

The New Economy in Hartford

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Progressive Policy Institute

www.ppionline.org

The New Economy in Hartford



- Founded in 1989 by the Democratic Leadership Council
- 501 (c) (3)
- Mission is to define and promote a ‘Third Way’ progressive politics for the Information Age
- An alternative to the liberal impulse to defend the bureaucratic status quo and the conservative bid to dismantle government

PPI's Technology & New Economy Project

- Mission: Educate policy makers about the New Economy, while designing and promoting policies that foster innovation, investment, and risk-taking.
- Reports: Computer & Encryption Export Controls; R&D Funding and Tax Credit; Net Taxation; Patent Reform; Digital Government; Internet Tax and Privacy, SPAM; Digital Signatures; Universal Service Reform; “Digital Divide”, Intellectual Property; Regional Skills Alliances; Workforce Development; Stem Cells; and New Economy Indexes.

PPI's New Economy Task Force

Co-Chairs:

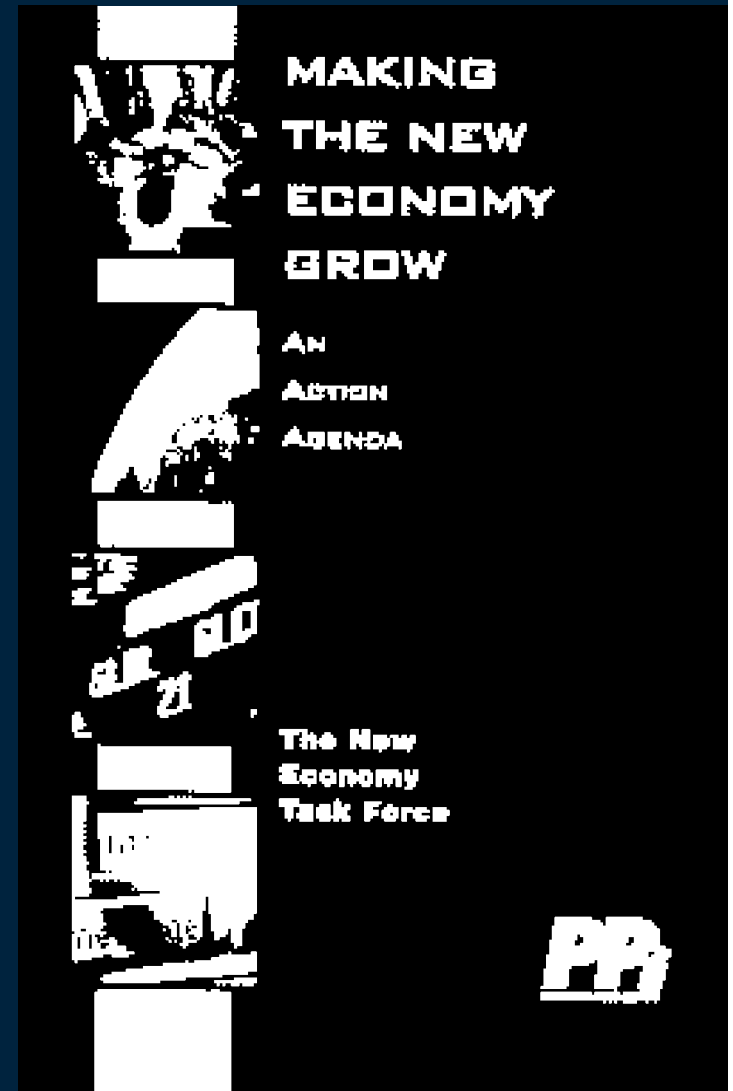
Senate Democratic Leader Tom Daschle

Gateway Computer Chairman Ted Waitt

July, 2000 Report:

23 Legislative Recommendations to Boost Economic Growth in the New Economy

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- **A New Economy Has Emerged**
- **There's No Going Back**
- **It Will Affect All Regions And Communities**
- **It Will Change The Nature And Practice Of Economic Development**

The New Economy is a knowledge and idea-based economy where the keys to wealth and job creation are the extent to which ideas, innovation, and technology are imbedded in all sectors of the economy.

The question to ask is not “do we have ‘New Economy’ industries,” but rather, “are our industries New Economy?”

