

Sociology 121: Innovation and Entrepreneurship Notes

Week 1: Introduction

Magic Bullet

- Paul Ehrlich: magic bullet to cure disease
- Magic bullet: solution to curing one problem without harming broader
- 20th Century magic bullet was education
- 21st Disruptive innovation: innovation & entrepreneurship, fix failing economies, create wealth and jobs
- Social and Cultural contexts matter

Contexts Matter

History: Pre-Industrial World: Feudal

- Innovator was frowned upon, selfish and greedy

Age of Enlightenment (Age of Reason)

- questioning tradition, more accepting of new things
- Innovation on the rise,
- Money making more acceptable
- Change is not linear
- Great Depression: growing inequality, calls for legislation

Post WW2

- Growth of welfare state, civil rights, education, questioning materialistic values

1980s: Reagan

- New Spirit of capitalism, heroes were entrepreneurs

21st century: Current

- Celebrate and look up to CEOs
- Spokesperson for everyone, we mimic these people because they are successful
- Rise of business schools

Week 2: Nudges

Social Science View: Nudges

Entrepreneurship: Social Science View: Richard Swedberg

- "Social sciences have a very important contribution to make, understanding of entrepreneurship, to entrepreneurship as a practical enterprise."
- Contributions
 1. New and fresh ideas
 - a. Joseph Schumpeter: entrepreneurship is middle of growth
 2. Looking at changes over time
 - a. Innovation has not always been valued : Benoit Godin
 - b. Rate of Innovation Changes over time: Tyler Cowhen, Robert Gordon

3. Attention to cultural variations
 - a. Global Innovation Divide
4. Wider range of actors
 - a. Underground workers, economies, musicians

Social Action: Nudge and Market rebels

School Cafeteria

Why are school cafeteria food unhealthy?

How do you get kids to eat nutritious food?

1. Education
 - a. Attempted to revolutionize school lunches, filmed
 - b. Teach them where food comes from
2. Constrain
 - a. Banned junk food and offered only healthy food
3. Nudge
 - a. Works better

Nudge

Homo economicus: economic man

- Freedom is a wonderful thing, the exercise of freedom

Nudge: Richard H. Thaler and Cass Sunstein

- People might not do the right thing
- May make the wrong decisions,

Libertarian Paternalism

- People should make choices,
- The paternalistic aspect lies in the claim that it is legitimate to try to influence people's behavior in order to make their lives longer, healthier
- Choices that people make can be shaped by nudges

Nudging

- Getting you to do something without restraining your freedom
- Mindful or mindless,
- Examples
 - Place green footprints on the ground pointing to nearest trashcan
 - Simplify
 - Put junk food on high shelves and healthy food at eye level
- Choice architect by nudging through displaying food, to embrace people to the idea

Brief history of nudging

Behavioral economics

- We are not rational beings, influenced by emotions, social interactions, environments
- Gentle behaviors that influence decisions
- Send report of comparison, social standard pressure
- "Limit of 12 cans per person"

Nudge: Thaler, Sunstein

Chapter 4: When do we need a nudge?

- Libertarian paternalism: offer nudges that are most likely to help and least likely to inflict harm
- Benefits Now -- Costs Later
 - Self-control issues arise when choices and their consequences are separated in time
 - Investment goods - exercise, flossing, dieting
 - Costs borne immediately but benefits are delayed,
 - Error on side of doing too little
 - Sinful goods - smoking, alcohol, jumbo chocolate donuts
 - Pleasure now, consequences later
 - Both are candidates for nudging
- Frequency
 - Hard problems become easier with practice
 - Some of life's most important decisions do not come with many opportunities to practice, college, marriage
 - Higher the stakes of the decision, less often to practice
- Feedback
 - Typically the situation is not structured to provide good feedback
 - Long term processes rarely provide good feedback, can have a bad diet and not have warning signs until the heart attack
 - Without feedback, nudges may help
- Knowing What You Like
 - Hard to make good decisions when they have trouble translation the choices they face into experiences they will have
- Markets: a Mixed Verdict
 - If consumers have a less than fully rational belief, firms often have more incentive to cater to that belief than to eradicate it

Chapter 5: Choice Architecture

- Stimulus response compatibility
 - Want the signal you receive (the stimulus) to be consistent with the desired action, inconsistencies cause people to blunder and performance down
 - Designers need to keep in mind users are Humans, choice architect influences choices other people make
- Defaults
 - Not all defaults are selected to make the chooser's life easier or better
- Expect Error
 - Postcompletion error: when you have finished your main task, you tend to forget things relating to previous steps

- Use forcing function: in order to get what you want, you have to do something else first
- Drug compliance
 - Once a day is best to build Automatic System, every other day is harder ooo
- Give Feedback
 - Well designed systems let you know when you are making a mistake
- Understanding "mappings" : from choice to welfare
 - Make comparisons easier, make information about various options more comprehensible
 - Surprise and serendipity can be fun for people and good for them too, , good to learn what people unlike us like and see whether we might even like that
- Incentives
 - Who uses? Who chooses? Who pays? Who profits?
 - May underweight opportunity costs of car ownership and overweight the salient cost of using a taxi

Week 2: Joined Hands vs. the Invisible Hand

Book: Market Rebels

- The computer was not thought of for all people
- Personal computing and cochlear implant are radical business innovation that takes the shape of new technologies that challenge existing interests, norms, and values
- "Joined hands" of activists and their recruits make or break radical innovation in markets
- Social movements are collective endeavors to initiate social change
- *Hot causes* promote unfreezing and changing because they emit new cues that awaken new feelings that interact with the emotions tied to old but relevant beliefs and induce dissonance (Passion)
- *Cool mobilization* contributes to moving and refreezing because it promotes new behaviors, creating new social experiences and affirming new concepts, identities and commitments (Innovation)

Video: Cochlear Implant

Against because

1. Cultural Identity: Tom Williard (editor of Silent News)
2. Surgery painful

Brilliant Idea Turned into Market Failure

1. Innovations emerge in specific social and cultural contexts
2. success/failure shaped by social and cultural contexts
3. Joined hands of social activists vs invisible hand of the market

Video: Market Rebels

Market Rebels: Hayagreeva Rao

- How Activists Make or Break Radical Innovations
- Conventional Views
 - Charisma: entrepreneur
 - Pricing:
 - Invisible Hand
- Rao's Views
 - Social Forces

Market Rebels

- Market Rebels: Activists and their recruits
- Hot Cause: narrative about an innovative idea
- Cool Mobilization: Strategies used to advocate on behalf of a cause

Example Cochlear implant

- Market Rebels: national association of the deaf and deaf activist
- Hot Cause: forcing young kids to undergo brutal surgery + cultural genocide
- Cool mobilization: legal action, gruesome pictures of surgeries, videos of unhappy children

