The notion of abundance is very American. As a people, we generally like to consider the glass as half-full. We believe cheerfully that there is a future, and that not only we benefit in planning for the future, our actions should lead to a better tomorrow. When historian Alexis de Tocqueville visited the United States in 1831, he observed then that optimism defines our country. Our positive thinking continues to be a powerful inherent advantage, which most other nations do not possess, and so it is fitting that we consider a long-term strategy for national abundance.

The United States is currently in a favorable position. In the Spring 2012 issue of *Business Horizon Quarterly*, Joel Kotkin writes that the United States may be poised for its greatest era of opportunity due to the confluence of multiple economic, demographic, and political trends. He points to the vast available raw materials, growing foreign investment, and open immigration policies, among other factors, that fall to our nation’s advantage.

Smart leaders will ask: how can this power position be sustained? The optimist angle extends that question further: how can we grow this position?

Talent, capital, and markets are three basic levers required to influence our nation’s abundance, and with the right actions, the United States can boom in all three areas over the next 30 years. Let’s consider each area in turn.
AN ABUNDANCE OF TALENT

Unlike most countries, the United States has a huge cohort of ready talent. With nearly 314 million people, it is the third most populous country after China and India, which have 1.3 and 1.2 billion people, respectively. By 2050, the United States will add 35 million working-age persons, according to United Nations projections. In contrast, nearly all other first-world nations face large aging populations that will overwhelm the number of workers who can support their elders’ pensions and healthcare costs.

In 40 years, Europe will see its working-age population shrink by 37 million. By 2050, one in five Europeans will be over age 65. Small European nations with low birthrates—such as Austria, Belgium, Denmark, Norway, and Sweden—will drop off the list of the 30 biggest economies by 2050, says London-based bank HSBC.

In Asia, Japan will lose 30 million workers, and China will lose 100 million. Although India is experiencing a demographic dividend, it faces an enormous challenge to undo archaic labor laws, recruit more women into the workforce, and invest in training and education. India’s share in the world’s population will then peak in 2030, after which it will decline, and then the growth in the world’s population from then on will be fuelled by Africa, according to UN projections. While heavily populated, most African countries face a myriad of pressing issues, including poor food production, unstable and corrupt governments, and extreme poverty that will thwart their attempts for genuine economic growth.

Why does this matter in the long-term? While some argue that demographics is destiny, factually demographics is economics. Countries with fewer people must join the worldwide competition for skilled workers, and the more enterprising (or desperate) nations will find creative or costly ways to import talent and labor. Biology notwithstanding, it takes time to produce more people of working age, and the United States should fully capitalize on its abundance of raw talent through the next few decades. Our nation will benefit from more workers, more consumers, and more taxpayers. It also means more potential entrepreneurs creating new businesses that hire people and grow the economy.

In practical terms, a talent strategy requires addressing generational needs. For instance, removing the double tax on work abroad will help spur the innovative output of talented Gen Xers and Millennials, who will only work more as distributed global teams and in multiple foreign cities as they age. Businesses will need to supplement the schooling gaps of Millennials and the Homeland Generation (which are often noted as being born roughly from 2005 to 2025) through creative measures, including more advanced co-op and internship programs, digital badges and certificates with various learning partners, and industry-led courses.

Better support and resources for parents, especially at the workplace, will help retain more workers during childrearing years, plus help indoctrinate good values and healthy habits in our young during their most formative years. Already some countries are introducing programming as a basic skill at the preschool level.
Beyond talent, the United States has ample cash reserves. Non-financial U.S. companies held a record-breaking $1.24 trillion in cash as of December 2011, up 3% from 2010, according to Moody’s Investors Service. These amounts reflect the strength of emerging markets, the negative tax consequences of repatriating the money to the United States, and the disproportionate use of stateside funds to pay for dividends and acquisitions, Moody’s said. Over half of these cash stockpiles, nearly $700 billion worth, is being held overseas. For example, Microsoft has sidelined $54 billion, Google $43 billion and Cisco $42 billion offshore.

