for my family's history of entrepreneurship. My great-grandfather, Allen Rabb, was the son of Gillie Harris and Jack Rabb.<sup>17</sup> Allen is the hatless one wearing the apron with his arms akimbo in the photo in Figure 1 below.<sup>18</sup> You will see that Allen and other men are standing out in front of Rabb's Meat Market in Columbus, Mississippi. Although the store no longer exists today, Rabb's Meat Market was a Black-owned business in the Deep South that thrived for approximately seventy-five years, beginning in the late nineteenth century all the way through the Great Depression.<sup>19</sup>

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<https://www.bankrate.com/real-estate/median-home-price/> [https://perma.cc/8LAG-Q5ZG] ("According to data from the National Association of Realtors, the median price for an existing home — one that's already standing, not new construction — was \$404,500 as of September 2024."); see Melanie Hanson, *Average Cost of College & Tuition*, EDUC. DATA INITIATIVE (Mar. 8, 2025), <https://educationdata.org/average-cost-of-college> [https://perma.cc/QV8W-HE8X] (noting that in 2024, the average cost of attendance for a full-time undergraduate at a four-year postsecondary, degree-granting institution was over \$38,000, and providing further that the "average in-state student attending a public 4-year institution and living on-campus spends \$27,146 for one academic year" and the "average private, nonprofit university student spends \$58,628 per academic year living on campus, \$38,421 of it on tuition and fees").

17. See *Louis Rabb*, HISTORY MAKERS (July 8, 2006), [https://www.thehistorymakers.org/sites/default/files/A2006\\_096\\_EAD.pdf](https://www.thehistorymakers.org/sites/default/files/A2006_096_EAD.pdf) [https://perma.cc/H3TM-DLYS].

18. See *infra* Figure 1.

19. Chris Rabb, *Navigating Identity, Belonging, and Purpose in a Society in Flux*, 44 PACE L. REV. 170, 174 (2023) [hereinafter Rabb, *Navigating Identity*].





Figure 1. Rabb's Meat Market (circa 1910s). Image courtesy of the Rabb Family.

This image is incredibly powerful for many reasons. Firstly, given that these remarks were written for a symposium on inheritance and wealth inequality, it is worthwhile pointing out that my great-grandfather Allen inherited the business from his father, Jack, who was a formerly enslaved person.<sup>20</sup> To put a finer point on it, my great-grandfather inherited property from a man, a human being, who had been treated as legal property of a White man named Rabb. According to family lore, Jack Rabb was able to buy himself out of slavery through his entrepreneurial endeavors.<sup>21</sup> He hustled to earn enough money to buy himself and his family out of slavery in the Deep South.<sup>22</sup> That spirit of insightful opportunity recognition, persistence, and independence continues to run in the family.

Secondly, this Black-owned business in Mississippi was able to thrive in a community where we believe most of its clients were White. This was a business run by people in the

20. See *Louis Rabb*, *supra* note 17.

21. See Ben Speggen, *History Come Alive – and Livestreamed!*, OUR TOWNS CIVIC FOUND. (May 7, 2021), <https://www.ourtownsfoundation.org/history-come-alive-and-livestreamed/> [<https://perma.cc/9ZV7-ZDPK>] (providing a partial history of Rabb's Meat Market and Allen Rabb's role in its success).

22. See *id.*

community for others in the community. It was a local business that likely served customers within the county in which it was based.

Finally, Jack Rabb was able to pass wealth on to his eldest son, Allen, the one in the photo, and his five siblings.<sup>23</sup> Then, because Rabb's Meat Market generated enough revenue,<sup>24</sup> Allen Rabb subsequently was able to tell his own children, "I'm going to help you do whatever it is you want to do in life." One son wanted to become a musician; he went off to New Jersey and became a violinist. Another son enlisted to fight in World War I. Another son became involved in some of Al Capone's "business activities" in Chicago and returned as a young man to Mississippi in a box. Another son attended Tuskegee University and became a professional photographer. Still another son, Louis (whose boyhood nickname was "Mike"), received a bachelor's degree from Tuskegee University as well, and later earned a master's degree from Columbia University, another master's degree from Northwestern University, and worked at Tuskegee University for his entire career until he retired in the 1980s, having worked under every university president except for Booker T. Washington.<sup>25</sup> Then there was my grandfather, Maurice, the nerd of the family. He loved to learn. He first attended Fisk University and then Meharry Medical College.<sup>26</sup> None of that would have been possible if that family did not have the success of Rabb's Meat Market.

Notwithstanding the family's socioeconomic status, none of Allen's sons inherited any financial assets (other than perhaps the property on which their family home and business were established). The transmission of intergenerational wealth stopped after one generation, from Jack, who was formerly enslaved, to Allen, my great-grandfather. So as successful as these

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23. See Rabb, *Navigating Identity*, *supra* note 19, at 172–73.

24. See *id.*

25. See *Louis Rabb*, *supra* note 17.

26. Rabb, *Maurice F., Sr.*, NOTABLE KY. AFR. AM. DATABASE, <https://nkaa.uky.edu/nkaa/items/show/837> [https://perma.cc/5U6K-9VE9] (last visited Mar. 5, 2025).

Rabb ascendants were, despite the impressive family I have referenced herein, Allen's son (my grandfather) and the son of Allen's son (my father) did not inherit any financial wealth on the death of the preceding generation. After four generations of professional success and financial stability in my Rabb lineage, there is no legacy of tangible, appreciating assets.