OLD

- **Stable**
- **Hierarchical**
- **Mass Production**
- **Capital and Labor**
- **Lower Costs**
- **Go-it-alone Business Culture**
- **A Skill or Degree**

NEW

- **Dynamic**
- **Networked**
- **Flexible Production**
- **Innovation and Knowledge**
- **Innovation, Quality, Speed**
- **Alliances and Partnerships**
- **Lifelong Learning**

Metropolitan New Economy Index

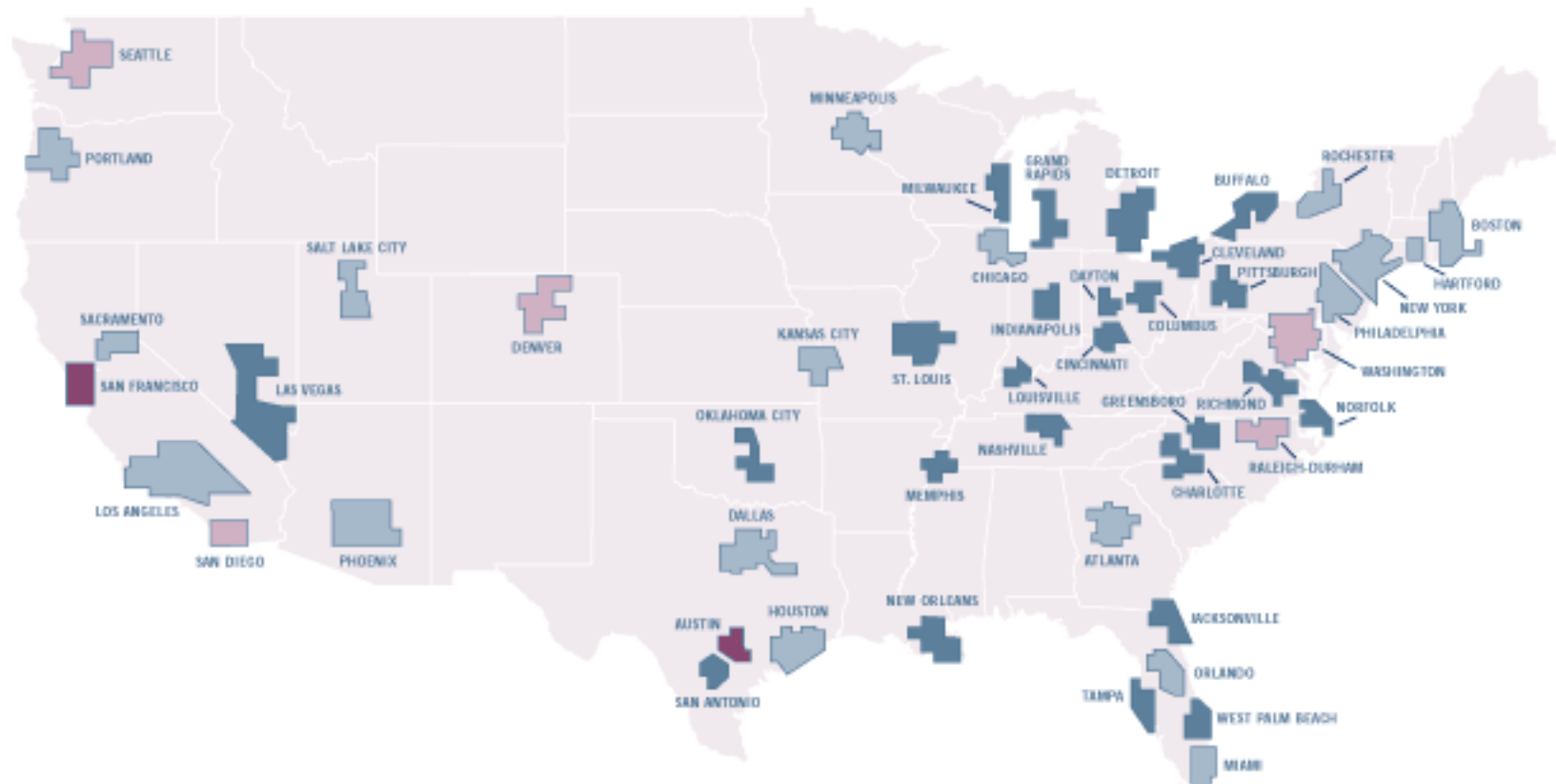
▶ **Used five groups of indicators to measure how well places are adapting to the New Economy:**

