Building an Environment of Opportunity
Regional Clusters and a New Business Plan for America

“To address its challenges...America needs a strategy and a consensus on direction, not self-interested steps promoted by single-issue advocacy groups. The plan must ultimately engage government at all levels—local, state, and national—as well as labor.”

--Porter, Michael E. and Jan W. Rivkin. 1

Value Proposition
America needs a business plan. The converging challenges and vast opportunities of the 21st Century require a new economic strategy and a broad, durable consensus to implement it. New sources of demand and record levels of excess liquidity indicate that a new economic engine can once again let markets do the nation’s strategic heavy lifting while restoring prosperity, competitiveness, and fiscal discipline. Accordingly, New America Foundation, in conjunction with numerous private sector and academic institution partners, is taking on an ambitious project to:

1. **Build national consensus** among Main Street, Wall Street, industry, and academia around a new Business Plan for America that will create sustainable prosperity and security for all Americans in the 21st Century, and;

2. **Drive adoption** of the Business Plan for America by demonstrating the plan’s market logic and efficacy at the local and regional levels through the development of regional economic clusters across the country.

Our strategic design for implementation is “top-down/bottom-up.” In partnership with Arizona State University, the Santa Fe Institute, the World Business Council for Sustainable Development, and the Capital Institute, and with the support of numerous academic institutions and Fortune 500 companies, New America Foundation will lead an Economic Strategy Working Group (ESWG) over the next year to formalize a Business Plan for America and build consensus around it by identifying the broad, macro policy changes needed to tap into 21st Century demand while addressing critical challenges such as unemployment, national debt, resource scarcity, and climate change. Concurrently, the regional clusters outlined in this paper will provide the “laboratory” to test our grand strategic thesis and communicate in real, physical form a new way forward for America.

Background: Recalibrating America’s Strategic Engine
To win World War II and the Cold War, Washington intervened heavily in American markets, shaping them explicitly to tap into existing demand and meet our strategic needs. In the case of the Cold War, we subsidized suburban expansion, industrial farming, and resource consumption; a combination that allowed us to contain, outperform and outlast the Soviets. It worked.

Sixty years later, global demand and our strategic challenges have shifted dramatically. The great challenge facing the world is to meet the needs and aspirations of 3 billion new middle class consumers arriving in the next 20 years without resource wars or ecosystem depletion. Meanwhile, at home, we are not positioning ourselves for this challenge: our suburbs are dying, our soils are disappearing, our public health is waning, wages are stagnating, and prices are going sky high, all while climate change accelerates. Congress is tied in knots, Washington’s industrial policy is stuck in 1953 and the Federal Reserve is powerless to do more than prop up stock prices. America needs a new economic engine capable of doing the nation’s strategic heavy lifting in the 21st Century and it is clear it will have to come from outside official Washington.

In the face of these challenges, in April 2011, **A National Strategic Narrative** emerged from the Office of the Chairman of the Joint Chiefs of Staff calling for a new grand strategy for the nation; a strategy that moves past the 20th Century threat-based framework of containment and adopts an opportunities-based 21st Century strategic framework of sustainability. In response to this call, the New America Foundation published in January 2012 a draft business plan for America entitled

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Open-Market Sustainability. In this article, NAF identified three core pools of pent-up demand—for smart growth, regenerative agriculture, and resource productivity—deep enough and powerful enough to unlock the trillions of dollars of pent up capital needed to drive the US out of the present-day “contained depression” and toward sustainability, full employment, and fiscal balance. And in this large scale union of demand and capital, the opportunity exists to launch an innovative, enduring, and uniquely American grand strategy for the 21st Century.

Our basic premise is simple: there is plenty of demand in the 21st Century and we can tap it by harnessing pent-up capital. Unlocking pent-up demand will, we estimate, restore the American Dream, restore the Heartland, and make America once again the world’s leader in innovation. Further, by removing the barriers between new sources of aggregate demand and an equally massive pool of pent up liquidity—we can have the jobs and the profits as well as the environmental and physical security we need all while reducing the deficit. The formula is simple:

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\text{Smart Growth} + \text{Regenerative Agriculture} + \text{Resource Productivity} + \frac{\text{Pent-Up Liquidity}}{\text{Stranded Assets}} = \text{Prosperity, Security, Sustainability}
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A Regional Approach: Creating an Environment of Opportunity

While the Business Plan for America offers an organizing logic and a top-down policy framework for a new direction for our nation, success in this national endeavor requires American businesses, municipal officials (mayors, county councils, etc), and academic institutions to lead the way at the regional and local levels. As such, we are launching four pilot regional cluster projects within the US\(^2\), each designed to bring together diverse sector leaders and resources in a manner appropriate for regional conditions and circumstances while at the same time aligning with the long-term national strategic goals articulated in the Business Plan for America. The four pilot projects are delineated below:

Each cluster will provide public, private, civil, and academic partnerships long-term investment opportunities as well as "living laboratories" to integrate, synergize, and refine the economic, social, and environmental systems that constitute society today (food, water, energy, the built environment, transportation, manufacturing, education, etc – a concept known as “full-spectrum sustainability”). To this point, a new “Innovation Financing Ecosystem” is being developed to provide the “catalytic capital” required to launch finance ready, integrated projects in each of the regional clusters. The goal is to position and showcase regional networks of cities and towns in partnership with academic institutions and private sector investors as zones of strategic thought and action that deliver real, opportunities-based solutions to the complex national security challenges facing our nation in the 21st Century. In the process, we intend to reinvigorate local economies as well as foster educational initiatives that will generate a more viable, skilled, and competitive workforce needed for the sustainable prosperity of each region and the nation as a whole.

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\(^2\) The regional cluster concept is based on the works of noted economists Michael Porter, Mercedes Delgado, Scott Sterns, Willy Shih, and Gary Pisano.

\(^3\) An additional project has been launched on the island of Aruba. While it obviously does not fit within the framework of a US grand strategy, it does offer a unique opportunity to test the concepts of sustainability at a national, yet digestible, scale.