Three Ways to Get Growth

- **Improving Factor Inputs**
  Increasing amounts and quality of labor and capital
  Result: Improved productivity

- **Trade and Comparative Advantage**
  Reduce import substitution rules and increase exports
  Result: Increase of world market share and increase in GDP

- **Innovation and Entrepreneurship**
  Create favorable Habitat for Innovation and Entrepreneurship
  Result: Increase in new business formation both within companies and in formation of new companies
In the 70’s and 80’s the United States learned manufacturing lessons from Japan, restructured, downsized, deregulated, and in the process lost 44 million jobs. These efficiencies yielded increased return on investment and increased profits for reinvestment.

If the US had not had a creation economy that created new markets, new companies, and in the process 73 million new jobs, the US economy would be in big trouble today.
Regions

- US Regions
  - Silicon Valley
  - North Carolina Research Triangle
  - Austin Texas

- Asia/Pacific
  - Singapore
  - Taiwan Hsinchu Science Park
  - Gifu Prefecture Japan
  - Australia MFP-Adelaide
    - Malaysia MSC

- Europe
  - Sophia-Antipolis Research Park (France)
  - Oulu Technopolis (Finland)
What is Silicon Valley Today

“Silicon Valley has a regional network-based industrial system that promotes collective learning and flexible adjustment among specialist producers of a complex of related technologies.... The functional boundaries within firms are porous in a network system, as are the boundaries between firms themselves and between firms and local institutions such as trade associations and universities.”

Habitat
Networks and Interactions

Legal Environment:
Role of Lawyers

Accounting
Environment:
Role of
Accountants

Entrepreneurs
Knowledge (Ideas)
Capital

Consulting
Environment:
Marketing,
Strategy,
Operations

Human Resource Environment:
Role of Search Firms

Strategic Uses of Information Technology <www-gsb.stanford.edu/eep/suit/>
- Knowledge Intensity is the only path to Quality Job Generation
- Presence of High Quality Work Force
- Highly Mobile Labor Force
- Business Climate that Rewards Risk Taking and Does Not Punish Failure
- Open Business Environment - "It’s a positive sum game"
- Community Dynamics of Collaboration Between Business, Governments, and the Independent Sectors (Labor councils, universities, foundations, etc.)
- Presence of Venture Capital Industry that Understands High-Tech

- Presence of Research Institutions and Universities that Interact Effectively With Industry: co-evolution of ideas

- High Quality of Life in the Community (schools, recreation, health, etc.)
Regional Summary

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silicon Valley</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>L</td>
<td>H</td>
</tr>
<tr>
<td>North Carolina</td>
<td>H</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>Austin Texas</td>
<td>H</td>
<td>H</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>H</td>
<td>M</td>
<td>M</td>
<td>H</td>
<td>L</td>
<td>M</td>
</tr>
<tr>
<td>Singapore</td>
<td>H</td>
<td>H</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>Taiwan</td>
<td>H</td>
<td>H</td>
<td>M</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>M</td>
<td>H</td>
</tr>
<tr>
<td>Malaysia</td>
<td>H</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Gifu Japan</td>
<td>H</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>Sophia-Antipolis</td>
<td>H</td>
<td>H</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>L</td>
<td>H</td>
<td>H</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>Australia MFP</td>
<td>H</td>
<td>H</td>
<td>M</td>
<td>M</td>
<td>L</td>
<td>L</td>
<td>L</td>
<td>M</td>
<td>H</td>
<td>H</td>
<td>L</td>
</tr>
</tbody>
</table>

1. Knowledge Intensity 7. Developed Venture Capital
2. Quality of Work Force 8. University Interaction
5. Open Business Environment 11. Indigenous Companies
6. Community Collaboration

H-high  L-low  M-medium