- ▶ **Knowledge Jobs**
- ▶ **Globalization**
- ▶ **Economic Dynamism**
- ▶ **Digital Economy**
- ▶ **Technological Innovation**

Overall New Economy Scores

	Rank
Hartford	22

Overall Metropolitan New Economy Scores



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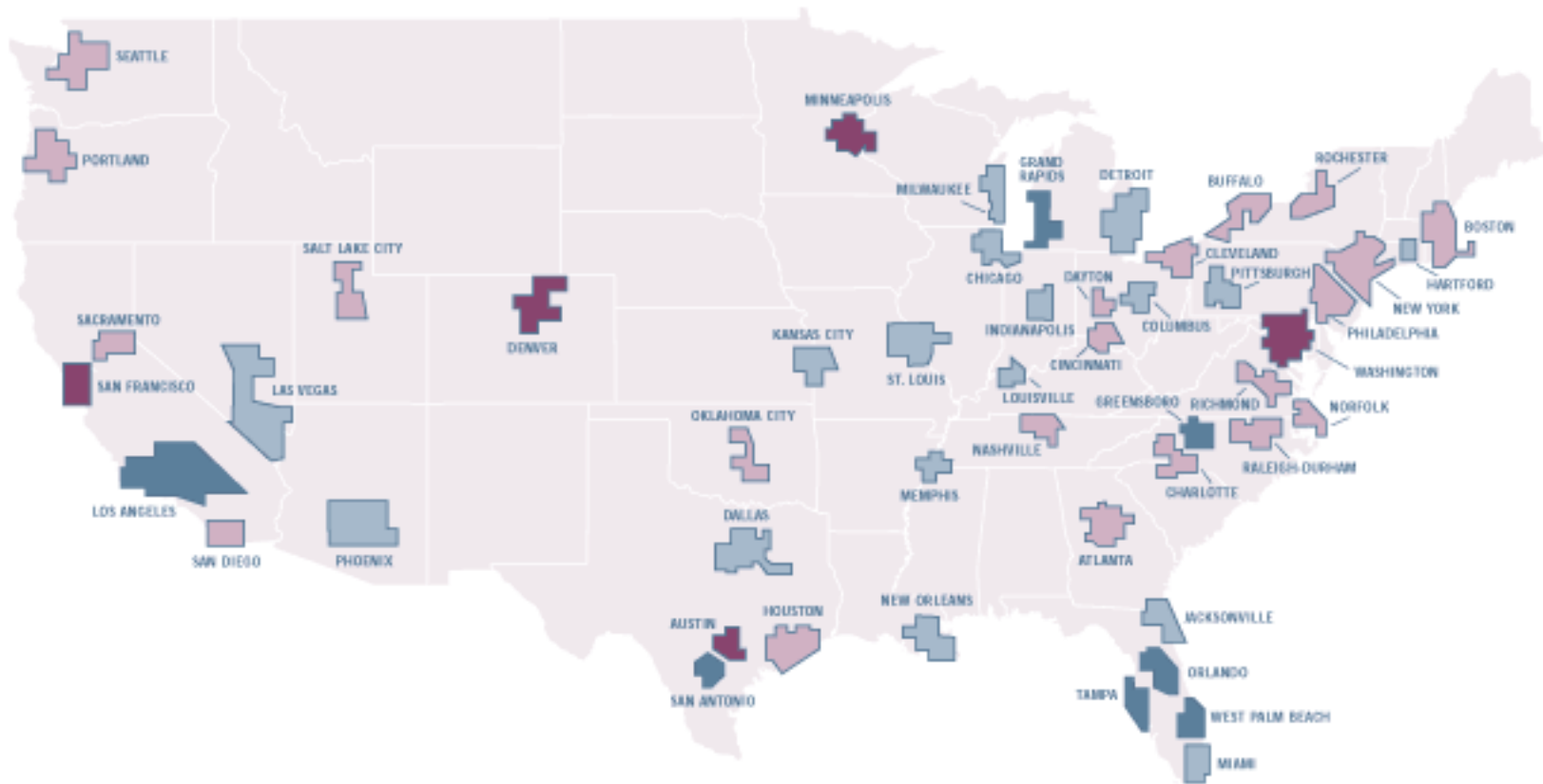
Managerial, Professional, and Technical Jobs

