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# COMPARATIVE PRESIDENTIAL CANDIDATE ECONOMIC POLICY BRIEF: **SMALL BUSINESS INITIATIVES**

September 11, 2024





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# Comparative Presidential Candidate Economic Policy Brief: Small Business Initiatives

**Prepared by:** Association for Enterprise Opportunity (AEO)

**Date:** September 11, 2024

## **Disclaimer:**

The Association for Enterprise Opportunity (AEO) is a nonpartisan organization committed to advancing economic opportunity for small businesses and underserved entrepreneurs. The analysis and findings presented in this presidential campaign briefing report are intended to provide objective insights into the economic policies proposed by the presidential candidates. AEO does not endorse or support any specific candidate or political party. Our goal is to advocate for policies that promote equitable access to resources and opportunities for all small businesses, regardless of political affiliation. The views expressed in this report are based solely on an evaluation of the candidates' public policy proposals as they pertain to small business development and economic opportunity.

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# Introduction

As an organization dedicated to promoting small business development and economic opportunity, the Association for Enterprise Opportunity (AEO) is committed to analyzing economic policies that impact underserved entrepreneurs.

This policy brief compares the small business initiatives of the two leading U.S. presidential candidates: Vice President Kamala Harris, running with Governor Tim Walz, and former President Donald Trump, running with Senator J.D. Vance. Both candidates have released their public positions Trump-Vance earlier this summer at the RNC and more recently Harris-Walz, both proposing different approaches to spurring entrepreneurship, reducing regulatory burdens, and promoting economic growth. These positions were further discussed during the candidates remarks at the 2024 Presidential Debate on September 10, 2024.

This comparative analysis provides an overview of key proposals and their potential impact on small businesses.

## **Background on Presidential Candidates' Historical Positions on Small Business**

Both Kamala Harris and Donald Trump have demonstrated clear positions on small business issues throughout their political careers, which can provide important insights into how they might approach small business policies in their future administrations.

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## **Kamala Harris' Small Business Legacy**

During her tenure as a U.S. Senator and Vice President, Kamala Harris has consistently supported policies aimed at enhancing access to capital, reducing barriers to entry, and promoting economic equity for small businesses, especially those owned by minorities and women. As a senator, Harris co-sponsored legislation to provide increased funding to Community Development Financial Institutions (CDFIs), which are critical in providing capital to underserved communities. This focus on equitable access aligns with her broader economic platform of inclusive growth, reflected in her proposal to expand the tax deduction for small businesses and streamline regulatory burdens to allow easier cross-state operations for entrepreneurs.

As Vice President, Harris played a role in supporting the American Rescue Plan, which included billions in funding for small businesses struggling due to the COVID-19 pandemic. She emphasized the need for targeted relief programs to ensure that minority-owned and women-owned businesses received adequate support. Harris' record indicates that her administration would likely continue prioritizing policies that reduce economic barriers for underserved communities and increase capital access through CDFIs and other similar institutions.

## **Donald Trump's Historical Approach to Small Business**

Donald Trump, throughout his presidency, focused on creating a favorable environment for businesses, including small enterprises, through deregulation and tax cuts. The 2017 Tax Cuts and Jobs Act, one of Trump's signature legislative achievements, included provisions that significantly lowered the corporate tax rate from 35% to 21%. While this act primarily benefited larger corporations, it also included a 20% deduction for pass-through businesses, which comprise a large percentage of small businesses (Belton, 2021). Trump also prioritized rolling back regulations that he viewed as burdensome for businesses, especially in industries like manufacturing, energy, and agriculture, arguing that deregulation would stimulate broader economic growth that would indirectly benefit small businesses.

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Additionally, Trump oversaw the creation of the Paycheck Protection Program (PPP) during the COVID-19 pandemic, which provided loans to small businesses to maintain payrolls and avoid layoffs. However, there was significant criticism about the distribution of these funds, with many minority-owned businesses facing challenges in accessing these resources (Lane, 2024). Despite this, Trump's economic philosophy has always leaned towards reducing government intervention and allowing market forces to drive small business growth. A future Trump administration would likely continue this focus on deregulation, tax relief, and market-driven strategies to spur small business development.

## **Kamala Harris' Economic Policy: Small Business Focus**

### **Expansion of Small Business Tax Deductions**

The Harris-Walz campaign proposal centers on increasing the tax deduction for startup expenses from \$5,000 to \$50,000, giving new businesses more immediate financial relief. This policy is particularly beneficial for entrepreneurs in the early stages of business development. It also aligns with AEO's mission to support underserved entrepreneurs who struggle to cover startup costs.