My family's history of entrepreneurship is not limited to the Rabb line. Also on my father's side, I have another great-grandfather, Thomas Miller, who was an entrepreneur, too. He started out transporting goods with horses in Louisville, Kentucky. He ultimately bought his own truck and became a teamster who hauled lumber. Customarily, this great-grandfather wore a hat when working with his clients because the White people he did business with thought he was White unless they saw his hair texture. Being a Black business owner was not easy in Jim Crow Kentucky.<sup>27</sup> Thomas Miller's father, my great-great-grandfather Abraham Miller, had been drafted as a soldier and served during the Civil War in the 12<sup>th</sup> U.S. Colored Heavy Artillery United from September 19, 1864, to September 29, 1865.<sup>28</sup> Abraham Miller was a formerly enslaved person; he had been enslaved by his own grandfather. In talking about financial wealth in my family tree, much of that wealth was literally human capital borne of forced labor—wealth extracted from and almost never directly benefiting my Black ancestors.

As my family's unofficial genealogist, I have spent decades documenting the extraordinary wealth my Black ancestors created, in many cases by being living assets themselves. Yet they did not benefit from the financial wealth they created for the White people who enslaved them and legally owned them. Let us also note that, oftentimes, the ancestors of my ancestors were

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27. See generally *Map of Jim Crow America*, FLA. ATL. UNIV., <https://www.fau.edu/artsand-letters/pjhr/chhre/pdf/sjc-map-jim-crow-america.pdf> (last visited Apr. 8, 2025).

28. See *12th Heavy Artillery United States Colored Troops Company Descriptive Book*, [https://www.ancestry.com/imageviewer/collections/1107/images/m1818\\_234-0892?pId=60126](https://www.ancestry.com/imageviewer/collections/1107/images/m1818_234-0892?pId=60126) [<https://perma.cc/X7QG-F9VE>] (last visited Apr. 8, 2025) (showing dates of enlistment and discharge).

rapists.<sup>29</sup> We must acknowledge it. The story of enslavement, capitalism, and family history I referenced herein is one we cannot look away from, if we are to understand the history of highly disparate and concentrated wealth creation in the United States.

To further explore my family's history of entrepreneurship, I would like to mention yet another ancestor—this one, a great-great-grandfather on my mother's side. James William Hughes, born in 1848, was enslaved by his father in southern Virginia. Although we do not know many of the details of his life, we do know that he was living in Baltimore by 1867. There, he worked as a domestic servant in the household of a physician.<sup>30</sup> He later married and had five daughters.<sup>31</sup> Because of what James had learned growing up in Virginia and working on his father's plantation in the big house—fixing food, serving folks, etiquette, and the like—James was able to create a successful catering business in Gilded Age Baltimore.<sup>32</sup> His clients were exclusively White, nouveau-rich patrons. When James William Hughes died in Baltimore in 1921, the estate of this Black, formerly enslaved man was worth a couple of million dollars in today's currency.<sup>33</sup> That money was split among his five daughters, none of whom wanted to continue the catering business.<sup>34</sup> But his eldest daughter, Grace Lee Hughes, who was his right-hand person, was my great-grandmother. She inherited several properties, some of which eventually landed in the hands of her seventh child, my grandfather, William Hughes Murphy, Sr.,

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29. See generally Rabb, *Navigating Identity*, *supra* note 19, at 172–73 (describing the author's reckoning with the criminal acts of some of his ancestors).

30. See *Inhabitants in 4th Ward of Baltimore City in the County of Baltimore of Maryland*, U.S. CENSUS OF 1870, 215 [<https://perma.cc/L6GD-HGZZ>] (showing twenty-one-year-old James Hughes, born in Virginia, and working as a domestic servant).

31. See, e.g., Lula Jones Garrett, *The Passing of an Era*, *BALT. AFRO-AM.*, Dec. 10, 1955, at 17 (noting the death of James William Hughes and the history of the Hughes Catering Business) (can be found at [https://msa.maryland.gov/megafile/ecpdata/webroot/msaref14/msa\\_sc5458\\_000045\\_000275/pdf/msa\\_afro\\_1955\\_08\\_1956\\_07-0506.pdf](https://msa.maryland.gov/megafile/ecpdata/webroot/msaref14/msa_sc5458_000045_000275/pdf/msa_afro_1955_08_1956_07-0506.pdf)).

32. See *id.*

33. See *id.* (describing the fortune as \$150,000 when written in 1955).

34. See *id.*

who at the time of this inheritance, was a young, struggling lawyer and World War II veteran who was the sole breadwinner for his family of seven.<sup>35</sup> Those properties allowed William Hughes Murphy, Sr.—on a single salary—to take care of a household consisting of my grandmother and their five children. Each of those five children went to college. If it had not been for this modest generational wealth, it would have been much more difficult for William Hughes Murphy to have supported his family, given the amount of racial discrimination in Baltimore in the 1940s, 1950s, and 1960s.<sup>36</sup> Even someone with William Hughes Murphy’s formal education, professional training, and occupational prestige (he went on to become one of the first elected Black judges in Maryland) could not escape discrimination.<sup>37</sup>

Now for a fourth great-great-grandfather, again on my mother’s side. John Henry Murphy, my maternal grandfather’s grandfather, was the founder and publisher of the *Baltimore Afro-American*, a Black-owned newspaper that is still operating today.<sup>38</sup> John Henry Murphy, Sr. had been enslaved until age twenty-four and served during the Civil War in the Union Army in the United States Colored Troops.<sup>39</sup> The primary readers of the *Afro-American* were Black folks. I had the great privilege of serving on the company’s board for ten years, and it is still in operation over 130 years after its founding.