	Score	Rank
Hartford	46%	2

Workforce Education

	Rank
Hartford	28

Workforce Education



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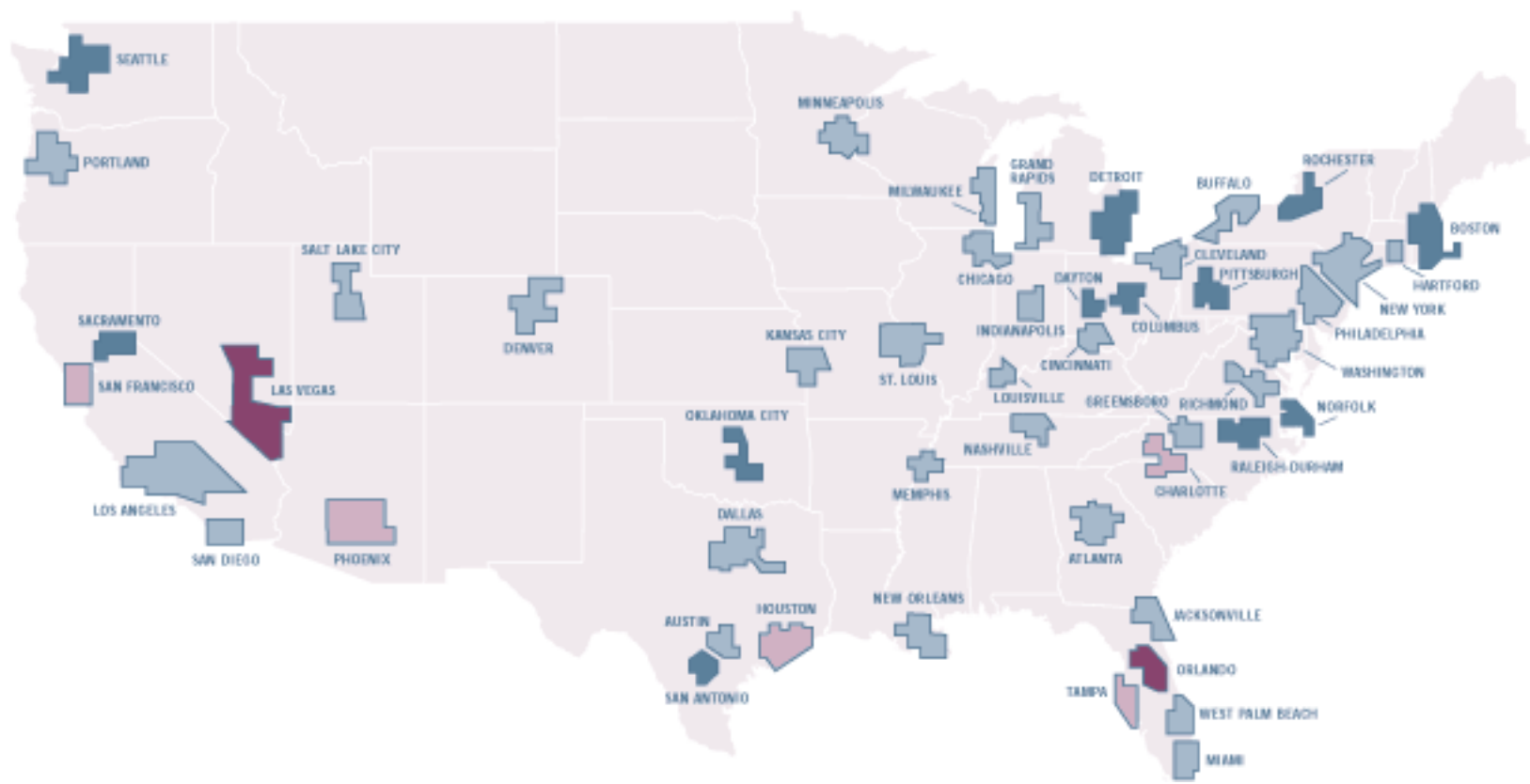
Export Focus of Manufacturing