Example: Slow Food Movement

- Market Rebels: Italians opposed to McDonalds at the foot of the Spanish Steps
- Hot Cause: loss of local identity horrors of fast food
- Cool mobilization: sit ins and pasta eating contest

Personal Computing

- Market Rebels: PC users, early adopters of PC technology
- Hot Cause: Don't worry about the tyranny of the central computer
- Cool mobilization: hobbyist clubs, slowly getting people used to the idea of a personal computer

Video: Market Rebels

Need the people to start the change

Biotechnology and eugenics

Week 3: Innovation and Its History

Brief History of Innovation

Emma Green: Innovation the History of a Buzzword

- The irony behind was innovation was not a buzzword(complement) it was an insult

Socrates (399 BC)

- Religious innovator

Benoit Godin: Innovation Contested: Idea of Innovation Over the Centuries

- Much of human history innovation was contested

15th-17th Centuries

- Religious innovation, innovation frowned upon
- Martin Luther cause protestant reformation
- King Edward VI (1547 - 1553)
 - Formal proclamation against innovation
 - Innovation as evil, uniformity in prayer and religious services
 - Prohibited doctrinal innovations and Imposed Punishments

Four Historical Changes

- Protestant Reformation
 - Martin Luther attacked church authority
 - Protestant work ethic: predestined to be heaven or hell: success means chosen
- Enlightenment
 - Questioning of tradition, age of reason, emphasis on empiricism
- The French Revolution
 - Changes to political and civil life
 - Attack on traditional authority
 - Human rights & freedom, civil and meritocracy, individualism
- Industrial Revolution
 - Urbanization, science and technology, industrialization

Changed peoples mind on innovation

Four Industrial Revolutions

1. First Industrial Revolution (1760-1840)
 - a. Textile, agricultural, food, gas
 - b. Steam engine, mechanical reaper, production-line backing,
 - c. Innovators were tinkers, blue collar skills
 - d. Rising consumer culture -> rise in patents
2. Second Industrial Revolution (1870-1940)
 - a. Chemicals, optics, electricity
 - b. Light bulb, railways, refrigeration, car
 - c. Built labs for research and development, chemistry and medicine
3. Third Industrial Revolution (1950-1980)
 - a. National Innovation systems
 - b. More R&D, Gov funded research labs, university education
 - c. Microelectronics, computer, biotechnology
4. Fourth Industrial Revolution (Today)
 - a. Cyber physical systems, internet of things, networks
 - b. Tyler Cowen: The great Stagnation
 - i. Forward march has hit dry spell, regardless of innovation, not a lot of major breakthroughs, benefit small number of people
 - ii. Use technology to benefit society than elite few
 - c. Robert Gordon: The rise and fall of american growth

- i. Not in the middle of revolution change
- ii. Narrative gets in the way of economic growth, self-congratulating SV
- iii. IT Revolution not nearly as significant, Technology is silver bullet
- iv. Economic slowdown, inequality, jobless economic growth, plateau education

Innovation Buzzwordiness

What is Innovation?

- Saying that something is innovative doesn't mean it is

Leslie Kwoh: You Call That Innovation?

- Businesses say they are innovation, Chief innovation officers, to convey monumental change when it pretty ordinary

What Innovation Isn't

Used so frequently it is no longer meaningful

What Innovation Isn't

- Not always a new changed product, can be service or process
- Not always something new, fixing something that exists
- Need not require adding something, can subtract
- Not always successful, most fail
 - George the robot, Concorde
- Not always the best way to move forward
 - Death of the streetcar over private car

Innovation can't be used too often

Tyler Cowen: The Great Stagnation

1960s -2010

- Stagnant
- Tinkering with parts, specialized
- Need more respect for science

Robert Gordon: The Death of Innovation, the end of growth

US Economic growth end

Headwind

1. Demographics
2. Educationion
3. Immigration
4. Debt

Education

- Cost inflation in higher education
- Trillions in student debt

Debt

- Consumer debt
- US GDP,

Inequality

- Bottom slower
- Cant match earlier innovations

Week 3: Why Innovation Matters

Innovation Makes us Human

Paul Johnson: Creators - from chaucer and durer to picasso and Disney

- Religious point of view
- "Creativity, inherent, because God is creator so we are creators as well"
- 1. Visible- art writing business
- 2. Enduring- buildings, books,
- 3. Transient - meal, garden

Wolfgang Mozart

- Innovative composer
- Brilliant musician, innovative composer
- Sister did not have opportunity

Who becomes an inventor in America paper

- Large gaps in innovation by income, race, and gender
- Related to environment
- Inequality in opportunity to create
- Rich families produce massively more inventors than poor families
- Opportunity, money access to education, encouragement
- Exposure = interacting with people who are themselves innovators

Karl Marx: A Strange Labor

- What distinguishes the worst architect from the best of the bees is the the raises his structure in imagination before he erects it in reality
- Radical

Innovation and it's Enemies

When Innovation is not so good

1. Counter productive
 - a. Social media as work is less productive
 - b. Robert Gordon: not making workers more productive with social media
 - c. Ever connected but what cost
2. Choice overload
 - a. Barry Schwartz, The paradox of choice, why more is less
 - i. Some choice is good doesn't mean more choice is better
3. Innovation can undermine coordination
 - a. Ray Fisman and Tim Sollivan: The Orge
 - i. Army, must internalize culture of military, conformity can save lives
 - ii. Small group of leaders and many people who follow

- iii. McDonalds and Starbucks can be too much
- 4. Can be a Fad
 - a. Dan Saffer: Cult of Innovation Bloomberg article
 - i. Business ideology to look innovative,
 - ii. Goal displacement, false innovation
 - b. Jucerio: failed can use hands

How much innovation is too much?

- Peter Thiel, cofounder PayPal:
 - creative monopolists give consumers more choices, powerful engines for making it better
- David Talbot, salon.com
 - You're either part of the problem or part of the solution

Creative Destruction

Pablo Picasso

- Every act of creation is first an act of destruction
- 1. Each new approach to art brings with it a new perspective on art
- 2. New perspectives question old perspectives
- 3. Every act of creation is first an act of destruction
- 4. Joseph Schumpeter: Capitalism, socialism, and democracy
 - a. Innovating entrepreneurs drive economic growth
 - b. Innovation and destruction go hand in hand, innovation brings with it destruction of capitalist society
 - c. "Incessantly revolutionizes economic, destroying the old one Creative Destruction is what capitalism is"
 - d.
 - e. Social actors at the heart of economic development growth
 - f. Destruction of capitalist society
 - g. Creating a new
 - h. Capitalist