### **Reducing Regulatory Barriers**

Harris aims to simplify tax filings by introducing a standard small business deduction, making compliance easier for small enterprises. The proposal includes removing barriers for businesses to operate across state lines and ensuring one-third of federal contracts are allocated to small businesses. This emphasis on reducing red tape could ease operational challenges, particularly for minority-owned businesses that face systemic barriers.

### **Investment in Community Development Financial Institutions (CDFIs)**

A key component of Harris' plan is increasing investment in CDFIs to provide more capital access to underserved communities. This aligns closely with AEO's objectives

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of expanding economic opportunities for low-income entrepreneurs and communities of color, who often struggle with traditional financial access.

### **Support for Rural and Marginalized Communities**

The Harris-Walz campaign also emphasizes focusing on small rural businesses and ensuring resources reach marginalized communities. AEO supports this approach, as it aligns with its goal of promoting economic equity and providing support to entrepreneurs in both urban and rural areas.

## **Donald Trump's Economic Policy: Small Business Focus**

### **Corporate Tax Reductions**

The Trump-Vance campaign proposes reducing corporate taxes to stimulate broader economic growth. Although this may benefit larger corporations, the trickle-down benefits for small businesses are less direct. AEO advocates for more targeted support for small businesses, as corporate tax cuts primarily benefit larger entities.

### **Decreasing Regulation and Sector-Specific Support**

Trump is also focused on decreasing regulatory burdens for energy and manufacturing sectors, which could benefit small businesses within these industries. However, AEO is cautious of deregulation policies that may disproportionately affect underserved communities and businesses, particularly those in environmentally sensitive areas.

### **Challenging Big Tech and Financial Institutions**

Vance has been vocal about the need to challenge Big Tech companies and reduce financial consolidation, advocating for antitrust measures that could foster competition. For small businesses, especially in the tech industry, this could create opportunities by breaking down monopolistic barriers. Additionally, Trump and Vance propose reducing credit card swipe fees, which could directly benefit small businesses by lowering transaction costs.





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## **Broadband Access and Infrastructure Investment**

Trump and Vance have expressed support for expanding broadband access to underserved areas, including rural and low-income urban communities. This aligns with AEO's priorities, as improved broadband infrastructure is crucial for small business development in remote areas, enabling entrepreneurs to access digital markets and resources.



## Comparative Analysis: Key Policy Differences

	<p><b>On Tax Policy:</b> Harris' agenda focuses on direct support for small businesses through expanded tax deductions and specific relief for startups. In contrast, Trump prioritizes corporate tax cuts and broader economic growth strategies. While both approaches aim to stimulate business activity, Harris' policy is more targeted toward small and underserved businesses, whereas Trump emphasizes benefits that may indirectly affect small businesses.</p>
	<p><b>On Regulation:</b> Harris' approach aims to reduce regulatory burdens specifically for small businesses by simplifying tax filings and easing cross-state operations. Trump, on the other hand, seek broader deregulation, particularly for industries such as energy and manufacturing. While deregulation can reduce costs for businesses, Harris' targeted approach may provide more immediate and direct benefits for small enterprises.</p>
	<p><b>On Financial Access:</b> Harris places a strong emphasis on increasing access to capital for underserved communities through CDFIs, a critical tool for fostering entrepreneurship in low-income areas. Trump's proposals do not include similar specific provisions for increasing financial access but focus on reducing fees and regulations in the financial sector.</p>
	<p><b>On Community and Regional Focus:</b> Both candidates emphasize support for rural communities, though Harris focuses more explicitly on marginalized communities, including people of color. Trump emphasizes rural economic development but with no specific focus on equity or targeted support for disadvantaged groups.</p>



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# Conclusion

Both candidates offer distinct approaches to supporting small businesses. The Harris-Walz policy proposals align more directly with AEO's mission to support underserved entrepreneurs, with targeted tax deductions, regulatory relief, and capital access initiatives. Trump-Vance positions emphasize broader economic growth through corporate tax cuts and deregulation, which may indirectly benefit small businesses but are less focused on the specific needs of underserved communities. AEO's focus will remain on advocating for policies that provide direct, equitable support to small businesses, ensuring that all entrepreneurs have the opportunity to succeed.

## **About the Association for Enterprise Opportunity (AEO):**

AEO is the leading voice of innovation for entrepreneurship and small business. Our mission is to create economic opportunity for underserved entrepreneurs by supporting the development of strong and effective initiatives to assist them in starting, stabilizing and expanding businesses. Our research, initiatives, convenings and advocacy shape policy and practice toward opportunity, industry transformation and inclusive entrepreneurship. To learn more about the Association for Enterprise Opportunity, please [click here](#).



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