

**News (<http://www.philly.com/news>)**

— **Opinion (<http://www.philly.com/philly/opinion>)**

# Commentary: Regulations stifling the American dream

Updated: AUGUST 3, 2016 — 3:01 AM EDT



 **AP**

Millennials could be the first generation in American history not to do as well as their parents.

By Antony Davies

and James R. Harrigan

Forty-eight percent of millennials believe the American dream is dead, according to a 2015 Harvard University Institute of Policy study. Their pessimism is understandable, especially if we believe the American dream is that one can achieve success through hard work.

In 1995, 62 percent of Americans with high school diplomas had jobs. Today, only 54 percent do. That's 5.7 million jobless high school graduates who, 20 years ago, would have had jobs. And things aren't much better for those lucky enough to be working. Adjusted for inflation, today's median high school graduate earns less than his 1995 counterpart did.

Those who would escape this fate by going to college face their own problems. Adjusted for inflation, the average college student today graduates with 70 percent more debt than in 1995.

Millennials could be the first generation in American history not to do as well as their parents.

Frederick Smith and Bernie Marcus, founders of FedEx and Home Depot, respectively, know why. Smith, who founded FedEx in 1971, says, "[I]t's much more difficult to start an industrial company. ... The regulatory environment is very tough today." Marcus, who started Home Depot in 1978 was more direct: "I actually had to go to California to find a banker who would give us a ... line of credit. Today, under Dodd-Frank, he wouldn't even open the door to me." The United States, says Marcus, "is destined for mediocrity. It will not be the great American dream; it will not be available anymore."

Just as the numbers confirm millennial cynicism about the American dream, they bear out Smith and Marcus on the difficulty of undertaking new ventures. According to the Kauffman Foundation, the number of start-ups (firms that employ at least one person and are less than a year old) per capita has declined nearly 50 percent over the past 40 years. This happened over the same period that the number of federal regulations - as measured by the number of pages in the Code of Federal Regulations - doubled. This is no coincidence.

The American dream might not be dead yet, but we have regulated it to the point where it is on life support.

Entrepreneurship, however, is alive and growing in certain communities, and the facts might surprise you. From 1996 to today, the percentage of entrepreneurs who are non-black minorities has doubled, and black entrepreneurship has increased 10 percent. The percentage of entrepreneurs who are white, however, has declined by more than 20 percent. In short, traditionally disadvantaged groups are still trying, in increasing numbers, to live the American dream, even as their white counterparts are deciding in growing numbers to work for other people.

How are those minority entrepreneurs faring? They are learning the same lessons their older, whiter counterparts have already learned, and it isn't pretty.

Texas requires people who do eyebrow threading to spend upwards of \$20,000 and 750 hours in a government-approved beauty school. That state also requires nail salon owners to undergo 1,500 hours of training in a state-approved facility, which is more hours of training than are required of Texas Highway Patrol officers. Until recently, Utah required African-style hair braiders to spend 2,000 hours studying cosmetology.

A recent study of New York City cabdrivers found that 84 percent were immigrants. Were it not for governments requiring taxi drivers to have a medallion - which in New York can cost a half-million dollars - those cab drivers would be entrepreneurs driving for themselves. How do we know? Because that's exactly what's happened with Uber drivers - that is, in cities that haven't yet regulated Uber out of existence.

A couple of generations ago, one in 20 jobs in the United States required some form of government license. Today, nearly one in three does. This regulatory morass hits minority entrepreneurs disproportionately hard. Today, minorities are at the forefront of the American dream, and yet everywhere they turn, government stands in their way.

But this is not racism; it's statism. And statism has nothing to do with the American dream. The American dream, for any and all Americans, requires the freedom to act. For entrepreneurs, that means getting government out of the business of business.

Antony Davies is an associate professor of economics at Duquesne University in Pittsburgh. [antony@antolin-davies.com](mailto:antony@antolin-davies.com) (<mailto:antony@antolin-davies.com>)

James R. Harrigan is the director of academic programs at Strata in Logan, Utah. [jrharrigan@gmail.com](mailto:jrharrigan@gmail.com) (<mailto:jrharrigan@gmail.com>)



**Published:** August 3, 2016 — 3:01 AM EDT **The Philadelphia Inquirer**

---

© Copyright (<http://www.philly.com/philly/about/copyright/>)2016 Philadelphia Media Network (Digital),  
LLC [Terms of Use & Privacy Policy \(http://www.philly.com/philly/about/terms\\_of\\_use/\)](http://www.philly.com/philly/about/terms_of_use/)