Creative Destruction

- 1. Innovation brings with it cycles of creative destruction
 - a. Peter Drucker: Innovate or die
- 2. Creative destruction -> economic distress
 - a. Old factories and processes no longer needed
- 3. Calls to regulate innovation
 - a. Labor law to prevent firing workers, subsidies
 - b. Rice farming in California
 - i. Subsidizes from gov
 - ii. Subsidizes stop innovations
- 4. Bureaucratic regulation stifles innovation in the long run

a. Innovation leads to the end of capitalism

Anthony Brandt and David Eagleman: The Runaway Species, to Innovate is Human

Innovation will never stop,

- It's never about the right thing, its about the next hting
- New rapidly evolves into the normal, planes and phones unremarkable

Repetition Supression causes humans to adapt to everything quickly

- Gets used to something, displays less response each time
- World wears off when as it becomes familiar
- Creatures who live and die by the predictions and repeition

Avoidance of reptition

- Strives to incorporate new facts into its model of the world
- Brain gets excited when it updates, lack of surprises is boring

Balance

- Balance of trying new things vs using knowledge
- Digital tech is similar to the real world to maintain a feeling of similarity

Simulation

- Simulate what ifs
- Hope is a form of creative speculation, we imagine the world as we wish it to be rather than as it isit*

Creativity is socially enhanced

- People work better and are more creative around others

Ray Fisman and Time Sullivan: In Praise of Squelching Innovation

The army needs cadre of officers who follow blindly and those who think outside the box but stay inside it when told

- War took immense planning "it was everything"
- Poor planning and communication led to friendly fire
- "Practical drift" we keep adapting and changing practices within our own group at the expense of coordination with others

Cost of nonconformity

- McDonald's must be the same, because customers expect the same

Joseph Schumpeter: Capitalism, Socialism, and Democracy

Capitalism leads to monopolistic competition which can kill innovation

Week 4: Where Do Creative Ideas Come From?

The Myth of Epiphany

We explain things with an ephipany moment, when often it is more

- Discards 20 years of research
- Built upon others

Lone Inventor

Steven Johnson: Where good ideas come from, the natural history of innovation

- Environments for creative ideas
- 1. Ideas are Cobbled over
 - a. Timothy prester: infant mortality
 - b. Contextually, cheaper using materials here
- 2. Place to mingle
 - a. Matt ridley: How innovation works
 - i. Old ideas have to intermingle, best place is coffeehouse
- 3. Ideas are created in liquid networks
 - a. Kevin Dunbar: how people recall where people make up ideas
 - b. In conversations, when people problem solve together
- 4. Ideas need time to incubate
 - a. Charles darwin - Claims to know when he thought out the idea
 - b. A psychological sstudy of scientific creativity Howard Gruber
 - c. Was in his mind
- 5. Ideas were non generated in isolation
 - a. No man is an island
 - b. John Donne: British poet
 - i. No man is an island, entrie of itself, every man is a piece of the continent, ap part of the main

Warren Buffet: Letter to shareholders

- It is beyond arrogance for American businesses or individual to boast that they ahve done it alone

Thomas Edison

- Humphry Davy and Joseph Swan both helped lightbulb

Steve Jobs

- Was good at borrowing and attributing to
- Use simple stories
- Our collective memories privilege easy heros

Mark Granovetter: The Concept of Embesddedness

Undersocialized, Oversocialized

- Economics people who do the best for themselves,
- Norms and values from society
- Social relationships: embedded in social networks
- More vulnerable to people who you trust
- Social networks connecting different firms

Steven Johnson: Where good ideas come from

Coffeehouse

- Shared patterns from data
- We think ideas are a single thing

- Idea network is new, built incubator from cars
- Slow hunch, linger on an idea
- People have parts of hunches, other people have hunches
- Chance favors the connected mind

Week 4: The Role of Social Networks

History of Silicon Valley

After World War II, many people came

Silicon Valley Edge

What Makes Silicon Valley Unique

1. Extensive labor mobility
 - a. Annalee Saxenian: Regional Systems of innovation and the blurred firm
 - i. Engineers in silicon valley shifted so frequently between firms that it became socially acceptable it became the norm
 - ii. Developed loyalties to each other, advancing technologies rather than individual firms or even industries
 - iii. John Sculley: Radically different on East, more mobility less risk, west coast is like
 - b. Mark Granovetter: Social Networks in Silicon Valley
 - i. Most crucial aspect of Silicon Valley is its networks
 - ii. Rapidly shifting and permeable firm and institutional boundaries and dense personal networks across technically and professional population
 - iii. Strength of weak ties, through friends of friends
2. Lawyers and venture capitalists
 - a. Mark Suchman: The Hired Gun as facilitator, lawyers and suppression of business disputes
 - i. Silicon Valley attorneys employ employee connections to link clients with various transactional partners
3. Flexible Firm Boundaries
 - a. Annalee Saxenian
 - i. More firms, can bring knowledge from firm to firm, loyalty to project
 - ii. Collaborative projects, hire temporary people
 - iii. Blurred firm boundaries, people move between each other
4. Democratic down to earth
 - a. William Shockley - authoritarian,
 - b. Traitorous eight - new culture, more democratic down to earth
 - i. Changed in way people worked, no distance between boss and people
5. Start up culture
 - a. Fairchild, people left to make their own companies,

- b. People were in competition with mother, pro competition
- 6. Role of Stanford
 - a. Frederick terman
 - i. Father of silicon valley, stanford industrial park, industrial land
 - ii. Honors Cooperative Program - cemented people, part time, strengthened start up valleys
 - iii. Research centers, conferences, seminars, international visitors and

Silicon Valley Then

1970s 1980s dynamic culture of innovation

- Reorganizing the workplace, encourage innovation
- Redefined what it means to work for a company
- Opened up firm boundaries
- Tapped into social networks
- Promoting startups

Philosophical Foundations of Silicon Valley

1. Hippy notions of communitarism
 - a. Zuckerberg's family were hippies
 - b. Jobs hippy college
 - c. Community
 - d.
2. Libertarian Notions of Freedom
 - a. Bringing the world together through technology

Examples

- Pixar
 - Filled with paintings and figurines some Pixar creations , ping pong pool
 - Make your own office
 - Lots of common places for mingling
 - Creativity takes time and is playful
- Google
 - Office if about fun, game room, gym
 - Playful atmosphere, meditation, relaxation
- Facebook
 - Main campus modelled after downtown palo alto,
 - Disneyland like outside area
 - Anti-hierarchical atmosphere, down to earth culture
 - Playful open office space, lots of places to mingle

Silicon Valley Adulting

Tech's Frightful five

- Facebook, amazon apple, microsoft

Is silicon valley still the same

- Monopolies
- Corporatization
- Protective of innovative ideas
- Not democratic
- Libertarian only

20% time

- Spend on ideas that interested them, independent innovation
- Percent of googles products that originated from 20% time, 50%

Corporate Silicon Valley

- Not much collaboration between companies anymore
- Trade secrets,
- More protective of their ideas
- US tech tycoons direction,

