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Q&A with Assistant Secretary John Fernandez



Q. EDA recently conducted an internal reorganization. What was the goal of this reorganization?

A. Ultimately, the goal of the reorganization is to better align our resources to accelerate EDA policies and programs to successfully implement the President's strategies. For example, under President Obama's National Innovation Strategy, the federal government is encouraging durable, sustainable employment and economic growth by investing in innovation and setting an open and competitive environment for businesses and individuals to experiment and grow. As a result of the reorganization and by continuing to collaborate with other agencies, EDA will become a stronger partner to our stakeholders by streamlining and smartening operations to help advance this new framework for economic development.

An important part of the reorganization was to bring the Office of Innovation and Entrepreneurship (OIE) to EDA. Working closely with the White House, OIE will focus on identifying issues and programs most important to entrepreneurs, helping them translate new ideas, products and services into economic growth.

Q. EDA is exploring ways to improve business processes. How will these process improvements elevate EDA?

A. To continue leading the way for sustainable economic development anchored in regionalism and innovation, we must innovate our own business processes to further improve our customer service.



This month marks the 45th Anniversary of the formation of the Economic Development Administration.



US Representative Jim Oberstar

"When it comes to getting a return on their investment the U.S. taxpayer cannot do better than the EDA. Every dollar that goes into this agency comes back to the taxpayer seven-fold in the form of new payroll taxes paid into the U.S. Treasury. EDA's professionals specialize in turning unemployment checks into paychecks. I appreciate the 45 years of service the employees of this agency have given to the American

A critical change that we will make is improving EDA's [grant making process](#). We are proposing a new, innovative grant process that will be easier, faster, and more transparent. For example, as part of our internal assessment, we learned that it takes on average 288 days for EDA applicants to receive a decision on their application. This clearly must change. I want to stress that we will not make this change in a vacuum. We are committed to conducting critical outreach via meetings, conference calls, webinars, etc. with our stakeholders to solicit their input on the best ways to improve the process and implement this change.

In addition, EDA is also working to improve and expedite the Economic Development District (EDD) designation and modification process by automating the submission process. Lastly, we're taking steps to revise the Comprehensive Economic Development Strategy (CEDS) guidance and process to encourage strong, collaborative and implementable regional plans. These improvements are being instituted in conjunction with input provided by our stakeholders as a result of President Obama's directive to have all federal agencies work to ensure the public trust and to establish a system of transparency, public participation and collaboration.

Q. EDA is up for reauthorization. What do you hope to accomplish through the reauthorization process?

A. We are extremely proud of the role that EDA has played for the past 45 years in creating strong and sustained economic growth in regions across America. However, as the world changes and our global economy grows more complex, EDA must reinvigorate itself to rise to these new challenges.

Reauthorization presents a unique window of opportunity to allow us to align our priorities and program structures to improve the global competitiveness of American communities. Our proposal makes a number of changes to enhance the Public Works and Economic Development Act's (PWEDA) scope to address the need for innovation-led economic development and to increase grantee flexibility.

The administration's proposal builds upon EDA's work in fostering collaborative cluster-based regional innovation; enhances our program authorities for investments in science and research parks; broadens support for "brightfield", environmentally sustainable economic development practices; and strengthens the Revolving Loan Fund program.

[Click here](#) to read legislation documents.

Q. Why is promoting the Regional Innovation Cluster model vital to America's economic competitiveness?

A. Simply put, we know that Regional Innovation Clusters (RICs) are a proven way to create jobs and grow the economy. Deliberate industry clusters foster public-private partnerships that can accelerate regional economic growth and job creation. We know that, historically, innovation has been central to our nation's economic prosperity and we know that that the entrepreneurs and researchers that drive innovation want to be around each other to feed off the shared creative energy and build relationships.

President Obama is committed to fully restoring America's economic strength through making long-term investments needed to help us create new jobs and new industries and maximize our ability to compete globally.

And, he knows that whether the investment comes from the federal or state

people and look forward to another half century of success."

— Jim Oberstar

Congressman Oberstar is regarded as a founder of EDA because of his role in drafting legislation to create the agency when he was a staffer in Congress. [Click here](#) to watch a hearing on job creation at EDA by the House Transportation Subcommittee on Economic Development.

CALL FOR ARTICLES

Economic professionals and experts are encouraged to submit articles about best practices in economic development in the 21st century. Particular focus should be placed on regional collaboration to build the innovation economy. All articles are due September 15, 2010. Three articles will be selected for publication in the October 2010 issue of EDA's newsletter.

The New York Times

In Study, 2 Economists Say Intervention Helped Avert a 2nd Depression
By Sewell Chan
July 27, 2010



[Click here](#) for full article.