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35. See William H. Murphy Sr., *Longtime Judge, Dies at 86*, BALT. SUN (May 24, 2003) [hereinafter William H. Murphy Sr.], <https://msa.maryland.gov/megafile/msa/spec-col/sc3500/sc3520/012400/012431/html/sun24may2003.html> [<https://perma.cc/QEP9-HY2A>].

36. See, e.g., Charles Lord & Keaton Norquist, *Cities as Emergent Systems: Race as a Rule in Organized Complexity*, 40 ENV’T L. 551, 584–88 (2010) (discussing race-based housing discrimination in Baltimore from 1940 to 2000).

37. See William H. Murphy Sr., *supra* note 35.

38. See *id.*; see *The Afro-American (Baltimore [Md.] 1915–Current*, LIBR. OF CONG., <https://www.loc.gov/item/sn83045829/> [<https://perma.cc/Z52N-LWXC>] (last visited Apr. 8, 2025) (providing the record of the library’s holdings of the *Afro-American* newspaper from 1915 to the present).

39. See *John Murphy Founds Afro-American Newspaper*, MD. MOSAIC, <https://maryland400.org/2024/02/29/john-murphy-founds-afro-american-newspaper/> [<https://perma.cc/AU42-D6VU>] (last visited Apr. 8, 2025) (describing John Henry Murphy, Sr.’s role in establishing the *Afro-American* newspaper).

Taken in aggregate, these stories are quite impressive. I have a number of ancestors who created businesses, and many of these businesses played important roles in their respective communities. I am not a wealthy man, but I am indeed tremendously privileged. I am sixth-generation college-educated—and that is just counting the Black folks in my family tree. If you count the White people who owned my people, my college line goes all the way back to Philip Livingston, a member of the Yale College Class of 1737.<sup>40</sup> Livingston was one of the signers of the Declaration of Independence and part of a five-generation legacy of human trafficking in this country.<sup>41</sup> Of course, in a different way, I am part of that legacy, too. I graduated from Yale in 1992, more than 250 years after my enslaving ancestor.

### III. WEALTH INEQUALITY AND THE UNHOLY TRINITY OF BUSINESS MYTHOLOGY

Despite this family history of entrepreneurship, when my brother and I started our first business in the 1990s, it was a dismal failure despite our creativity, tenacity, and combined intellect. The reasons for that failure are too complex to describe here, but many years later, that harrowing experience influenced me to write the book *Invisible Capital: How Unseen Forces Shape Entrepreneurial Opportunity*.<sup>42</sup> In it, I examine the modern U.S. business landscape through the lens of structural inequality.<sup>43</sup> One of the key points I raise is the mythology undergirding the assumptions, expectations, and aspirations of millions of unsuspecting Americans seeking their fortunes in business.<sup>44</sup>

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40. See Rabb, *Navigating Identity*, *supra* note 19, at 185–86; Stefan Bielinski, *Philip Livingston, PEOPLE OF COLONIAL ALBANY*, <https://exhibitions.nysm.nysed.gov/albany/bios/l/phlivingston.html> [<https://perma.cc/KQ33-LCRC>] (Dec. 12, 2012) (providing biographical details about Philip “the Signer” Livingston).

41. Rabb, *Navigating Identity*, *supra* note 19, at 181 (describing the Livingston family’s involvement in human trafficking).

42. RABB, *INVISIBLE CAPITAL*, *supra* note 9, at 21–22.

43. *Id.* at 5–6.

44. *Id.* at 19–20.

In the process of writing my book, I came to understand the many ways that issues at the intersection of business formation, wealth creation, and social identity are deeply intertwined with history and politics. Particularly noteworthy are the policies of President Richard M. Nixon. In 1969, Nixon created the Office of Minority Business Enterprise by executive order.<sup>45</sup> I'm taking some liberties here, but Nixon and his advisors believed that the best way to avoid angry Black people protesting about justice issues was to make them capitalists. "Let's give them some crumbs," I imagine him saying. The notion was that, through "minority" procurement programs, Black business owners would secure government contracts that would enable them to sell products and services to the federal government.<sup>46</sup>

Here, a brief sidenote is in order. I tend not to use the word "minority" unless the context makes it absolutely necessary for clarity. The fact of the matter is that White people are projected to be in the minority in the United States in a few years.<sup>47</sup> White people already are in the minority in Philadelphia, for example.<sup>48</sup> A minority of the world's population is White.<sup>49</sup> So the word "minority" requires nuance. Further, this term tacitly makes Whiteness the de facto standard for normalcy and success.

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45. Exec. Order No. 11,458, 34 Fed. Reg. 4,937 (Mar. 7, 1969).

46. See Antoine Marshall, Note, *Pathways for Procurement: Operating Minority Business Programs After Rothe*, 6 S. REGION BLACK L. STUDENTS ASS'N L.J. 1, 3–12 (2012) (discussing the history of so-called minority-owned business programs in the United States).

47. William H. Frey, *The US Will Become "Minority White" in 2045*, *Census Projects*, BROOKINGS (Mar. 14, 2018), <https://www.brookings.edu/articles/the-us-will-become-minority-white-in-2045-census-projects/> [<https://perma.cc/44S3-G9AD>].