	Rank
Hartford	17

“Gazelle” Jobs

	Rank
Hartford	11

“Gazelle” Jobs



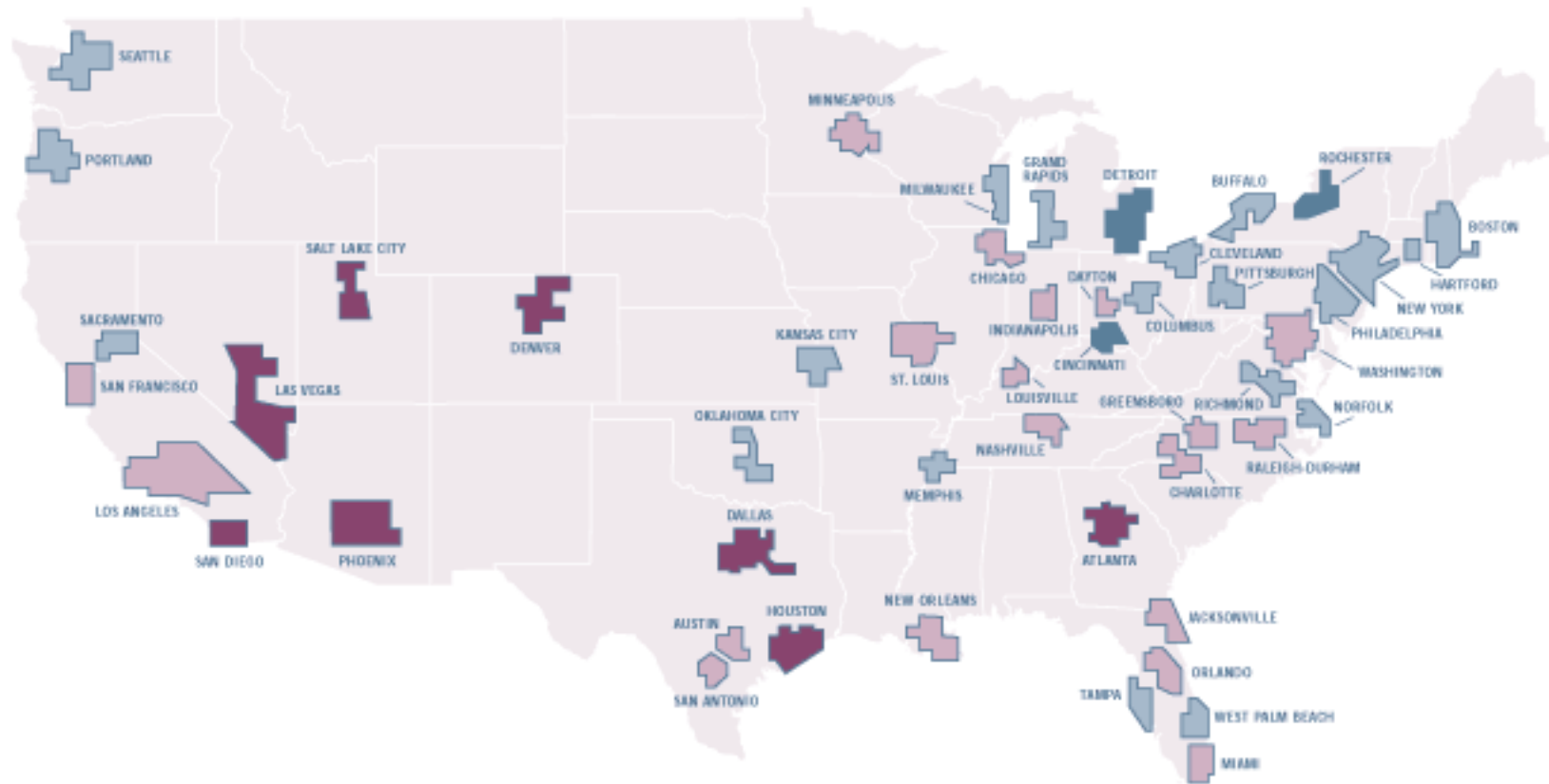
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Job Churning

