Long-Term Economic Disruptions, Innovation Clusters and Entrepreneurship.

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The statements, findings, conclusions, and recommendations found in this study are those of the author and do not necessarily reflect the views of the United States Small Business Administration, or the United States government.
Strategies for Long-Term Economic Disruptions

Summary

• *In a Short-Term Economic Contractions* economic factors are only temporarily displaced, and aggressive fiscal and monetary policies can jolt them back to their previous path and levels.

• *Long-Term Economic Disruptions* are often associated with the displacement and eventual reallocation of economic factors to new sectors. As such, *Informational Services* should precede capital assistance.

• Entrepreneurs have a competitive advantage in the early phases of the recovery from a long-term economic disruption, and knowledge transference plays a critical role in this stage.

• The federal government’s *Jobs and Innovation Accelerator Challenge*, leverages its vast informational resources to assist in the redeployment of recently displaced resources, as well as to achieve greater long-term productivity and economic growth.
Advantages of Regional Innovation Clusters

Agglomeration Effects
- economy of scale, higher division of labor, network effects.

• Human Capital Externalities or “Knowledge Spillovers

• Codified Knowledge is not very geocentric.

• Un-Codified Knowledge is highly geocentric as it is primarily if not exclusively transferred via direct human dialogue.

• Entrepreneurial firms play a critical role the conversion of new ideas into innovative economic practices
Typical Short-Term Economic Disruption
The long-Term Economic Disruption Model With Small and Large Firms

- Information resources are critical in the early phases of the recovery cycle.
- Not all firms or workers have the same capacity to adjust
The Macro Challenge: Insufficient Aggregate Demand to Close the Output Gap

Current GDP Growth Rate is insufficient to catch up to Potential GDP, resulting in long-term underutilization of economic resources.
Taskforce for the Advancement of Regional and Innovation Clusters (TARIC)

- Department of Agriculture (USDA)
- Department of Commerce
  - Economic Development Administration (EDA)
  - International Trade Administration (ITA)
  - Minority Business Development Agency (MBDA)
  - National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP)
- Department of Defense (DoD)
- Department of Education (ED)
- Department of Energy (DOE)
- Department of Health and Human Services (HHS)
- Department of Housing and Urban Development (HUD)
- Department of Labor
  - Employment and Training Administration (ETA)
- Department of Transportation (DOT)
- Department of Treasury (Treasury)
- Environmental Protection Agency (EPA)
- National Science Foundation (NSF)
- Small Business Administration (SBA)
Jobs and Innovation Accelerator Challenge

• $33 Million for approximately 20 clusters
  • Broad participation
  • Tight collaboration
  • Strong commitment
  • Bottom up approach

Who can apply:
• States, Counties, Cities, Territories;
• Institutions of Higher Learning and other Training Institutions;
• For profits private firms;
• Public and private non-profit entities.
Measurable outcomes:
• Commercialization of innovative ideas (e.g. economic application of patent);
• Business formation (e.g. increase in the number of start-up in the cluster area);
• Business Expansion (e.g. increased revenues by cluster members);
• Job creation (increase in Net Job Creation or increased retention of existing jobs);
• Export expansion.

Allowable Expenditures:
Economic Development,
• Technology or process development, Feasibility studies, Market expansions
• Planning activities.

Business Development
• Business training and counseling, Export readiness training.

Workforce Development
• Skill assessments, Developing math and science skills
• Program implementations, Internships
• Recognized credentials. Job searches and placement assistance