48. *Quick Facts, Philadelphia County, Pennsylvania*, U.S. CENSUS BUREAU, <https://www.census.gov/quickfacts/fact/table/philadelphiacountypennsylvania/AGE775223> [<https://perma.cc/3SUC-ARYJ>] (reporting a "white alone" population as 44.4% of all residents in 2023).

49. Andrew Torre, *The World Is Not White*, RUTLAND HERALD, [https://www.rutlandherald.com/opinion/commentary/the-world-is-not-white/article\\_61fd63e1-d401-5af7-9642-e9b52557c7ed.html](https://www.rutlandherald.com/opinion/commentary/the-world-is-not-white/article_61fd63e1-d401-5af7-9642-e9b52557c7ed.html) [<https://perma.cc/3RAR-CRLA>] (Oct. 18, 2018) ("[I]t's predicted that by 2060 only 10 percent of the world will be white. There are 3.33 billion [East] Asians, who constitute 45 percent of the world population, and 1.26 billion Indians, who constitute 17 percent. That's 4.59 billion [East] Asians and Indians combined, making up 62 percent of the world population — almost two-thirds.").

My cynical take is that Nixon thought that by making a few Black business owners rich, Black people generally would stop complaining. As Professor Mehrsa Baradaran has explained, “Nixon’s black capitalism program was a vital part of his Southern strategy, which used race as a wedge issue without actually talking about race,” when Nixon ran for the presidency in 1968.<sup>50</sup> Perhaps that is not so dissimilar from the way we see race being deployed in current legal and political discourse in the United States, from the Supreme Court all the way down.<sup>51</sup> But I’ll come back to that in a moment.

The mythology around the promise of entrepreneurship and business viability is epitomized by simplistic notions of success, often championed by figures like Donald Trump.<sup>52</sup> His influence has reinforced a toxic narrative about entrepreneurial achievement. He has become the embodiment of what I call the unholy trinity of entrepreneurial success: first, the belief that one must simply work hard and “roll up your sleeves” to thrive; second, the necessity of having a “great idea” for a product or service; and third, the importance of maintaining a positive attitude.<sup>53</sup> This oversimplified formula—dismissive of systemic

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50. Mehrsa Baradaran, *Jim Crow Credit*, 9 U.C. IRVINE L. REV. 887, 917–18 (2019) (noting further that “Nixon’s economic program sought to link black poverty to welfare dependency and to resist demands for integration or reparations by advocating ‘black capitalism’ instead. By using the racially neutral rhetoric of free market capitalism, he could reject government aid programs.”). To be sure, that year’s Democratic candidate for president, Hubert Humphrey, had his own program designed to “enhanc[e] black pride and quell[] black insurgency.” *Id.* at 917 (quoting ROBERT E. WEEMS JR., *BUSINESS IN BLACK AND WHITE: AMERICAN PRESIDENTS & BLACK ENTREPRENEURS IN THE TWENTIETH CENTURY* 91 (2009)).

51. See Ilya Shapiro, *The Way to Stop Discrimination on the Basis of Race Is to Stop Discrimination on the Basis of Race*, CATO INST. (Apr. 22, 2009, 2:02 PM), <https://www.cato.org/blog/way-stop-discrimination-basis-race-stop-discriminating-basis-race> [<https://perma.cc/T77E-4BVG>] (“The way to stop discrimination on the basis of race is to stop discriminating on the basis of race.” (quoting *Parents Involved in Cmty. Sch. v. Seattle Sch. Dist. No. 1*, 551 U.S. 701, 748 (2007) (Roberts, C.J.) (plurality opinion))).

52. See, e.g., DONALD J. TRUMP & MEREDITH MCIVER, *TRUMP: THINK LIKE A BILLIONAIRE: EVERYTHING YOU NEED TO KNOW ABOUT SUCCESS, REAL ESTATE, AND LIFE* xiii (2004) (introducing the book as “the second part to an ongoing conversation” intended to inspire young and inexperienced entrepreneurs).

53. See, e.g., Chris Rabb, *The Unholy Trinity of Business Success: Hard Work, a “Great Idea,” and a “Good Attitude” Workshop in Urban Ethnography* at Yale Urban Ethnography Project



barriers—is not only misleading but profoundly harmful.<sup>54</sup> Yet, it is characteristic of the rhetoric espoused by gravely underinformed politicians and policymakers who perpetuate shallow approaches to wealth creation through business formation.

Because these narratives never address structural inequality, the high rate of business failures is unsurprising.<sup>55</sup> Indeed, false narratives retain force precisely because they refuse to engage with the lived experience of those whose lives do not fit neatly within idealized parameters. As James Baldwin wrote, “There is an illusion about America, a myth about America to which we are clinging which has nothing to do with the lives we lead.”<sup>56</sup> Too often, people think that they can “start a business” (without knowing what that entails) and become successful. Yet the average American has startlingly low levels of business literacy.<sup>57</sup>

The lack of relevant literacy is not confined to the general public. Many policymakers and lawmakers also lack such literacy, relying more on the rarely examined orthodoxies behind the neoliberal programs that both parties embrace, which promote a vapid DEI version of business development for non-White business owners seeking contracts with governmental

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(Feb. 8, 2016) (presenting on ways that cultural norms influence institution-building, including venture creation).

