

Economic Citizenship: A New Federal Role for Stimulating Economic Recovery through Small Business Development

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Economic Citizenship – collaboration between government, economic development agencies and leading private sector business-to-business organizations to stimulate economic development – represents an influential force for driving small business creation and growth at a time of national economic crisis.

For that reason, the federal government should promote an Economic Citizenship program that expands public/private collaborative interactions at the national, regional and local levels for the purpose of further stimulating small business development and economic growth.

America's Economic Challenge

Economic crisis creates instability and unpredictability in all aspects of political, economic and social strata. Particularly affected are small ventures where job losses may not be fully counted. In this environment, small businesses represent a valuable source of economic and social stability in communities all across America. Small business is the backbone of the American economy with over 26.8 million ventures playing a key role in providing new ideas, employing workers, and developing innovative products and services that add value to the local, regional and national economy¹.

Due to the current financial crisis, increased global competition, fluctuating energy costs and other negative market forces, this important sector and the economic and social vitality that it provides to our communities, is at risk. Further, if small business support needs are not met, economic stimulus objectives may be unnecessarily delayed or may not be fully realized. For example, although 3.5 million new jobs may be created through President Obama's \$825 billion economic recovery package, it would only take 13% of small businesses each eliminating one job, to completely negate this impact.

Limitations of Existing Federal Policy

Government, economic development agencies and private sector organizations possess the reach and the resources to stimulate economic recovery and address the existing barriers that threaten small business sustainability. However, current initiatives are discreet, fragmented, idiosyncratic, disconnected, autonomous and insular, and continue to evolve in an uncoordinated fashion.

Further, societal factors of trust and fear also compromise impact where government agencies are large bureaucracies that are difficult to work with; economic development agencies are nonprofit entities inherently constrained by limited funding and capacity issues; and private sector

corporations exist to make a profit and not to provide technical assistance as a social service.

A New Federal Approach

The federal government should move to promote Economic Citizenship at the national, regional and local levels for the purpose of further stimulating small business development and economic growth. Public/private participants must embrace a value-neutral third-party, social entrepreneur to compile and publish information about economic development programs and resources in a non-commercial, educationally focused centralized platform accessible to all individuals at no charge. Consistent with this, the federal government should boost the rate of economic recovery and job creation by promoting awareness, access and use of all public/private small business development initiatives through a four-part Economic Citizenship program:

- **Promote an existing information center** that aggregates, publishes and facilitates awareness, access and use of public/private economic development resources as a free, self-sustainable public service on a state-by-state basis (visit www.buzgate.org)
- **Facilitate agency engagement** where nonprofit economic development program providers submit resources to the information center for publishing at no charge and promote information center access
- **Facilitate private sector engagement** where industry business-to-business leaders sponsor the development of non-commercial educational content about productivity-enhancing small business solutions, best practices and innovations, such as regional economic clusters, as well as promote information center access
- **Establish a grants program** to support information center improvements that would direct financial and other assistance to small business development initiatives including niche venues serving veterans, women, minorities and youth

¹ U.S. Small Business Administration, Office of Advocacy, *The Small Business Economy*, 2007

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