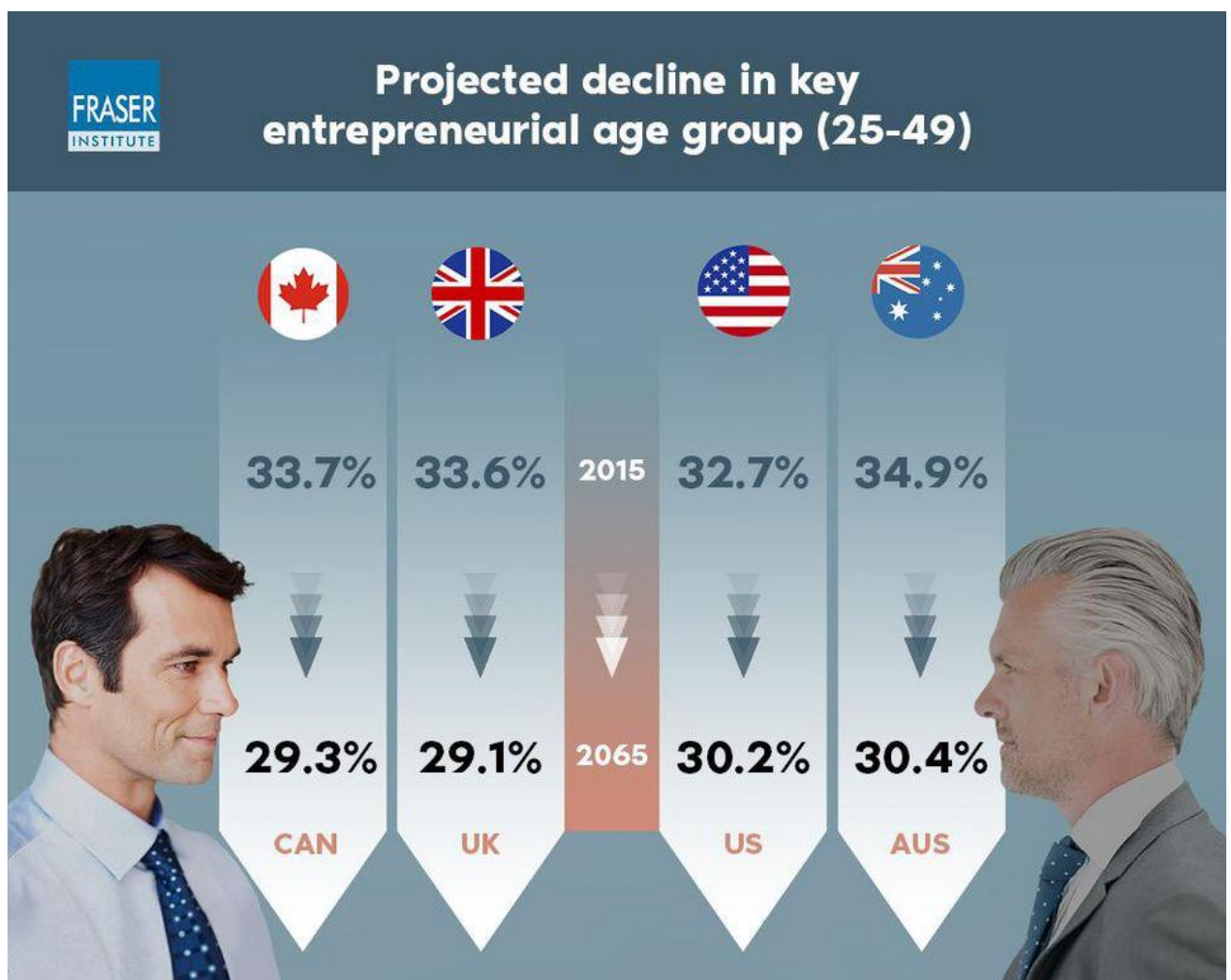


# How To Keep Entrepreneurship Flourishing Despite Aging Populations



[Philip Salter](#) Contributor i

Philip Salter is founder of The Entrepreneurs Network



The entrepreneurial challenge of changing demographics [Fraser Institute](#)

Richard Branson and Harland David Sanders are exceptional. Branson was a born entrepreneur, shunning school to trade in Christmas trees and budgerigars, while "The Colonel" – after working as a steam engine stoker, insurance salesman and filling station – waited until he was 65 before starting KFC.