	Rank
Hartford	47

Job Churning

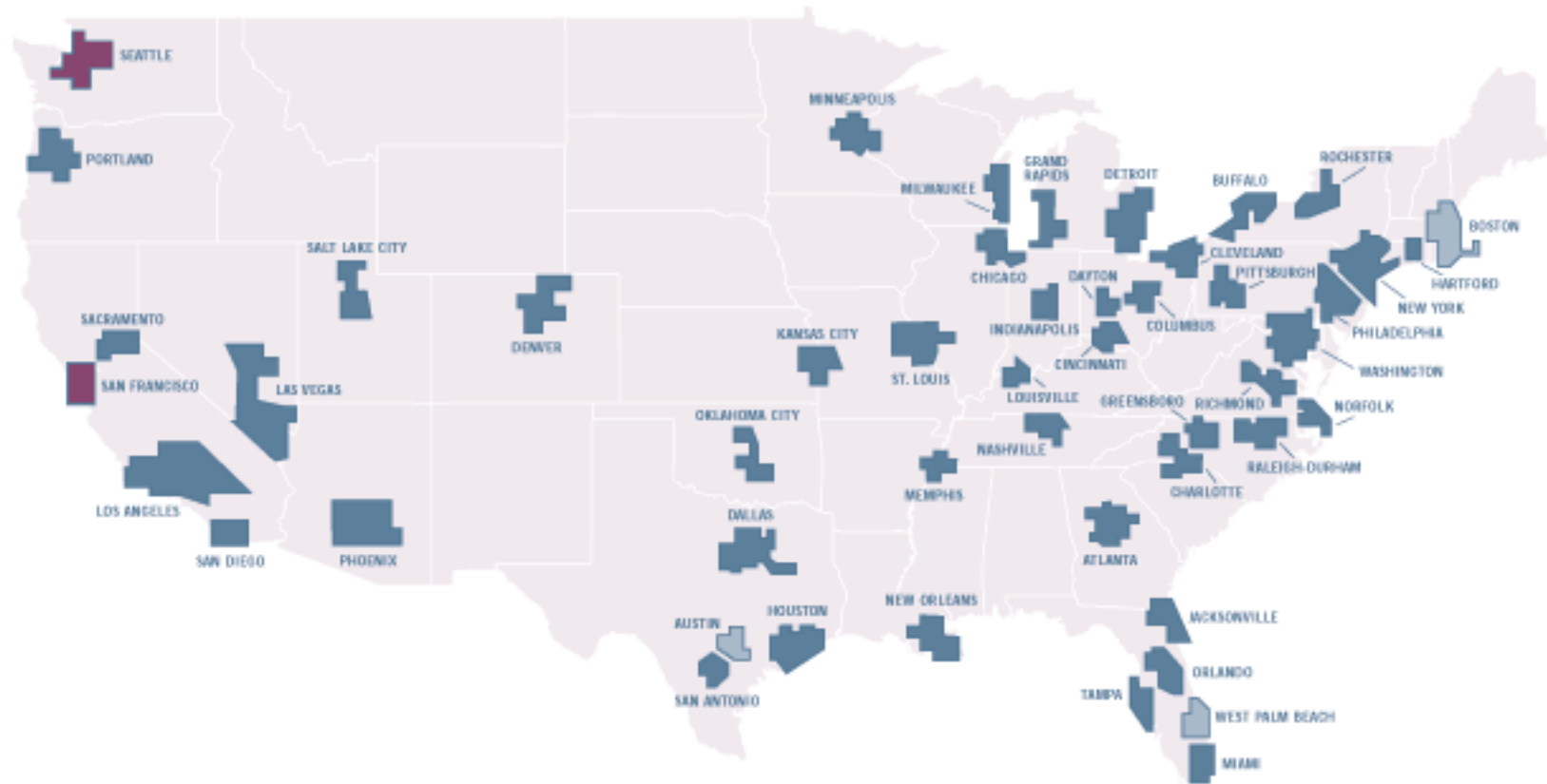


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New Publicly Traded Companies