Underlying philosophy

- More difficult to believe that they put people first

Week 5: Culture and Creativity

Culture and Creativity

Col. Casey Haskins: The five wet monkeys

- Culture is destructive irrational, and counter-productive
- "We do lost os stuff we have no idea hwy we do it don't bother ti examine it, that does harm"
- Culture can block our ability to be creative and innovative

Internets in Vietnam

- Internet-connected innovation is not likely
- Open and free access to information

Tornadoes in US

- 3% of oklahoma have basements
- Believe cannot build basements in soil

Reciprocity

Karl Polanyi : The Great Transformation, the political and economic origins of our time

- Troubled by trifecta of problems in Europe, great depression, facisim, and communism
- Markets have always been and will always be regulated by cutlure norm,s morality, and society
-
- Malinowski, and Guyer: Cooler trade in Trobryan Islands
 - Dangerous journeys between islands carrying gifts sailing
 - Received gifts in return visiting them
 - Gift giving enforced by cultural norms and expectations

- Building social networks, strengthen bonds, develop social ties, accumulate social wealth
- Polanyi, no free market embedded in culture

The Gift Economy: TEDed

Gift economy, used to foster system ties

- Relationships between people doing trading,
- Trobrian islands: cooler ring
- Obligation to continue
- Accumulate social wealth
- Original gift given without a
- Land ownership, someone always indebted to someone else

Two Views on Markets

Adam Smith

- Markets and their attendant inequalities are the direct result of people's natural propensity to truck, barter, and exchange
- Invisible hand: self interested behavior leads to common good

Karl Polanyi

- Nothing natural about markets or exchanges products of cultural social political environments
- Society controls the "free market", play the role in shaping market

States manage

- Land: food supply,
- Labor: unemployment, education
- money : inflation and deflation

Rober Reich

- Outlawed war profiteering, profits, "immoral" market behaviors exploiting certain advantages, to make the market moral
- Morality culture and politics are intricately connected to markets
- Never outside the market, the free market is a utopian conception
- So called free market is a political creation
- Idea of self regulating market, the invisible hand is a myth

Col Casey Paskins: Five wet monkeys teach us about creativity

Five monkeys bananas

Spray when they try to get the monkey

The way always been done, don't know why its the way it was

That can be harmful

Pino Audia and Chris Rider: A Garage and an Idea

Garages are not as essential as made out to be, more of influence is other people and businesses

Week 5: Markets and Morality

The Lion and the Pussycat

Private enterprise are the main sources of innovations (roaring lion), gov not as much

"Think Different" Commercial Apple

- Crazy enough to think they change the world are the ones that do
- Disrupt, misfits, the rebels,

Walter Issacson: Biographer of Innovators

- Pioneering spirit in Silicon Valley comes from private enterprise
- Government has trouble being as entrepreneurial
 - Doesn't have tolerance for risk and failure and that doesn't really exist in the government
- Yes, State should support and fund innovation
 1. Finance basic research
 2. Build a universally equitable education system
 3. Foster cooperation between industry, academia and government

Peter Thiel

- Hard to develop new things in big organizations.. Bureaucratic hierarchies move slowly and entrenched interests shy away from risk
- If you affect change, you must step outside the system and do it yourself, singular easy to create the new things that make the future different
- Think for yourself

Market fundamentalism

- Ayn Rand and Milton Friedman
- People are self-interested, markets are self-regulating
- Best policy for growth and innovation, restrict the role of the state and rely on market mechanisms
- Greatest advances never has come from centralized gov
- State is too big, tied up in red

Lawrence Summers and Robert Gordon

- Summers: epoch in history that puts premium on incentives, decentralization, small economic envergy to bubble up rather than top down
- Gordon: role of individual entrepreneurs

Think outside the box of the dominant paradigm

The Great Transformation

Karl Polanyi: The great transformation

- Laissez-faire: policy lettings things take their own course without interfering
- Do such markets exist? What happens when markets roam freely
- Four major things of great transformation
 1. Disagrees with Adam Smith: markets are not the result of human nature, created by state actors

2. The invisible hand is not in play: markets are shaped by state actors
3. Idea of self-regulating markets came to dominate other views of markets
4. There is a double movement: market fundamentalists and protectionists fight over the shape and the nature of market economies

Fictitious commodities

- Some commodities not originally produced to be sold on a market
- Land: environmental degradation
- Labor: buying and selling humans

Morality and Markets

Markets have no morals

- Treat fictitious and non fictitious markets like the same

Martin Shkreli: Turing Pharmaceuticals

- Raised Daraprim from \$13 to \$750
- Life saving drugs have no
- Can we expect him to do the right thing

The Double Movement

Marketizers

- Expand free market, disembody market from society

Protectionists

- Shield from egotistical competition from social, small businesses
- Innovative ideas can have negative consequences

Facebook

- Need protection from companies

Milton Friedman: Free to Choose

- Marketizers should be left free to choose, government shouldn't do anything
- Believe people are rational
- People need to be responsible
- People must be allowed to make their own decisions
- No one should dictate what choices we make in our lives

What is freedom

- If you didn't know it was addictive, fake news, can't afford

Protectionists

- Markets have no morals
- Companies are only driven by profit
- Hard to find out, not free to choose
- Double movement
 - Completely free market
 - It is utopian to imagine this is possible
 - If it were possible it would generate much suffering and environmental degradation

- Complete control over the market by the state
 - Scary and undesirable,
 - Soviet-style communism; facism
- Sweet spot in the middle
 - Some commodities are fictitious and have moral guidance
- There is no such things as outside
- You cannot think outside the system
- You cannot think outside the box
- Capitalist markets do not run alone

Walter Issacson: The Innovators: How Collaborative Genius Drives Innovation

Teams of people who work together

Innovator and Vision

Great team has players who can play many people who play different roles

- Not just one person

Peter Thiel: Big Think Interview

New markets

Stock price is long term time horizon

Encouraged to think about long time horizon

Technology and capitalism

- Works best in technology progress, more capitalistic
- Less in transportation, medicine, healthcare, energy
- Less regulation means more innovation

Technology developed countries vs developing

- New technologies
- Developing copy
- Developed is more vertical new levels of technology

Government spur innovation

- Government is not good, engineers do things

Best place

- Silicon Valley for innovation

Drop out with good idea

- Pursue passion starting company or early capital

Eduardo

- Zero sum game, hollywood, everyone can be winners

Week 6: The Entrepreneurial State

Views of the State

Ayn Rand: The fountainhead, Atlas shrugged, The Virtue of selfishness, Capitalism: the unknown ideal

- Philosophy of objectivism: Selfishness

- Mark Cuban blows things up when he can't get his way
- "Man is an end in himself, not for others, uses own rational self interest and achievement of own happiness"
- "Morality of altruism that he has to reject"
- Capitalism: "Productive geniuses for men who make their own private fortunes, unearned benefit to some men at the expense of others"