Branson and Sanders are exceptions to the rule: that there is a sweet spot for successfully starting a business. Thankfully, it's a rather large sweet spot: 25 to 49. After this age, entrepreneurship [is more likely to take the form](#) of self-employment or micro businesses without growth ambitions. According to [Demographics and Entrepreneurship](#), the Fraser Institute's latest book, this is why leaders in developed countries should be concerned about aging populations and mitigate the pressure this will exert on reducing the quantity and quality of entrepreneurship..

The book, which is a collaboration between the Fraser Institute (Canada), Centre for Strategic and International Studies (US), the Institute of Public Affairs (Australia) and us The Entrepreneur Network (UK) reveals a significant projected decline in this key entrepreneurial age group across all four countries by 2065. For all countries, the ideal demographics for entrepreneurship peaked around 1995.

Short of governments distributing aphrodisiacs – and sadly clinical trials suggest oysters and other natural libido enhancers don't actually work – what can be done? Across its 498 pages and 10 chapters, *Demographics and Entrepreneurship* has some suggestions.

In chapter 5, Daniel J. Mitchell, Brian Garst, Charles Lammam and Taylor Jackson consider the impact of capital gains tax upon entrepreneurship. Capital gains tax is effectively a tax on future consumption over current consumption. Mitchell and his co-authors argue that high rates reduce start-up activity:

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“Compared to other countries in the OECD, Australia, Canada, the United Kingdom, and the United States all have room for improvement when it comes to their top personal capital gains tax rates. The United States and Canada, for example, have top capital gains tax rates above the OECD average and rank in the top third of countries with the highest top capital gains tax rates in the OECD. While Australia and the United Kingdom have top capital gains tax rates under the OECD average, they, too, still have room for improvement as 11 and 14 countries have top capital gains tax rates lower than those in the United Kingdom and Australia, respectively. All four countries are thus able to improve their position on capital gains taxes in order to spur entrepreneurship.”

In chapter 9, Peter Vandor and Nikolaus Franke consider immigration. The evidence shows that immigrants are particularly entrepreneurial, with the Global Entrepreneurship Monitor showing higher entrepreneurial activity among first-generation immigrants than among natives:

“The relatively strong inclination of immigrants to become entrepreneurs is not a new phenomenon. Historians have documented the economic impact of immigrant entrepreneurs in different countries and time periods. Jewish immigrants constituted a significant share of successful entrepreneurs in the United Kingdom between the 1930s and 1950s. These mostly Lithuanian and Polish immigrants have left their mark in many industries, creating household names such as Marks and Spencer or the food retail giant Tesco by introducing product and financial innovation.”

Just consider Silicon Valley. As John Collison, an Irish immigrant and co-founder of the payments start-up Stripe, [explains](#): “The U.S. is sucking up all the talent from all across the world... Look at all the leading technology companies globally, and look at how overrepresented the United States is. That’s not a normal state of affairs. That’s because we have managed to create this engine where the best and the brightest from around the world are coming to Silicon Valley.”

Each country has its own challenges. In the UK, the ruling Conservative Party [desperately needs to change tack](#) to offset the uncertainty around Brexit. As Vandor and Franke argue:

“The economic and political climate of a country plays a significant role in the attraction of highly skilled migrants, as has been witnessed with the Brexit vote and the election of president Trump in 2016. Even before any concrete policy measures had been implemented, the public perception of these events had already triggered a measurable decrease in graduate student applications for universities in the United Kingdom and the United States. At the same time, universities in countries associated with more open policies, such as Canada and Australia, saw a significant increase in applications in the aftermath of these events, suggesting a redirection of mobile international talent in their direction.”

The final chapter gets into the importance of culture. Art Carden and Deirdre McCloskey make the case for the importance of positive attitudes towards entrepreneurs as determinants of startup businesses. Despite the demographic challenges that developed economies face, Carden and McCloskey end on a positive note: “so long as we keep our ethical wits about us and embrace buying low, selling high, and innovation, there is no limit to what people can achieve.”

I run The Entrepreneurs Network, Britain's leading entrepreneurship think tank. We are the Secretariat of the prestigious APPG for Entrepreneurship. Sign up to my weekly e-bulletin .

*Philip Salter is founder of [The Entrepreneurs Network](#), which is the Secretariat of the prestigious [APPG for Entrepreneurship](#). Philip writes a [weekly e-bulletin on entrepreneurship](#).*

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