54. In Mr. Trump’s case, it is also patently untrue, as he inherited substantial wealth from his father, real estate developer Fred Trump. See, e.g., *Donald Trump’s Inheritance*, *ECONOMIST* (Oct. 6, 2018), <https://www.economist.com/united-states/2018/10/06/donald-trumps-inheritance> [<https://perma.cc/5QR7-K8BF>] (summarizing reports that Donald Trump inherited vast wealth from his father).

55. See, e.g., Emma Parker, *What Percentage of Businesses Fail?* [2025], CLARIFY CAP., <https://clarifycapital.com/blog/what-percentage-of-businesses-fail> [<https://perma.cc/E4AF-MDCT>] (last visited Apr. 7, 2025) (“Based on businesses that opened in 2002, 20.8% of businesses fail within the first year, according to the Bureau of Labor Statistics. 40% of businesses fail within the first three years, 49.9% within five years, 65.8% within 10 years, 73.3% within 15 years, and nearly 80% within 20 years.”).

56. JAMES BALDWIN, *NOBODY KNOWS MY NAME: MORE NOTES OF A NATIVE SON* 126 (1961).

57. See, e.g., Michelle Meineke, *Can You Answer These 3 Questions About Your Finances? The Majority of US Adults Cannot*, *WORLD ECON. F.* (Apr. 24, 2024), <https://www.weforum.org/stories/2024/04/financial-literacy-money-education/> [<https://perma.cc/B87G-WYTN>] (reporting the results of a twenty-eight-question survey designed to test personal finance knowledge and reporting that “financial literacy in the U.S. has hovered around 50% for eight consecutive years, with a 2% drop in the past two years.”).

entities and large corporations.<sup>58</sup> That means that most of the people in a position to support businesses do not, in fact, know what type of infrastructure, tools, preparation, and support are needed.

Too often, our leaders and those charged with running governmental programs do not have adequate expertise themselves. To be clear, I am not suggesting that either would-be entrepreneurs or government officials are bad, unethical, or uncaring. It is simply that our existing structures are set up to fail the very people they are supposed to support. If programs like Nixon's Office of Minority Business Enterprise were inherently flawed, their legacy is, too. Frequently, the so-called preferences for "minority"-owned or women-owned businesses act primarily to stifle meaningful discussion of racism, discrimination, inequality, and injustice. These programs are just twenty-first-century crumbs given out in an effort to distract from persistent structural inequalities.

For many years, one of the most salient governmental "crumbs" was affirmative action. The Supreme Court's ruling in *Students for Fair Admissions* has now charted a course for dismantling even these token benefits in higher education.<sup>59</sup> Similarly, government programs designed to assist marginalized businesses—so-called "minority" business programs—primarily grew out of the Civil Rights movement of the 1960s.<sup>60</sup>

To fully understand how we talk about "small businesses" in the United States today, it is important to look back to the 1940s and the war effort in this country. The government wanted to secure the supply of weaponry, so it focused on a small handful of large corporations.<sup>61</sup> After the war effort

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58. See, e.g., *Business Centers*, MINORITY BUS. DEV. AGENCY, <https://www.mbda.gov/business-resources/business-centers> [<https://perma.cc/76RU-KEHF>] (last visited Apr. 7, 2025); *About Us*, MBDA FED. PROCUREMENT CTR., <https://mbdafpcenter.com/page/about-us> [<https://perma.cc/6ZY2-GHD2>] (last visited Apr. 7, 2025).

59. *Students for Fair Admission, Inc. v. President & Fellows of Harvard*, 600 U.S. 181, 231 (2023).

60. Marshall, *supra* note 46, at 7–10.

61. See David Vergun, *During WWII, Industries Transitioned From Peacetime to Wartime Production*, U.S. DEP'T OF DEF. (Mar. 27, 2020), <https://www.defense.gov/News/Feature->

wound down, the Small Business Administration (“SBA”) was established to invest in smaller-scale enterprises that did not benefit from government assistance during World War II.<sup>62</sup>

As a brief side note, it is important when using the phrase “small business” to be precise about what that means. For most people, the phrase conjures up an image of a mom-and-pop corner store or a food truck on a neighborhood street. The SBA and most other government entities at the federal, state, and local levels define a “small” business as any firm with fewer than 500 employees.<sup>63</sup> Practically speaking, that means that approximately 99.9% of all businesses in the United States qualify as “small” businesses.<sup>64</sup>

Of the 99.9% of U.S. businesses that meet the definition of “small business,” the vast majority operate on a much smaller scale.<sup>65</sup> As a consequence, sole proprietorships—lacking formal employees or significant or recurring revenue to be truly financially sustainable—skew the narrative about what constitutes entrepreneurship, as nearly 82% of all U.S. businesses have no employees.<sup>66</sup>

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Stories/story/Article/2128446/during-wwii-industries-transitioned-from-peacetime-to-war-time-production/ [https://perma.cc/3GWZ-VFNT]. See generally ELIZABETH A. FONES-WOLF, *SELLING FREE ENTERPRISE: THE BUSINESS ASSAULT ON LABOR AND LIBERALISM, 1945-60* (1994) (covering the backlash from businesses in response to increased federal regulation on industrial labor in the aftermath of WWII).

62. The Small Business Act, Pub. L. 83–163, 67 Stat. 232 (codified at 15 U.S.C. ch. 14A) (1953) (establishing the Small Business Administration and subsequently codified at 15 U.S.C. § 633(a) (2023)).