WASHINGTON — Like a mantra, officials from both the Bush and Obama administrations have trumpeted how the government's sweeping interventions to prop up the economy since 2008 helped avert a second Depression.

Now, two leading economists wielding complex quantitative models say that assertion can be empirically proved.

In a new paper, the economists argue

government, or the private sector, or – ideally – all of the above, those dollars will do a lot more good if they serve a well-developed regional strategy that leverages core regional strengths.

That's why EDA is helping regions identify their strengths and build the entrepreneurial ecosystem they need to become catalysts for innovation.

FEATURE ARTICLE: How to Build Again

By Rana Foroohar, Newsweek Magazine

[Click here](#) to read full article.

EXCERPT

Ever since the financial crisis hit, policymakers around the world have been talking about how to “rebalance” their national economies. In rich nations, this mostly entails reducing debt. But it also involves reassessing the mix between the service sector, which represents about 70 percent of the U.S. economy, for example, and manufacturing, which makes up just 11 percent. In the U.S. and the U.K. in particular, there's a sense that overreliance on dodgy financial services is no way to create decent jobs for the masses or to build a more stable economy. In these and many other countries, like France and Germany, influential voices are calling for a return to the business of producing real goods.



Of course, that involves competing not only against nimble, highly skilled, and cheaper labor giants like China, but against a raft of other developing nations in Asia, Africa, and Latin America that want to become factories to the world. Still, a new report issued in late June by the Council on Competitiveness and the consultants Deloitte Touche Tohmatsu should give America and some European nations like Germany reason to hope they can stay in the global game.

The report surveyed 400 global CEOs, tallying their views on the key factors that drive manufacturing competitiveness. The most surprising finding is that it's innovation, not how cheap or expensive labor is, that determines whether a country will be successful in manufacturing. Contrary to conventional wisdom, manufacturing has not become a race to the bottom. That's why the U.S. still ranks as the fourth-most competitive nation after China, India, and South Korea, despite vastly higher labor costs. Germany, Japan, and Singapore also hold positions in the top 10. The skill levels of their workers more than offset their costs (U.S. workers are twice as productive as those in the next 10 leading manufacturing economies). Skills are particularly critical in the lucrative high-end manufacturing sector, which accounts for about half of all new innovation within an economy. “Talent will be the oil of the 21st century,” says Council on Competitiveness president Deborah L. Wince-Smith.

Immigration policy can also play a key role in ensuring competitiveness. As Secretary of Commerce Gary Locke points out, “So many firms that we view as American icons were actually started by immigrants.” It's an oft-quoted fact, but one worth remembering as the Obama administration struggles to push through meaningful

that without the Wall Street bailout, the bank stress tests, the emergency lending and asset purchases by the Federal Reserve, and the Obama administration's fiscal stimulus program, the nation's gross domestic product would be about 6.5 percent lower this year.

In addition, there would be about 8.5 million fewer jobs, on top of the more than 8 million already lost; and the economy would be experiencing deflation, instead of low inflation.

The paper, by Alan S. Blinder, a Princeton professor and former vice chairman of the Fed, and Mark Zandi, chief economist at Moody's Analytics, represents a first stab at comprehensively estimating the effects of the economic policy responses of the last few years.

“While the effectiveness of any individual element certainly can be debated, there is little doubt that in total, the policy response was highly effective,” they write.

Mr. Blinder and Mr. Zandi emphasize the sheer size of the fallout from the financial crisis. They estimate the total direct cost of the recession at \$1.6 trillion, and the total budgetary cost, after adding in nearly \$750 billion in lost revenue from the weaker economy, at \$2.35 trillion, or about 16 percent of G.D.P.



July 12, 2010 – Assistant Secretary Fernandez participates in U.S. Representative Betsy Markey's Innovation Summit at Colorado State

immigration reform. (This writer is for stapling a green card to the diploma of every foreign student who obtains a Ph.D. in the States.) After all, the most talented people in the world now have other places to seek work—namely their own countries, which will be the source of the majority of the world’s new jobs in the foreseeable future. If talent really is the new oil, it will pay to keep it here.

THOUGHT LEADERSHIP: Leading the Way in Economic Development

EDA has led the federal economic development agenda for more than four decades. From investing in critical infrastructure in the 1960s to boosting federal investment in business parks in the 1980s to providing the funds for new regional innovation clusters in the last decade, EDA has cultivated leading positions in the field of economic development. Today, EDA’s main priorities lie in helping regions identify and exploit their strengths, guiding cluster-based strategy development, and promoting new, 21st century industries associated with the green economy and other high-growth sectors to advance our national competitiveness and increase prospects for job growth.