	Rank
Hartford	30

New Publicly Traded Companies

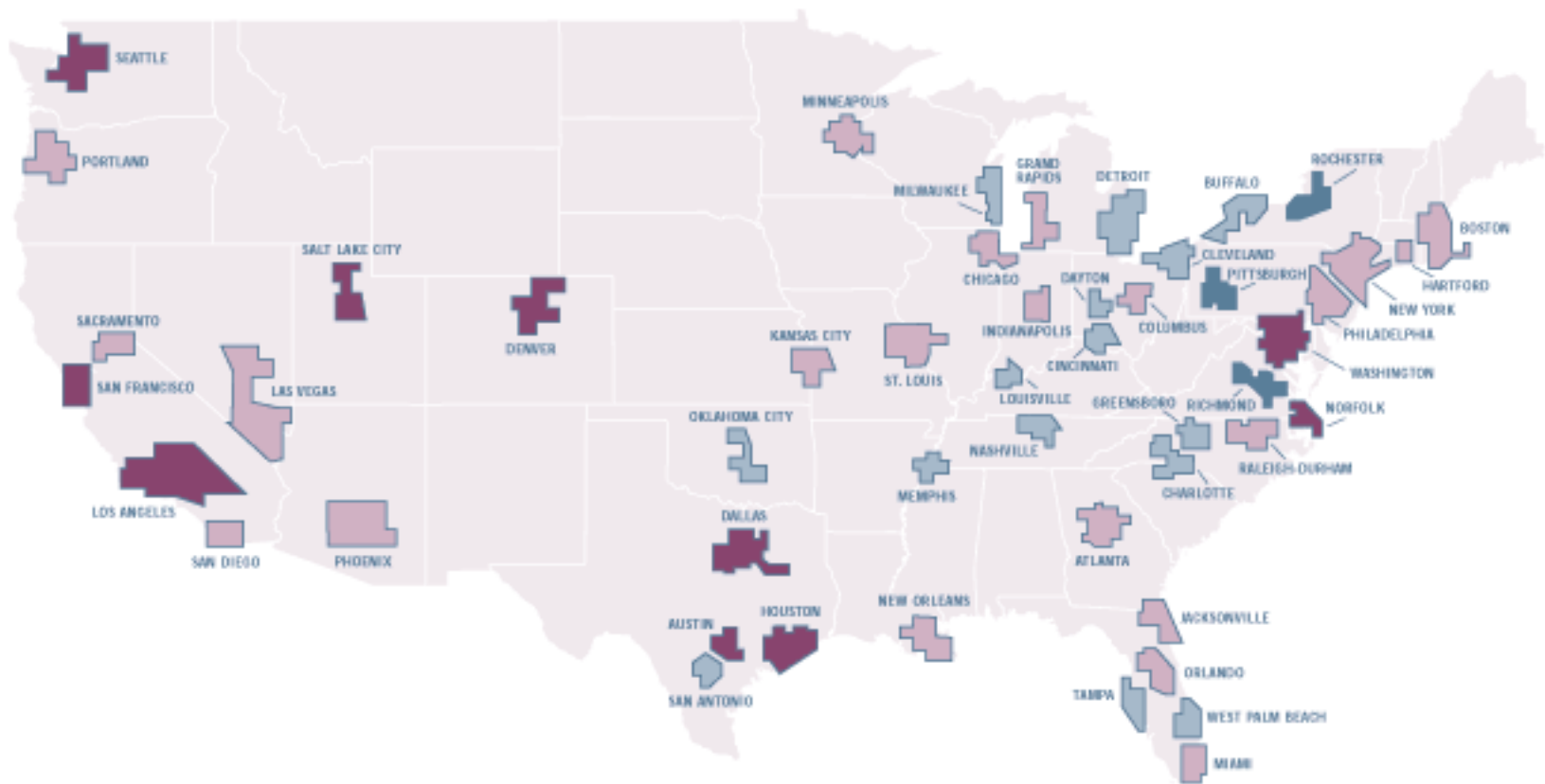


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Online Population

	Score	Rank
Hartford	40.9%	28

Online Population



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Broadband Telecommunications Capacity

	Providers Per Zip Code	Rank
Hartford	2.11	42
Springfield	1.43	51

Technology in Schools

	Rank
Hartford	32

Commercial Internet Domain Names

	Rank
Hartford	35

Internet Backbone

	Rank
Hartford	27

Internet Backbone



High-Tech Jobs

	Score	Rank
Hartford	3.1%	24

High-Tech Jobs

Scientists and Engineers

	Rank
Hartford	9

Scientists and Engineers

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Patents

	Rank
Hartford	12
Springfield	18

Patents

Academic Research and Development Funding

	Rank
Hartford	23

Academic Research and Development Funding

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Venture Capital

	Rank
Hartford	28

Venture Capital

A New Economy Requires a New Economic Policy

OLD ECONOMY MODEL

NEW ECONOMY MODEL

Get Big



Get Prosperous

Get Cheap



Get Better

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The Old Economy Model: Getting Big

▶ **Getting cheap meant trying to get more jobs and companies even if:**

- **the jobs were bad, and**

- **the region was choking from growth (high housing prices, air pollution, shortage of workers, traffic gridlock)**