63. See U.S. SMALL BUS. ADMIN., FREQUENTLY ASKED QUESTIONS ABOUT SMALL BUSINESS 1 (2024).

64. *Frequently Asked Questions About Small Business, 2024*, U.S. SMALL BUS. ADMIN. (July 23, 2024) [hereinafter *2024’s Frequently Asked Questions About Small Business*], <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/> [https://perma.cc/7UU2-9T5N].

65. Rebecca Leppert, *A Look at Small Businesses in the U.S.*, PEW RSCH. CTR. (Apr. 22, 2024) [hereinafter Leppert, *Small Businesses in the U.S.*], <https://www.pewresearch.org/short-reads/2024/04/22/a-look-at-small-businesses-in-the-us/> [https://perma.cc/P3YP-SLJK] (reporting that of the thirty-three million small businesses in the United States, only six million of them have paid employees).

66. Molly Weston Williamson, *Understanding the Self-Employed in the United States*, CTR. FOR AM. PROGRESS (Sept. 21, 2023), <https://www.americanprogress.org/article/understanding-the-self-employed-in-the-united-states/> [https://perma.cc/PE2E-YWV5].

Black-owned businesses tend to be on the smaller side, with 16% having no employees at all, 13% having ten to forty-nine employees, and 3% having fifty or more employees.<sup>67</sup> Black-owned businesses are responsible for 1% of all gross revenue from firms classified by the race/ethnicity of their owners, even though Black people are approximately 14% of the entire U.S. population.<sup>68</sup> These statistics suggest the pervasive challenges in building sustainable, scalable, and impactful business enterprises faced by small business owners generally and Black business owners particularly.

In addition to the SBA's mandate, there are a variety of efforts by federal, state, and local governments that try to promote community economic development in distressed communities, mostly through supporting home-ownership and workforce development assistance programs.<sup>69</sup> We can think of these as not necessarily support for specific businesses, but more as encouragement of policies focused on specific geographic communities, demographic groups, industries and economic sectors, and marginalized members of the labor force. Yet, as with small business initiatives, many of the assumptions behind community economic development programs are deeply flawed.<sup>70</sup> Too often, there is a lack of thought, effort, and

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67. Rebecca Leppert, *A Look at Black-owned Businesses in the U.S.*, PEW RSCH. CTR. (Feb. 16, 2024) [hereinafter Leppert, *Black-owned Businesses in the U.S.*], <https://www.pewresearch.org/short-reads/2025/02/12/a-look-at-black-owned-businesses-in-the-us/> [https://perma.cc/5DTQ-PAWA].

68. *Id.*

69. See, e.g., *EDA Program List*, U.S. ECON. DEV. ADMIN., <https://www.eda.gov/funding/programs> [https://perma.cc/RAR7-3QE8] (last visited Apr. 2, 2025) (listing programs of the U.S. Economic Development Administration); *About EDA*, U.S. ECON. DEV. ADMIN., <https://www.eda.gov/about> [https://perma.cc/553B-7PM4] (last visited Apr. 2, 2025) (describing the Economic Development Administration as the “only federal government agency focused exclusively on economic development . . . [which] plays a critical role in facilitating regional economic development efforts in communities across the nation.”); *Opportunity Zones*, INTERNAL REVENUE SERV., <https://www.irs.gov/credits-deductions/businesses/opportunity-zones> [https://perma.cc/2KCM-P25Z] (last visited Apr. 2, 2025) (explaining that the purpose of Opportunity Zones is “to spur economic growth and job creation in low-income communities while providing tax benefits to investors.”).

70. See, e.g., Etienne C. Toussaint, *Dismantling the Master's House: Toward a Justice-Based Theory of Community Economic Development*, 53 U. MICH. J.L. REFORM 337, 341–45 (2020) (noting

support for developing core business competencies among business owners of firms that could stimulate the broadest and deepest socio-economic impact. Too often, there is no meaningful access to the levels of capital that a business will require to succeed.<sup>71</sup> And, too often, these programs are more performative than productive.

A persistent example is the criteria for minority-owned business certification, which typically require that a minimum of 51% of the business's equity be owned by individuals classified as "minorities."<sup>72</sup> Yet, this term itself—"minority"—remains both broad and problematic. It conflates diverse groups under a single label, often failing to account for systemic nuances or the particularities of specific communities.<sup>73</sup> This approach reflects an implicit assumption of deficiency among non-White groups, which further entrenches a deficit-based narrative rather than addressing structural inequities head-on.<sup>74</sup>

Such policies—created over decades under the guise of small business development—have perpetuated these narratives, misaligned incentives, and narrowed definitions of success. Consider again how the government defines a "small" business: an entity with fewer than 500 employees.<sup>75</sup> This expansive definition underscores the disconnect between

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ongoing debate about focus and methods of community economic development programs and proposing a "justice-based" framework to economic development).

71. The problem of lack of access to capital may be especially salient for Black small business owners. See, e.g., Rieva Lesonsky, *Reports Show Black Small Businesses Still Face Major Challenges*, FORBES (Feb. 20, 2023, 10:45 AM), <https://www.forbes.com/sites/allbusiness/2023/02/20/reports-show-black-small-businesses-still-face-major-challenges/> [https://perma.cc/FJ2D-PMPG] (reporting on unique obstacles facing Black business owners, including increased start-up costs and greater difficulty accessing financing compared to non-Black business-owning peers).