Who

- Milton Friedman "free to choose"
- Peter Thiel "gov too big to innovate"
- Rand Paul "gov tells you what you can do or freedom"
- Hand of the market, should control

State should play no role or limited role in the economy

- State can protect private property, uphold the rule of law, promote and defend individual rights
1. State should fix market failures
 - a. Market failure : market does not deliver efficient allocation of resources, social welfare
 - b. Should step in to clean environmental pollution, food, transportation, education
 2. State as a Visionary Force
 - a. John Maynard Keynes: The end of laissez faire
 - i. Important thing for gov should do things which are not present at all
 - b. Fred Block : State of innovation
 - i. Post WW2: Increase support for science
 3. Entrepreneurial State
 - a. Mariana Mazzucato: The entrepreneurial State
 - i. Agent shapes and creates markets creates winners
 - ii. "State not private sector that kick started and developed engineer when business not risk adverse"
 - b. William H Janeway: Doing Capitalism in the Innovation economy
 - i. Rethink role of the state, market fundamentalism has potentially dire consequences for innovation economy
 - c. State took the biggest risk
 - d. State is better equipped to take on such big risks
 - e. Individual innovators should be celebrated but every state of the art technology is overlooked of support from gov and military
- Defend small state

Starving the State

1. State is not aware of its own significance
 - a. Lower taxes and getting out of paying taxes
 - b. 2013: 14%

- c. Not paying taxes depriving state of money
- d. State is important for start up businesses
- 2. Marketing department is ineffective
- 3. Market fundamentalism is the dominant paradigm

Public private partnerships

- Reciprocal -
- Cooperative sharing of expertise
- Gain sharing : cannot take risk of public risk without some gain, sharing profits from ideas

Steve Jobs: Foolishness important for innovation

Can't starve the state if you need to stay hungry and stay foolish

Mariana Mazzucato

Why US for companies: Market vs state

- High risk finance VCs
- Commercialize

The idea: government should just stick to the basics, leave the rest to the revolutionaries

Juxtaposition

Parts of the phone

- All government funded
- State was market fixing and visionary

State is market, derisking, state is not relevant, self fulfilling prophecy

Is state is more, where is the return?

- Tax?, jobs go abroad, where is the return, equity
- More inclusive to gov and everyone

Week 6: Geography of Genius

Geography Matters

Eric Weiner: The geography of Genius

- Genius clusters at places
- People flock to places where creative ideas happen
- (athens, florence, vienna, silicon valley)
 - Athens
 - Aristotle plato
 - Great geography, proud citizens, rich investors, adopted foreign ideas
 - Culture of borrowing and perfecting
 - Florence
 - Da Vinci, patronage funded innovation
 - Church got more money
 - Venna
 - Mozart, beethoven

- Coffee house model of innovation
- Freud
- Social hour at 4pm, musicians artists, writers and scientists
- Silicon valley
 - Shockley, traitorous eight
 - Second wave: jobs, gates, zuckerberg, bezos
 - Entrepreneurial, start-up culture, democratic, social networks

Regional Innovation Systems

Regional innovation system

- Encourage rapid diffusion of skills and knowledge
- Culture without geographic boundaries
- Specialization, proximity, cooperation
- Clustering of activities, ginormous coffeehouse

Baden wurttemberg

- Automobile, telecommunications, solar
- Highest innovation index europe
- Many institutions of higher education
- Highly educated
- Close collaboration with research centers
- R&D heavily subsidized by the state

Silicon valley

- Startup culture, democratic,
- Research hub, innovation hub, higher institutions

Singapore

- Research, was just a fishing village
- Economic development board to attract foreign investors
- Companies flocked training in electronics and engineering
- Government promotes R&D
- Supportive local officials, politicians well versed in science & technology, emphasis on science education, promoted gov funded research
- Lee Kuan yew, lee hsien loong

Geography of Genius: Deric Weiner

Hard work vs born

Genius is grown

- recipe
- Mentors,
 - Investment into developing people
- Freshness
 - Contagious, people get it from others
- Chaos

- Discernemtn
 - Where

Week 9: What is Entrepreneurship

Who is an Entrepreneur?

- Scott Shane: "Silicon Valley engineer who raised millions to create patent product"
- Owner of business, risk in business, visionary, innovator, CEO?
- As many definition as scholars
- Schumpeter: innovator
- Marshall: manages a businesses
- Knight: risk taker
- **Reynolds: self employed**
 - In common

Entrepreneurship in the 21st century

Walter Muller, Richard Arum: The Reemergence of self employment

- Second half of twentieth self employment was obsolete, supposed to disappear
- Resisted pressure:,
 - revolution of computing and telecommunications,
 - persistence of mass unemployment and under employment
 - Rise of service sector & increased professionalization
 - Growth of flexible production
 - Spread of non-traditional work arrangements
- Led to celebration of entrepreneurship

Branding of Entrepreneurship

Coveted way of life

Naomi Klein: No Logo

- Successful companies these days produce brands, not products
- Need to win our hearts and minds if they want to dominate

Entrepreneurship itself becomes a brand

- "Entrepreneurs are at heart of innovation and economic growth"

Entrepreneurs as hard working and love work, create something bigger

"Entrepreneurs isn't just a label it's a lifestyle"

Naomi Klein: No Logo

Branding

- Before: Trying to create distinction between same products
- Branding is now lifestyle, look, culture

Free space: private space vs public space:

- University: Students banned off companus because public space is not equal to private space
- Have the opportunity to limit speech

- Choose contract labor
- Export Processing Zones : work camps
- Young people are the leading against the big brands

Malcolm Gladwell

- All entrepreneurs have Moments of great capital accumulation: particular transaction that catapults him into prominence through a "structural hole", a niche that give him perspective on a particular market
- Truly successful businessman is not a risk taker, is a predator seeking to incur the least risk possible while hunting
- "Agency theory" managers are inherently risk-averse, give them stock options to stimulate them to take more risk
- Some entrepreneurs would risk their personal reputation for line a credit

Week 9: History of Entrepreneurship

Attitudes of Entrepreneurship

Aristotle

- Greedy individuals involved in money making for benefit of others
- Jesus did not like it either thieves

Shakespeare

- "Merchant of Venice" : egotism, selfishness, exploitation

Industrial Revolution

Max Weber: The protestant Ethic and the Spirit of Capitalism

- Something they are dedicated to, interest of serving God, hard work, not for private profit, religious morality

Adam Smith: Wealth of Nations

- Good for society at large
- "Every individual necessarily labors .. own gain, led by invisible hand to promote an end.. Own interests, promotes society more effectually than when he intends to promote it"
- Theory of Moral Sentiments:
 - Also need entrepreneurial with sympathetic eye, comes from God
 - Acting ethically because of religion