The Old Economy Model: Getting Cheap

- ▶ **Getting cheap meant tax holidays, big subsidies and other giveaways to companies that only cared about cost.**
- ▶ **The result were low wage jobs and companies that were just as likely to leave after a decade for even cheaper pastures.**
- ▶ **For example, almost half the jobs of companies in one Midwestern city that got tax subsidies paid less than 8\$ per hour.**

The New Economy Model: Getting Prosperous

- ▶ **Getting prosperous means focusing on creating jobs with higher wages and better working conditions, reducing poverty and increasing economic opportunities for all of the region's citizens.**

The New Economy Model: Getting Better

- ▶ **Getting better means boosting the skills of the region's workforce, ensuring a technologically advanced infrastructure, fast and responsive government, and ensuring a high quality of life that will be attractive to knowledge workers.**

What to Do (1): Help companies get skilled workers.

- ▶ **Support Industry-led Regional Skills Alliances.**
- ▶ **Use the flexibility inherent in the Workforce Investment Act to create a true workforce development system linked to the private sector.**
- ▶ **Identify industry skill needs and craft university and college curricula to meet those needs.**

What to Do (2): Help Companies Access Technology

- ▶ **High quality universities, especially in science and engineering.**
- ▶ **Industry-Univ. Research Partnerships.**
- ▶ **Univ. Tech Commercialization: restructure intellectual property rules, rules regarding equity positions, and funding for seed capital.**
- ▶ **Help companies in traditional industries adopt and use new technologies.**
- ▶ **Create/expand R&D tax credits.**

Building a Tech-Based Economy Does Not Happen Overnight

- **Example, Worcester, Massachusetts as bio-tech cluster.**
- **State begin effort in 1985:**
 - **One of 4 “centers of excellence”**
 - **Development of Massachusetts Biotechnology Park**
 - **Massachusetts Biotechnology Research Institute to provide technical assistance for start-ups**
 - **Funding for development of biotechnology education curricula at secondary schools, community colleges and four-year institutions**
 - **“Steered recruitment” of major biotech corporations**

What to Do (3): Foster a Climate of Innovation

- ▶ **Take the time to identify your region's business and civic culture.**
- ▶ **Support Industry-led technology councils.**
- ▶ **Public programs should work with clusters of firms whenever possible.**

What to Do (4): Encourage a Robust IT Infrastructure

- ▶ **Assess your e-commerce readiness (e.g., www.ecom-ohio.org)**
- ▶ **Support deployment of advanced telecommunications infrastructures (e.g., ‘data hotels’, wireless receivers, fiber optic cable).**
- ▶ **Encourage Internet access in public places (schools, community centers, etc.).**
- ▶ **Foster cross-jurisdictional digital government.**

What to Do (5): Boost Quality of Life

- ▶ **Smart Growth and Open Space**
- ▶ **Traffic Mobility**
- ▶ **New Economy Culture/Recreation**
- ▶ **Safety/Crime Reduction**
- ▶ **High Quality K-12 Schools**

Regions Can Reduce Traffic Congestion

- **Expand Highways (since 1978 highway and street miles up 1%, VMT up 70 %. No wonder roads are congested).**
- **Institute “HOT Lanes”**
- **Collaborate in Regional Transportation Authorities**
- **Invest in Intelligent Transportation Systems**

What to Do (6): Foster New Economy Governance

- ▶ **Think and Act Like A Region, including fostering Metropolitan-Wide Governance, and Developing Regional Economic Development Strategies**
- ▶ **Reinvent and Digitize Government**
- ▶ **Establish Public-Private Councils (e.g., Joint Venture Silicon Valley)**

IMPLICATIONS FOR ECONOMIC DEVELOPMENT: I

- **New industries, Especially trades services and e-businesses, are becoming more important**
- **All regions are becoming global**
- **Most industries and firms, are organizing work around technology**
- **Entrepreneurial “Growth-From-Within” is driving development**

- **High priced business recruitment giveaways are not the answer.**
- **Successful regions will focus on fostering innovation and quality – for business and residents.**
- **Alliances of all kinds will be central to driving change (e.g., Business Clusters; Industry-Government; Industry-Higher education).**

Metropolitan regions that meet the challenges of the New Economy focusing on innovation, learning, and constant adaptation – will be the ones that succeed and prosper.

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**(“New Economy Project”
“Mapping the New Economy”)**

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