72. *Definition of an MBE*, NAT'L MINORITY SUPPLIER DEV. COUNCIL, <https://nmsdc.org/certifications/definition-of-an-mbe> [https://perma.cc/6Q7C-25G3] (last visited Apr. 2, 2025) ("[D]efin[ing] a minority business enterprise (MBE) as a 'for-profit business that is at least 51% owned, managed, and controlled by a member(s) of a qualified minority group.' A qualified minority group is defined as a person who is a U.S. citizen and Asian-Indian, Asian-Pacific, Black, Hispanic, or Native American.").

73. See, e.g., Lesonsky, *supra* note 71.

74. See *id.*

75. U.S. SMALL BUS. ADMIN., FREQUENTLY ASKED QUESTIONS ABOUT SMALL BUSINESS, *supra* note 63.

governmental metrics and public perceptions, which often envision small businesses as local mom-and-pop operations.<sup>76</sup> Moreover, the assumption that any form of entrepreneurship will close racial wealth gaps or empower communities remains tenuous at best.<sup>77</sup>

Access to sufficient startup capital remains a glaring barrier, closely tied to the nation's enduring wealth inequality borne of systemic racism. It is no surprise that demographics already advantaged by structural inequities—namely, wealthy, White business owners—are most likely to secure start-up funding.<sup>78</sup> The resulting disparities, coupled with a lack of awareness about these systemic dynamics, limit meaningful progress toward equity.

Equally critical is the concept of social capital—not just who you know, but who knows you and is willing to advocate for you.<sup>79</sup> This form of capital is foundational to accessing quality opportunities and networks that enable business success. The depth and quality of these opportunities are as vital as their availability, yet the existing landscape often emphasizes quantity over meaningful impact.<sup>80</sup>

Similarly, while approximately 20% of U.S. households hold an equity interest in a private business, this figure remains

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76. In fact, most small businesses are not family-owned. See Leppert, *Small Businesses in the U.S.*, *supra* note 65 (reporting that for 2021, small businesses were 27% family-owned and 73% non-family owned).

77. See, e.g., Nicolle Lee, *Barriers to Black Entrepreneurship: Exploring the Root Causes*, BLACK BUS. BLOG (May 15, 2024), [https://sdblackchamber.org/wp-content/uploads/2024/07/Blog\\_-\\_Barriers-to-Black-Entrepreneurship\\_NL\\_V1.pdf](https://sdblackchamber.org/wp-content/uploads/2024/07/Blog_-_Barriers-to-Black-Entrepreneurship_NL_V1.pdf) (identifying “higher lending rates, limited opportunities, and unequal treatment in contracts and partnerships” as obstacles to success by Black business owners).

78. See, e.g., LUCAS MISERA & EMILY RYDER PERLMETER, 2023 REPORT ON STARTUP FIRMS OWNED BY PEOPLE OF COLOR: FINDINGS FROM THE 2022 SMALL BUSINESS CREDIT SURVEY, FED. RSRV. BANKS 5 (2023) (“Despite the barriers for startups in accessing funding from financial institutions, 48% of white-owned employer startups reported doing so since opening, in contrast to 28% of employer startups of color.”).

79. See, e.g., Nicole S. Dandridge, *Racial Etiquette and Social Capital: Challenges Facing Black Entrepreneurs*, 32 W. NEW ENG. L. REV. 471, 472 (2010) (defining social capital as “access to people who build business capacity, networks, and opportunity”).

80. See *id.* at 475–80 (discussing challenges faced by Black entrepreneurs and linking lack of social capital to lack of access to financial capital).

disproportionately lower among Black families, where only 11% report business ownership.<sup>81</sup> Black families represent 11.4% of all U.S. households, but only 3.4% of all U.S. wealth, underscoring the systemic barriers to wealth accumulation through entrepreneurship.<sup>82</sup>

#### IV. TOWARD STRUCTURAL SOLUTIONS: REIMAGINING PUBLIC SECTOR SUPPORT FOR BROADLY IMPACTFUL ENTERPRISE

Addressing these disparities requires more than rhetorical commitments to entrepreneurship. And just as entrepreneurship centers on innovation leveraged in service of profit for firms with limited resources, entrepreneurship policy must innovate toward developing infrastructures, programs, and financial and staff resources to recruit, train, and guide the behaviors of business owners. In so doing, the entrepreneurial sector can be a far more robust and sustainable economic engine intentionally aligned with building value that closely correlates with business viability and measurable social impact for and in local and marginalized communities and the natural and built environments in which they live and work.

Policy discussions must move beyond vague affirmations of “small business” as the backbone of the economy.<sup>83</sup> Instead, a

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81. See, e.g., CHANGES IN U.S. FAMILY FINANCES FROM 2019 TO 2022: EVIDENCE FROM THE SURVEY OF CONSUMER FINANCES, BD. GOVERNORS FED. RES. SYS. 2, 20, 23, 43–44 (2023); Jeffrey McKinney, *Black Family-Owned Businesses More Than Doubled Since 2019, Potentially Becoming Wealth-Building Assets*, BLACK ENTER. (Nov. 9, 2023), <https://www.blackenterprise.com/since-2019-wealth-building-asset/> [https://perma.cc/7F8X-ZHY9] (reporting on results of 2022 *Survey of Consumer Finances* and noting that the “number of Black families that reported owning a business climbed to 11% in 2022, doubling from 4.8% in 2019”); Leppert, *Black-owned Businesses in the U.S.*, *supra* note 67.

