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**The new Brookings report on regional industry clusters is available at:**  
[http://www.brookings.edu/papers/2011/0119\\_clusters\\_muro.aspx](http://www.brookings.edu/papers/2011/0119_clusters_muro.aspx).

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## **New Brookings Report: States Should Play to Their Economic Strengths**

*Research recommends supporting economic clusters to spur growth*

WASHINGTON, D.C. — Governors across the country who are trying to kick-start their economies while controlling spending should leverage resources they already have, according to a new paper from the Brookings Institution Metropolitan Policy Program. This begins with focusing on regional economic clusters that anchor economies, spur innovation, and foster bottom-up economic development.

The new report, *Job Creation on a Budget: How Regional Industry Clusters Can Add Jobs, Bolster Entrepreneurship, and Spark Innovation*, is the first in the Metropolitan Policy Program's Project on State and Metropolitan Innovation, which, as a series, analyzes state policy challenges and offers practical, low-cost strategies for state policymakers to help states and metros recover from the Recession.

“It’s vital that, as states and metros work their way out of the Recession, that they are also re-orienting their economies to build something more sustainable, an economy that provides more future opportunities for more people,” said Mark Muro, Senior Fellow and Policy Director at the Brookings Institution Metropolitan Policy Program and co-author of the report. “Many states are recognizing this new economic reality, and a first step is to foster their regional industry clusters, which can drive recovery and future growth by capitalizing on what individual state and metro economies do best.”

Muro said states should bring in a new generation of cluster programs designed to catalyze more entrepreneurship and job creation. Such efforts should not only represent something entirely different from traditional business relocation-oriented programs, but improve upon and sharpen existing cluster and cluster-relevant offerings for metropolitan regions.

Among the recommendations of the new report:

- Reorient existing economic development programs, policies, and initiatives to support clusters
- Establish a modest grants program to address discrete gaps in cluster performance
- Develop and use data and rigorous analysis to identify clusters, target policy, and track performance

In addition, governors should embrace the cluster paradigm as an organizing principle for state economic growth policy, Muro said. States should create cluster initiative programs to support geographic concentrations of businesses and supporting organizations. The steps outlined in the report promise not only to bolster innovation, entrepreneurship, and job creation but also to focus and streamline state economic development policy in this era of scarce resources. Governors should seize on the cluster paradigm to design a set of smart, cost-effective, and transformative regional economic policies to prepare their states to prosper in the next economy.

**The Metropolitan Policy Program at Brookings** *provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas, including their component cities, suburbs, and rural areas. To learn more, please visit: [www.brookings.edu/metro](http://www.brookings.edu/metro).*

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