NEW YORK - It takes money to make money, right?

The old adage may hold in the financial markets, but when it comes to starting a business, it rings hollow, says Erik Hurst, a 33-year-old associate professor of economics at quant haven University of Chicago's Graduate School of Business. In a recent paper, Hurst, along with colleague Annamaria Lusardi of Dartmouth, splashed cold water on the purported correlation between wealth and entrepreneurship. And the two have plenty of numbers to back up their claims.

Despite years of low interest rates and increasing competition among banks (which keeps rates low), budding entrepreneurs and policy wonks still lament a lack of access to capital. The easier the money, they say, the greater the number of entrepreneurs, which in turn, creates jobs and drives the overall economy. Some of those buds might even bloom into the next Microsoft, eBay or Google.

Clearly, entrepreneurs who have a few bucks have an edge on those who don't. But after plowing through reams of data on some 8,500 small businesses compiled by the Federal Reserve and the University of Michigan in the late '80s and early '90s, Hurst rejects the notion that, for the most part, limited access to capital is constraining would-be entrepreneurs.

"People who have money aren't any more likely to start businesses than those who don't have it," he says. Put another way, people who have a compelling reason or drive to start a business will do so.

By Hurst's calculations, people with $2 in their pockets are just as likely to start a business as those with $200,000--that is, about 3% of nonbusiness owners. As household wealth climbs to $500,000, the probability ramps up to 7%.

Forbes.com recently spoke with Hurst about his research, small-business policy and the role of entrepreneurs in the overall economy. (Hint: It might be smaller than advertised).

Forbes.com: Are entrepreneurs and politicians just a bunch of whiners when it comes to availability of capital?

Hurst: Part of it is that not all ideas should be funded. If an entrepreneur had an idea and no one would fund it, that doesn't mean there isn't funding for a good idea. The other thing is that you don't need a lot of capital to start a small business. The median investment by the small businesses we surveyed was around $8,000.

It seems reasonable to assume a correlation between wealth and entrepreneurship. Why do you disagree?

Academic research from the late 1980s was based on the faulty assumption that people who have wealth are just as entrepreneurial as people who don't have it. But the people who have $1 million aren't the same in many respects in terms of risk preferences, financial savvy and other things that could be correlated to starting a business. Later, in the mid-'90s, a second wave of research tried to isolate the wealth effect by considering whether people who had received inheritances were more likely to start businesses than people who hadn't. Those researchers did find a correlation between people who received inheritances and those who started businesses. But that conclusion was flawed for the same reason: People who receive inheritances may be more likely to start businesses in general--not just because they got some money.

How did you get around this problem?

We used the same data to show that receiving an inheritance didn't explicitly trigger the entrepreneurial activity. For example, we looked at whether people who received an inheritance in 1993 were any more or less likely to have started a business in 1989. We showed that people who start businesses tended to start them whether they received an inheritance or not. It had nothing to do with liquidity constraints.

So you carved out that particular wealth effect and couldn't find any correlation. Slick. What about other wealth drivers?

We looked at regional housing markets. Were people more likely to start businesses in areas with large housing price appreciations, given that people could borrow against their housing equity to start businesses? We found no correlation.

So money doesn't necessarily create more money?
At least it doesn't create the ability to become a business owner.

**That ought to make cash-strapped entrepreneurs feel better. Any policy suggestions?**

The combination of public- and private-sector policies seems to be working--on average. We should not be thinking about throwing more money at promoting small-business ownership. If anything, we should find those people with good ideas who aren't being served by the system. Targeting the average is not the right approach.

**It doesn't sound like you have a soft spot for the little guy.**

I am trying to figure out why we care to study restaurants, dry cleaners, painters and plumbers to begin with. You hear all the time that small businesses create two-thirds of the new jobs in a given year. But they also lose two-thirds of the jobs. And small businesses fail at an alarming rate.

**Wait. Are you saying small businesses don't have a net impact on the economy?**

People say that small businesses are the engines of growth. I believe that there is some truth to that, but I believe it is overstated. Small businesses play an important role in getting new ideas to market: People with great ideas may be less inclined to develop them if they have to share some of the returns with their bosses. But a majority of small businesses are not innovating on that level. It's good to promote an environment where Googles come about, but most small businesses are not Google.

**Any idea how to find the chosen few?**

If you and I could figure that out, we'd be doing something else.