82. Carolyn Osorio, *Understanding the Racial Wealth Gap in America*, MONEY DIG. (Aug. 25, 2024, 10:30 AM), <https://www.moneydigest.com/1646582/understanding-the-racial-wealth-gap-america/> [https://perma.cc/HS9D-6HPS].

83. Writing in the popular press deploys this trope as well. See, e.g., Marlon Mcleod, *Small Business: The Backbone of the Economy and the Key to Entrepreneurial Success*, MEDIUM (Aug. 6, 2023), <https://medium.com/@startyourbusinesstoday/small-business-the-backbone-of-the-economy-and-the-key-to-entrepreneurial-success-562bce60bf88> [https://perma.cc/7MUE-LMQR] (“Small businesses form the backbone of economies worldwide, contributing to economic development and prosperity . . .”).

targeted focus on local businesses—those deeply embedded within their communities (like Rabb’s Meat Market, to give one personal example)—may offer a more meaningful framework. Local businesses are more likely to employ and source locally, contributing to regional economic ecosystems in tangible ways.<sup>84</sup> Yet, even this distinction requires further refinement to prioritize businesses with demonstrable social impacts over those merely meeting size-based criteria.

For instance, policies should prioritize social impact over social identity. Programs that allocate resources based solely on demographic ownership criteria (e.g., businesses with 51% minority ownership) risk failing to address the systemic barriers that disproportionately affect minoritized communities.<sup>85</sup> An impact-based approach—one that emphasizes meaningful, measurable outcomes—could achieve equity without relying exclusively on race-explicit criteria, a crucial consideration in light of recent Supreme Court rulings limiting affirmative action.<sup>86</sup> In other words, an impact-based approach is race-neutral in a way that “minority-owned” business rules are not.

The entrepreneurial landscape must also embrace diverse business structures that explicitly promote employee empowerment or stakeholder-driven decisions, such as socially responsible corporations (e.g., B Corps and special purpose corporations), employee ownership trusts (“EOTs”), and worker, consumer, and producer cooperatives.<sup>87</sup> These models offer

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84. See, e.g., Monica Haynes, *Expert Alert: The Economic Impact of Shopping Local*, UNIV. MINN. DULUTH (UMD) NEWS (Nov. 18, 2021), <https://news.d.umn.edu/articles/expert-alert-economic-impact-shopping-local> [<https://perma.cc/9CRU-HZD9>] (“Small, independent businesses are more likely to purchase inputs (goods and services) from local suppliers and distributors, are more likely to hire a local workforce, and are more likely to do business with local financial institutions than are businesses with headquarters elsewhere.”).

85. See, e.g., Toussaint, *supra* note 70, at 388 (setting forth a framework for a new kind of community economic development advocacy that can “serve as a launching pad toward a broader reconstructive movement for economic justice”).

86. See *Students for Fair Admission, Inc. v. President & Fellows of Harvard*, 600 U.S. 181, 231 (2023).

87. See, e.g., Geoff Gilbert, *Who Plans Our Political Economy? A Solidarity Economy Vision for Democratic Political Economy Planning*, 12 UNBOUND: HARV. J. LEGAL LEFT 101, 129 (2019) (discussing, inter alia, land trusts and worker cooperatives as alternative forms of ownership);



viable pathways to genuine community wealth-building that are less susceptible to the pitfalls of traditional capitalist approaches to business formation.<sup>88</sup> Yet, these innovative approaches remain underutilized due to a lack of public awareness and inadequate policy support.<sup>89</sup>

Imagine, for example, if capital gains tax revenues were earmarked for a segregated fund managed by a quasi-governmental, independent entity tasked with addressing wealth disparities through business formation. Such an entity could focus on structures, places, populations, and social impact, enabling more targeted and effective resource allocation. By shifting from general tax revenue pools to dedicated, impact-driven funds, this approach could transform the entrepreneurial landscape and foster systemic change.

### CONCLUSION

The current framework for supporting entrepreneurship in the United States is riddled with contradictions and inefficiencies. It perpetuates myths of upward mobility while ignoring the structural inequities that make true progress elusive for many communities. Addressing these challenges demands a shift in focus—from generic notions of “small business” and minority business enterprises to impactful, locally-rooted, and socially-oriented enterprises. Only by acknowledging and dismantling the assumptions underpinning existing policies and setting goals centered on the primacy of holistic and communal benefits of businesses’ operations and offerings can we begin to

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TREBOR SCHOLZ, *UBER-WORKED AND UNDERPAID: HOW WORKERS ARE DISRUPTING THE DIGITAL ECONOMY* 14, 189–90 (2016) (explaining benefits of platform cooperativism as a form of worker ownership of firms).

88. See generally SCHOLZ, *supra* note 87 (emphasizing benefits for platform cooperatives).

89. See, e.g., Series Description, *Democratizing Work: The Role, Opportunities, and Challenges of Worker Cooperatives in the US*—Transcript at 1, ASPEN INST. ECON. OPPORTUNITIES PROGRAM (Nov. 17, 2022), <https://www.aspeninstitute.org/wp-content/uploads/2022/10/Democratizing-Work-The-Role-Opportunities-and-Challenges-of-Worker-Cooperatives-in-the-US-%E2%80%93-Transcript.pdf> (citing lack of awareness as one of the barriers to greater uptake of the worker-led cooperative movement).

create a more inclusive, equitable, and broadly prosperous business ecosystem.