Now, Become superheros,

Luc Boltanski: The New Spirit of Capitalism

- Acceptable to accumulate profit and leave others behind
- Virtues not vices, celebrity entrepreneurs

Hardly Working: Start-up Guys: CollegeHumor

Many Fluff words but not actual content

Entrepreneurship is Hard Work

Eric Ries: The lean Startup

- Entrepreneurship is boring a grueling, not sexy
- Not fame and money, way of life

Danger of Celebritizing Entrepreneurship: HBR

Starstruck Entrepreneurs: dangerous: engineers and designers who have talents but apply talents to create new apps rather than solving important problems

Idea guy: wow you with next gen platform, relatively harmless

Week 11: Entrepreneurship in the US Over Time

Common Vocation

Myths

- America is full of entrepreneurs
- Special, rare breed, special

Reality

- Entrepreneurship is not rare at all
- Common vocation that cuts across a number of vocations
- 10-11% self employed

Scott Shane: More people start a business than have children or get married

Paul Davidson Reynolds: 40% americans were self-employed at one point

Entrepreneurs played an important role in founding of country

- Alexis de Tocqueville: Democracy in America
 - Sought the value of everything by how much money will it bring in

Entrepreneurship is as american as apple pie

Eurobarometer: Gallup US vs Europe entrepreneurs

- 2/3 americans wanted to be self-employed, 1/2 in europe
- 2/3 risk starting business, 1/2 in europe
- 73% favorable view of entrepreneurs, 49% favorable of entrepreneurs of europe

Entrepreneurial Revolution

1. Dissatisfaction with the suited up and buttoned down corporate world of 1950s (anna laszlo)
 - a. Explains silicon valley
2. Government Investment into R&D in 1970s (Maria Matzucatto, Fred Block)
 - a. Universities
3. Explosion of Individual Wealth since 1980s
 - a. Regan tax cuts for wealthy
4. Rogue entrepreneurship driven by anti-intellectualism "College is for suckers" (Thiel)
 - a. He is business activism devalue expertise, glorify entrepreneurial risk taking gut feeling, excluding education, many times 90% people fail because not enough

Bruce Kirckhoff: Entrepreneurship and Dynamic Capitalism

- Engine of this economy now much more companies, emergence of entrepreneurial economy

Paul Reynolds:

- US economy more willing to become entrepreneurial

Phillip kim, Howard aldrich, Lisa Keister:

- Midst of largest entrepreneurial surge ever seen

Daniel Priestley : entrepreneurial revolution

- Age of entrepreneur, agil small business owner, slow dinosaurs of individual age outpaced by fast moving start ups

Number of Entrepreneurs is not growing

- Declined from 14 to 11%
- Fairly steady

Millenial Moxie

Britt Hysen: 60% millennials consider themselves entrepreneurs

No: incoming freshman

- Millennials less interested in becomine successful entrepreneurs
- WSJ federal reserve data found under 30 own a business has fallen 65%

John Lettieri June 2016

- Millennials least entrepreneurial generation
- Flexibility & Freedom
- Freelance attitude
- 92% work wherever
- 87% work whenever
- 69% interesting projects
- 50% want to travel
- 90% recognize it as a mentality
- More debt, less risk-taking
- Lack of financial resources
- Lack of expertise
- Frontier is closing: monopolization employe 80%, squeezed out smaller competitors

Self Employment in the US

Graphs

Week 11: Cross-National Differences in Entrepreneurship

Land of Entrepreneurship

Less often than people in other countries

Why

- Tax? Regulation? Legal systems? Culture? Attitudes?
- Countries wealthy,
- Wealthier a country, lower rate of self employment

- Wealthier economies have more access to resources for successful startup
- Less wealthy start business since there are no alternatives

Why the US is a Self-employment laggard

Self employed vs entrepreneur building business

More advanced economy has less

Structure of way people are employed

Many part time jobs

Part time is less than 35 hrs

Jordan Weissmann: Think We're the Most Entrepreneurial Country in the world? Not So Fast

Lower start up rate compared to most countries

Produce proportionately more large start ups than peer nations

Week 12: Who Becomes an Entrepreneur?

The Mind of an Entrepreneur

Who becomes an Entrepreneur?

- Passionate, creative, innovative, risk-takers, charismatic, drive, optimistic,

Ross Levine and Yona Rubinstein: Smart and illicit: who becomes an entrepreneur and do they earn more?

- "High ability person who ends to break the rules as a youth might successful entrepreneur"
- More likely to engage in illicit activities as teenagers, moral disengagement
- Intelligent

Scott Shane: Illusions of entrepreneurship

- Not that different from normal people

What matters

- Age, class, race, gender

Typical Entrepreneur

Typical Entrepreneur

- White man in forties, married, college, US born, living, construction or retail

Who becomes Entrepreneur in silicon valley

Annalee Newitz: Wired

- Smaller group, more you want to participate in network, more stuff you have to have
- Age discrimination is rampant in tech industry
- Gender equality will take a generation
- Matt Joseph: TechMic
 - Fits the matters, asian google, write that person a check, knows what they are doing
- Middle age more likely to be self-employed
- Avg age of first time founder 39

Who are the most successful entrepreneurs

- The middle aged
- Older visionaries
- High growth tech firms: 45 years old
- Older people more success
 - Self knowledge, see the broader picture

Six Myths of Entrepreneurs: Bill Aulet

1. Smartest and highest achieving
 - a. More specialized, A+ in one thing and aren't as better as other, focused and passionate
2. Individuals
 - a. Team sports
3. Born not made
 - a. Skill that can be acquired
4. Love risk
 - a. Take calculated risks where there are a advantage in
5. Charismatic
 - a. Leadership, charisma not correlated to success
 - b. Vision, relationships, innovation engineering
6. Undisciplined
 - a. Essential to be discipline, you are the attacker, execute against bigger foe, spirit of a pirate, execution skills

Diane Burton, Jesper Sorensen, Christine Beckman: Coming from Good Stock

Bome innovative new ventures come from established firms, people with prior employment experience

Job experiences shape technical and managerial kills of entrepresneurs

Minda Zetlin: Do you Need a Wealthy Background to Be a successful Entrepreneur

More to do with moneyed family than risk-taking gene

- Access to financial capital
 - Costs avg 30k to start company, most comes from personal assets and investments by family or friends
1. Start at a prestigious college
 2. Wealthy families have the right connections
 3. Wrong background, can't be in teh startup tribe
 4. Coming from wealthy background makes easier to take risks

Week 12: Are We All Entrepreneurs Now?