Money flows through robust economies, and the opportunity over the next 30 years is to provide more incentives to American firms that channel their cash back into research and development (R&D), new capital investment, and deal making. Like the end of the Cold War, a future of abundant growth requires a new model of thinking. One radical step is to simplify and even replace the entire corporate tax code, which will motivate businesses to tap into their cash vaults, particularly those held abroad.

Venture capital (VC) provides another source of cash as dry powder. Even as the VC industry wrestles with different business models, the United States nonetheless remains the role model globally. U.S. venture capitalists invested nearly $30 billion in 2011, according to the National Venture Capital Association, compared to $5.3 billion raised in Europe. Over the last 10 years, venture firms have held nearly $119 billion in reserve, which represents about one-third of total funds raised in that period, reports research firm Preqin. All this reserve cash is earmarked and available for new business growth and innovation.

Apart from tax incentives, governments can support the spending of venture capital by either funding startups directly through government agencies or investing jointly in privately managed funds. However, viable avenues for capital growth need to also exist. The classic high-growth path is the initial public offering (IPO), yet the outlook for IPOs looks dim in the future. Acquisitions represented more than 90% of all exits for VC-backed companies, based on a 2011 report by consulting firm Ernst & Young. Between 1986 to 2008 (and adjusting for the dot-com period), researchers Susan Chaplinsky and Swasti Gupta-Mukherjee found that acquisition (M&A) deals soared from 25 to 63%, while the number of IPOs fell sharply from 75 to 37%. Although IPOs offered better returns on investment than M&A exits, the researchers point to the Sarbanes-Oxley Act (SOX) as a major obstacle.

Many venture capitalists and entrepreneurs view SOX, which was passed in 2002 after the Enron and Worldcom scandals, as a big headache due to the
costs and regulations involved. This year Congress is considering revising SOX regulations to make it easier for private companies to go public. However, legislative reforms are only as effective as the boards at the companies that incorporate them.

Ten years after legislated reforms, we still read about corporate governance scandals in the news. As companies work to address them, their boards must also play an active role in leading them forward.

AN ABUNDANCE OF MARKETS

Capital pays for new ideas to turn into inventions, and American firms have a knack for creating many markets for their inventions. Even if business leaders may miss the first window—for instance, IBM’s president Thomas Watson once declared that no world market would ever exist for computers—they soon create or possess a new opportunity that escalates an entire industry.

Consider the technology company Apple. Apple has continued its record success streak, selling a total of 250 million iPhones since 2007 and 67 million iPads since 2010. Once Apple overtook the emerging market for consumer tablets, it could not keep up with market demand without the help of Taiwanese electronics manufacturer Foxconn. Lamenting American manufacturing misses the broader impact. Foxconn provided a complete electronics infrastructure, full access to Asia’s supply chain, and a million workers instantly. With these efficiencies of scale, Apple jumped from 20th to seventh place in CNNMoney’s last annual ranking of the most profitable companies in the world. This is a dazzling case of American ingenuity defining and owning a market through strategic global partnerships.

Or take a new market vision from the Bill and Melinda Gates Foundation. They shocked educational experts and industry analysts when they said they would fund new inventions for massive open online courses (MOOCs) for remedial learners, not the typical overachieving students.

On a more fundamental level, corporate R&D produces the inventions that find new markets. Business accounts for a large and growing share of U.S. R&D spending, financing about two-thirds of the total spending in 2008, according to the 2012 Corporate R&D Tax Credit report commissioned by the Center for American Progress. A big strategic step is to standardize the corporate research tax credit permanently, which will ensure regular investments in new technologies. Congress has retroactively reinstated the credit nine times, even though studies show that the credit stimulates at least as much R&D activity as a direct subsidy. The United States remains the land of plenty. Other aspects of abundance exist to our future advantage, including natural ones (such as habitable land and natural gas) and more worrisome ones (such as the amount of regulation and debt). The three basic levers of talent, capital, and markets will be vital in moving our nation forward and fortifying our nation’s abundant position.

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