However, regional problems have not always been met by regional solutions. In many communities across the nation, development professionals have not fully realized the opportunities afforded by their unique location. Too often, a “one size fits all” approach is undertaken—an approach that more often fails than not. EDA’s research is helping to bridge this divide.

EDA has led development of an array of strategy-focused development tools, like the online, self-paced curriculum of the “*Know Your Region*” project, and the EDA-funded report “*Crossing the Next Regional Frontier*,” developed in conjunction with Purdue and Indiana University, to help regions identify and exploit their strengths so that they can become catalysts for job growth.

[Click here](#) to read more.

The New York Times

Wind Drives Growing Use of Batteries

By Matthew L. Wald
July 27, 2010

[Click here](#) for full article.

The rapid growth of wind farms, whose output is hard to schedule reliably or even predict, has the nation’s electricity providers scrambling to develop energy storage to



University in Ft. Collins, Colorado.



The U.S. Commerce Department’s Economic Development Administration (EDA) and International Trade Administration’s (ITA) Commercial Service have announced a U.S. Clean Technology Trade & Investment Mission from November 29 – December 4, 2010, to begin in Lyon, France at Pollutec, a tradeshow that features the world’s leading international exhibit for the environment and sustainable development markets. The trip will conclude in Brussels, Belgium where U.S. companies and communities will participate in a U.S. Embassy reception, NATO cleantech roundtable, and other networking opportunities.

The mission will bring together a mix of U.S. community delegates and businesses within their regions to catalyze the process of connecting U.S. communities with opportunities to increase exports and attract foreign direct investment (FDI), with a particular emphasis on advancing the green economy and creating jobs in the United States. Community delegates and business leaders are encouraged to apply at <http://export.gov/cleantechmission/>.

Upcoming Events

August 27, 2010
EDA [Innovation Award](#) Entries are



ensure stability and improve profits.

As the wind installations multiply, companies have found themselves dumping energy late at night, adjusting the blades so they do not catch the wind, because there is no demand for the power. And grid operators, accustomed to meeting demand by adjusting supplies, are now struggling to maintain stability as supplies fluctuate.

On the cutting edge of a potential solution is Hawaii, where state officials want 70 percent of energy needs to be met by renewable sources like the wind, sun or biomass by 2030. A major problem is that it is impossible for generators on the islands to export surpluses to neighboring companies or to import power when the wind towers are becalmed.

On Maui, for example, wind generating capacity over all will soon be equal to one-fourth of the island's peak demand. But peak wind and peak demand times do not coincide, raising questions about how Hawaii can reach its 70 percent goal. For now, the best option seems to be storage batteries.

In New York and California, companies are exploring electrical storage that is big enough to allow for "arbitrage," or buying power at a low price, such as in the middle of the night, and selling it hours later at a higher price. In the Midwest, a utility is demonstrating storage technology that can go from charge to discharge and back several times a minute, or even within a second, bracing the grid against the vicissitudes of wind and sun and transmission failure. And in Texas, companies are looking at ways of stabilizing voltage through battery storage in places served by just one transmission line.

E-RIC UPDATE: Research Consortium Led by Penn State to Receive up to \$122 Million in Federal Funding for "Energy Innovation Hub" at the Philadelphia Navy Yard



[Click here](#) to read press release.

A team led by the Pennsylvania State University will receive up to \$122 million over the next five years from the Department of Energy to establish an Energy Innovation Hub focused on developing technologies to make buildings more energy efficient. The Energy Innovation Hub will be located at the Philadelphia Navy Yard Clean Energy campus, and will bring together leading researchers from academia, two U.S. National Laboratories and the private sector in an ambitious effort to develop energy-efficient building designs that will save energy, cut pollution, and position the United States as a leader in this industry.

Due

August 28-31, 2010

[2010 NADO Annual Training Conference](#)

San Diego, CA

September 14-16, 2010

[State Science and Technology Institute \(SSTI\) Annual Conference](#)

Pittsburgh, PA

September 26-29, 2010

[IEDCs Annual Conference](#)

Columbus, OH

October 24-26, 2010

EDAs Atlanta Regional Office Conference

Atlanta, GA

November 7-9, 2010

[UEDA 2010 Summit](#)

Reno, NV

November 16-17, 2010

EDAs Chicago and Denver Regional Offices Conference

St. Louis, MO

November 29 – December 4, 2010

[EDA and ITA U.S. Cleantech Trade & Investment Mission](#)

Lyon, France & Brussels, Belgium

December 8-9, 2010

EDAs Seattle Regional Office Conference

Los Angeles, CA

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