Sharing Economy

Richard Arum, walter Muller

- Self employment obsolete remnant
- Should disappear under competitve capital accumulation

- Resisted such pressures

Sharing economy

1. Sharing Underutilized assets
 - a. airbnb , share your things, share your time, make money along the way
2. Using an online platform
3. Fee
 - Environmentally correct
 - PwC took cars off the road.
 - Anti-consumerist
 - Collaborative consumption
 - Collective ownership
 - Networked people
 - Political neutral
 - Progressives support because nice to share
 - Market fundamentalism Take economy libertarian direction
 - Warm & fuzzy
 - Nice warm and fuzzy vocab

What is Sharing in the Sharing Economy?

Not working as well as expected

- Not so warm and fuzzy

Robert Reich: Saving Capitalism

- Composed of temporary workers, free lancers, independent contractors, work schedules vary
- 66% workers living paycheck to paycheck
- More accurate term is "share the scraps economy"
- Circumvent labor laws setting minimal standards for wages, hours and working conditions
- Shifts risks onto workers and minimizes standards

Monetizing all our assets

Frederic Larson: award winning photographer

- Part time work
- Not enough to make ends meet
- Rent out house for 12 days/month airbnb
- Drove people with lyft
- Award winning ex photographer scrambles to find any asset to bring in income

Steven Hill: Raw Deal

- Invisible hand has robotic arm not in

Who wins and who loses?

- Winners: techno sapiens: creators of brokerage software and apps
- Losers: many workers, often consumers, communities

The Uber Story

- Convenient mobile app
- Independent drivers with people on the move
- Cabs not available and expensive
- Frees people from having/buying a car

Founded by Travis Kalanick, Garrett Camp 2009

- Uber = topmost, best
- HQ SF
- Taxilike
- Uber Eats, Uber connect,

Travis Kalanick

- Father civil engineer, mother retail advertiser
- UCLA
- \$6.3 billion

Uber Drivers

- Independence, control over time, convenience, extra cash
- No, independent contractors -- entrepreneurs
- No benefits, no overtime pay, no training, not insured by Uber
- Provide own car, wear and tear, gas & insurance, no guaranteed income
- Uber sets prices
- Most are part timers
 - 39% no other job
 - 30% other part time
- Hall and Kreuger
 - Typical uber driver
 - College educated white man
 - Supplemented another job
 - 15 hrs/week 30 trips
 - \$300-400 /week in SF

Drivers in Detroit

- SF: 8.77 -> 6.6 after expenses, taxes
- Houston: 10.75
- Denver: 13.17

TEDTalk: Travis Kalanick

LP Draper: jitney Bus

- Jitney regulated out of existence 1919 by trolley
- Mass transit can't figure out how to get to doorstep
- UberPool, 7.9 M fewer miles driven
- UberPool is good for urban
- UberCOMMUTE

- 54 cents a mile or less
- Good regulation
- Growth cement cultural values, good people doing good work

Excited about solving hard problems

- Like solving hard problems
- Approach the future

TEDTalk: James Bloodworth, Why the Gig Economy is a Scam

Be your own boss Gig Economy

2016: work in the sector of the economy

- Amazon: job at warehouse, fulfillment center, associate
- Drug and alcohol tested
- Didn't correspond to job
- 6 disciplinary point and fired
 - Many points for different things
 - Terrified of getting fired, peed in a bottle

Uber: onboarding

- Any job sent you, you have to take
- Not allowed to talk about politics, religion or sports
- If fell below 4.7, fired
- Tightly controlled by Uber

Moral concern, self-interest work is spreading

- All lost employment rights

Robert Reich: Entrepreneur or Unemployed

2009 good for entrepreneurs, highest level of business startups

- Same work but no benefits, no health care, no 401(k) match, no sick leave, no paid vacation
- Companies layoff people during the great recession
-

Week 13: History of Women's Entrepreneurship

Gender Vertigo

Patriarchy

- Men dominated

Gender had roles

- Women's place was in home
- Men's place was in public sphere

Legitimacy of patriarchy was still in place.

- Small percentage now

Barbara Risman: Gender Vertigo

- Dissolving change, imbalance, reconstruction of gender relations

- Women's labor force participation has increased
- Women's educational and earnings capacities have expanded
- These changes
- New rules of game to make men and women coordinate work and family lives

Women Entrepreneurs Through History

Husbands had legal ownership over their wife

19th century

- Legislation to reduce women's land
- Allowed to keep profits of their labor
- Permitted to control their own property
- Could be parties to contracts and lawsuits
- Allowed to execute their own will
- Could run businesses inherited

Typical Businesses run

- Tavern, retail, hotels and brothels
- Marty Deubler
 - Started as prostitute in new orleans
 - Started brothel
- Rebecca lukens
 - Inherited steel mill
 - Lasted until 21th century
- Elizabeth arden
 - Beauty products
- Coco Chenel
 - Fashion design
- Westropp sisters
 - Savings and loans company, educating women about money
- Madame C.J Walker
 - Hair care for black women
- Carrie Crawford Smith
 - Employment agency for black workers

Afterwards Decade of women entrepreneur

Women Entrepreneurs: A Research Overview: Candida G. Brush

- Only recently started growing
- Don't get as much capital
- 3 key difference:
 - Representation in business sector,
 - Entrepreneurial process
 - Access to resources: growth capital

Week 13: Opportunities and Barriers today

The Decade of the Woman Entrepreneur

Lesla Mitchell: Kauffman foundation : 2010 decade of woman entrepreneur

1. Good time to start business
2. Women are ready

Are women ready?

- Make up largest percentage of undergraduate at all major americans
- 51% of nations' PhDs
- 51% of business school applicants
- 70% of HS valedictorians
- More founding heading major corporations
- Better networked than ever before

Increase in women-owned businesses since 1997

2012

- 28.8 - 35.8% owned by firms
- \$1.4 trillion in sales
- 8 million employments tot americans

2017:

- 39%
- 1.7 trillion
- Employment tot 9 million americans

More likely to be in

1. Health care social assistance
2. Educational
3. Other services
4. Administrative
5. Retail trade

Feet in the door but not likely to be entrepreneurs

- 27% of business owners but 50% of populations
- 7.1% women self-employed compared to 12.4%

Paradox of Women Entrepreneurship

Challenges they face

- Financing: more difficult
- Networks: more of their own social networks
 - Lack access to the right networks
- Human Capital
 - Channel women into certain kinds of entrepreneurship opportunities
- Reproductive responsibilities
 - Time consuming, get in the way

1. Financing

- Women's startups are less capital intensive

1. Gender discrimination in lending

2. Gender gap in pay

Helen F. Ladd: Evidence on Discrimination in Mortgage Lending

- Mortgage lending gender discrimination
- Loan officers spend less time with women, less loans

Candidat Brush: Clearing the Hurdles

- Venture capitalists also less likely to invest in women

Women has less personal wealthy

2. Networking

- Lack access to crucial business opportunities
- They have harder time infiltrating men's networks
- Women network in the wrong world for business

Who rules America

- Restrict membership to men in meetings
- Most venture capitalists have tight and trusted circles

3. Human Capital

- Women on avg more educated than men
- Women have more experience in industries where they start business
- Fewer women in mba
- Lag behind in sciences, engineering

Study of women in tech leadership roles (2014)

- Fewer women completing CS degrees now 18% than early 1980s (37%)
- Excessively toxic culture work environment
- Ellen Pao Reset reset toxic toxicity
- Gender diversity in tech fields
- Few women ideas are greenlit 30% compared to 37% in men's rooms

4. Reproductive Responsibilities

- Wanting flexibility in one of reason why
- Life strategy, not business start
- Get in the way of running business

Why do women seek entrepreneurship?

