

Contribute →

News Opinion Sport Culture Lifestyle



Race and money

🕒 This article is more than 1 year old

The venture capitalist with a Silicon Valley solution for minority-owned businesses

Gene Marks

A new kind of venture capital fund would use money from the US government to invest in companies that most need it

Tue 23 Jun 2020 07.00 EDT



On first blush a [Silicon Valley](#) venture capitalist might not strike you as the first person to turn to when trying to address the racial wealth divide but these days we should take good ideas where we find them.

Ash Shrivastav works for [Buckhill Capital](#), a Silicon Valley-based private equity and venture capital firm that specializes in investing in early stage and growth companies and real estate such as Elon Musk's [SpaceX](#), a customer-owned banking platform called [Good Money](#) as well as apartment communities from New York to Washington State.

Now the Nepal native wants to help minority-owned business owners in Kansas City, Tulsa and Detroit make money too. Not through grants or government loan programs. But through the same model that's used by venture capital firms for the mostly white, male-run companies they invest in that are usually located in San Francisco, New York and Chicago.

His solution? A venture capital fund he calls the Main Street Capital Fund which is run like any other venture capital fund, but with one little twist: the money comes from the US government. "It's a simple solution for government to step in and help small businesses," he says.

Instead of taking money from large, state-run retirement and pension funds like CalPERS or CalSTRS, Shrivastav envisions setting up a similar fund using taxpayer money from Washington. The federal government, like any other investor, would be a limited partner of the fund and entitled to investment returns. The general partner of the fund - the one that makes the decisions and manages the money - would be a non-governmental organization made up of professional fund managers.

That organization, however, would need to follow strict rules.

For example, it would only be allowed to invest in certain types of companies - ie minority owned - and only in certain regions that oftentimes get ignored by the mainstream firms. Educational background and the old school network wouldn't play the role that it usually does. This way, startups and even growing small businesses owned by Black, Latino and other minority entrepreneurs as well as women-owned firms would get a shot at some much-needed capital to drive their businesses forward, employ people, help their communities and, most importantly, create wealth.

"We have to focus on what income inequality is doing to this country," Shrivastav

says. “The fix is either you become an employee or you start an enterprise. The sad part is that venture capital only goes to about 2% of companies and 98% of them are typical white and male and with a similar educational and professional background. Women and minorities are left out.”

Why should the government invest taxpayer money in such a scheme? Simple. The people running the fund do this for a living. Let’s not kid ourselves. These are capitalists. They’ll still want to see at least two to four times their investment in order to make a profit. But that’s what you want them to do, because whatever is made gets plowed back into the fund and then re-invested in other minority-owned startups.

“If we don’t operate it like a pure capital, market-oriented company then it will not be effective,” he says.

Shrivastav reports that he has made progress with his project. He’s written a public letter to Donald Trump and has been encouraged by politicians from both sides of the political aisle as well as, he says, “very influential people” in the venture capital community. But he still has a ways to go.

So why is it so difficult? Over the past few decades, non-profits, government agencies and even charities have given grants, low-interest loans and other aid to try to help minority owned businesses with modest success. But let’s face it: the real money has been made by companies run by mostly non-minorities that received serious financing with serious expectations from serious investors in Silicon Valley. There’s no reason why this same model can’t be applied to help minority business owners across the country.

And besides, who would you trust with your tax dollars: some bureaucrat in DC or a profit-hungry capitalist in San Jose? My money’s with the capitalists.

... we have a small favour to ask. Tens of millions have placed their trust in the Guardian’s fearless journalism since we started publishing 200 years ago, turning to us in moments of crisis, uncertainty, solidarity and hope. More than 1.5 million supporters, from 180 countries, now power us financially - keeping us open to all, and fiercely independent.

Unlike many others, the Guardian has no shareholders and no billionaire owner. Just the determination and passion to deliver high-impact global reporting, always free from commercial or political influence. Reporting like this is vital for

democracy, for fairness and to demand better from the powerful.

And we provide all this for free, for everyone to read. We do this because we believe in information equality. Greater numbers of people can keep track of the global events shaping our world, understand their impact on people and communities, and become inspired to take meaningful action. Millions can benefit from open access to quality, truthful news, regardless of their ability to pay for it.

If there were ever a time to join us, it is now. Every contribution, however big or small, powers our journalism and sustains our future. **Support the Guardian from as little as \$1 - it only takes a minute. Thank you.**

Single

Monthly

Annual

\$7 per month

\$20 per month

Other

Continue →

Remind me in July

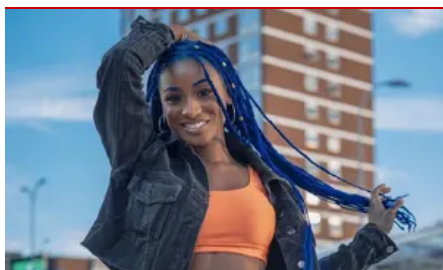
VISA

mastercard

AMERICAN EXPRESS

PayPal

Race and money



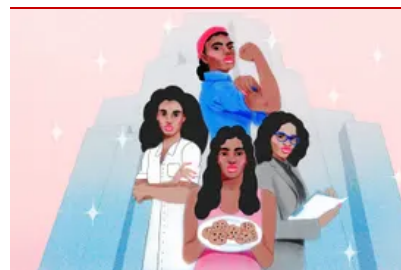
MPs to investigate influencer pay amid evidence of racial gap

🕒 29 May 2022



Amid a rise in anti-Asian hate, a bookstore in New York's Chinatown is helping its community heal

🕒 31 Mar 2022



Black women say goodbye to the job and hello to their own businesses

🕒 12 Feb 2022

More from **Opinion**



Like Napoleon at Elba, Donald Trump plots his revenge and return

🕒 9h ago

💬 367



Asylum seekers are being rushed towards flights to Rwanda, without proper access to justice

🕒 10h ago



Labelling Google's LaMDA chatbot as sentient is fanciful. But it's very human to be taken in by machines

🕒 14h ago