- Frustration with glass ceiling
- Frustration with glass escalator: men get promoted faster
- Need flexibility

Survey: women entrepreneurs: why became

- Most need for more flexibility
- Experienced a glass ceiling
- Unhappy with work environment
- Feeling unchallenged by job

Women do more house work than men 3x

The very thing that makes women want to become entrepreneurs results in them doing less well in the world of business

Sheryl Sandberg: Facebook COO: why we have too few women leaders

Professional success vs. personal fulfillment

How to change the numbers at the top

- Women are dropping out
- What we can do as individuals
 1. Sit at the table
 2. Make your partner a real partner
 3. Don't leave before you leave

Women systematically underestimate their own ability

- Do not negotiate for themselves in the workforce
- Men attribute to themselves, women say external factors

Don't get promotion if don't believe in themselves

Success and likeability positively correlated with men, inverse in women

Heidi Roizen : liked Howard, success, Heidi, search for promotion, sacrifices for other people

Men searching for opportunities more than women

More progress in workforce

2. Make partner a real partner

- Women has to do more work in the household
- More pressure on boys to succeed
- Work inside the home
- Equal opportunity and

3. Don't leave before you leave

- Busy and thinking about having a child
- Don't take promotion
- What happens when quietly leaning back
- Hard to leave that kid at home, job needs to be rewarding
- Stay in keep foot on the gas pedal
- Don't make decisions too far in advance

Marrisa Mayer: bans telecommuting at Yahoo

No longer be able to work at home

- First pregnant and glass ceiling
- Speed sacrificed
- Anti parent anti female

Mariko Lin Chang: The Wealth Escalator and the Debt Anchor

Wealth Escalator: variety of legal, institutional, societal mechanism that help convert income into wealth at much faster pace

- Wealth through lifetime of earning, saving, and spending

Week 14: Black Entrepreneurship

Stories We Tell

Timothy Bates: Banking on Black enterprise

- Educated black people in business are coming

National Center for Policy Analysis

- Wave of black entrepreneurship forming businesses at a record clip

Why

- Traditional black owned businesses declining
- New community of business owners emerging

Anthony Bradley: prof religion

- Most active group of entrepreneurs is black men and women

Entrepreneurship in Black not common: Demographic of self employed

- 5.8% are black are 13% of US population
- 71.2 % white

Why So Rare

Are African Americans less interested?

- Significantly more black students interested in starting own business

Paul Davidson Reynolds

- Blacks 78% more likely to in process of start business

Lack of Parental Role Model for Business Ownership

- Richmond Times Dispatch
- First generation entrepreneurship
- No current of entrepreneurial sense
- May not be true

Robert Fairlie: UCSC

- Panel study of income dynamics
- Effect of having self employed father on effect
- Self employed father accounts only for a small amount of different
- Lack of education is not primary reason
 - Ratio of black and white self employment, beginning of 20th century
 - Rate of self employment whites consistently 3x higher
 - Black education dramatically increased 1910-1960

Racial Gap in Education holding backs back

Ammel Chapel: United back of Philly

- Bloomberg Guinness week: good business idea, could run fine business, but not have management skills

Lack of money and racial discrimination

Amount of capital needed to start a typical business: \$25k

- Median net worth of white households \$79k

- Median net worth black households \$7k
 - Costs 2.7x of avg black household compared to 26% of white

Suggestions to Close the wealth gap

- Individual solutions
- More education
- Home ownership
- Increase savings
- Family structure

Darrick Hamilton and William Darity

- What we get wrong about closing the racial wealth gap
- Structural problem, history long segregation, racial criminal justice, everyday discrimination

Racial Wealth Gap in America: Urban Institutions Signe Mary McKernan Youtube

- Blacks and hispanics not able to grow wealth as fast
- Wealth disparities continued to worsen
- Do not have same asset building opportunities
- "Wealth is where economic prosperity lies"
- Wealth disparities are passed from generation to generation
- Lower barriers to building assets
- Should have same opportunities to gain wealth and financial security

New Promised Land: Silicon Valley

Trying to succeed in white place

1% startups black

Newme ventures

- Everyone living together changing the face of
- Growing economy without any

8 entrepreneurs

Google welcome reception

- Dragon's den
1. Tiffany
 - Graduate from Howard, CS
 - Penicillin
 2. Angela
 - a. Getcued.com
 3. Hank
 - a. Developing KloudCO
 4. Anthony Frazier
 - a. Playd.it
 - b. Dropping out cc, make my own way
 - c. Video game idea, social network for gamers

5. Pius

- a. Be couply
- b. Social networking for couples
- c.

B-Block

Arlington

African America

- Rod Conway
 - Think its diffircula
 - 1/30 companies invested in
 - disappointing , don't know how to network with them

CTO

- Dragon's network

8 weeks before demo day

- Startups hard, suffering
- Mitch Capor, mentor
- Kapor Capital
- Everyone who can contribute
- Micheal Arlington
 - Too few, more merit based
 - Few african american
 - School, successful people are engineers
 - Pipeline issue
 - Become successful because of merit,
 - White and asian world, looking for women and minorities

Rarity of black entrepreneurship

- Vivek : Prof duke
- Pattern match and invest people who match

Need to work together

- Get as many big people palces as excited as possible
- Stopped by police

Showtime

- Say enough to get someone interested
- Bond with someone that looks just like me

Week 14: Ethnic Entrepreneurs

Ethnic Enclaves

Black less likely for entrepreneurs

Immigrant much higher in foreign born workers to start business

Robert Fairlie

- 29% Israel, 28% Korea, 3.2% Laos self employment

Ethnic Enclaves help businesses get started

- Immigrant groups concentrate in a distinct spatial location
- Organize a variety of enterprises for own group
- Immigrant groups live and work

Alejandro Portes

- Entry is voluntary
- Relationship is ethnic solidarity, workers and bosses
- Higher wages
- Upward mobility

Employers benefit from being in Enclave economy, come out ahead compared to labor market

- Employers benefit better employees who speak the language
- Workers benefit:
 - Better pay, access to unique opportunities to make it within economy
 - Portes: If Employers can profit from willing self-exploitation of fellow immigrants, obliged to reserve for them supervisory positions that open up, can train and support move to self employment their firms, opportunities for both ways