

EUQUANT

STIMULUS PACKAGE: PRO: LET CITIES SPEND THE FUNDS WITH LOCAL BUSINESSES

By Dr. Thomas Boston, CEO of EuQuant

The stimulus package can spur employment, but to create jobs now we must boost the economic sector where most jobs have been generated over the last two decades — small businesses. Ironically, the infrastructure proposals that are on the table would channel a disproportionate share of assistance to large, capital-intensive firms rather than to small businesses.

The reason we have so many infrastructure proposals and so few short-run job-creating proposals is because policy-makers are still searching for a solution through the lenses of the New Deal. Yet, the economy has changed drastically.

Trillions of dollars of assistance have been awarded to companies that are “too big to fail” and the very same companies have been shedding jobs by the tens of thousands — even before the current economic crisis started. Globalization has forced gigantic enterprises to downsize as a

On the other hand, a recent report found that between 1998 and 2004 small businesses, meaning those with 500 or fewer employees, accounted for over half of all jobs and created 51 percent of total U.S. gross domestic product. A 2005 study led by distinguished economist William Baumol reported that when innovation is measured by the number of employees, small firms are 13 times more innovative than large firms are, and their patents are twice as likely to have the highest impact.

The dot-com era ushered in a new entrepreneurial economy where job growth, innovation and economic output are driven increasingly by young, small, entrepreneurial growth companies. If job creation, innovation and economic growth are the aims of an economic stimulus plan, then we should not propose strategies that are suitable mainly for large enterprises



Thomas Boston, Ph. D.

CONTENTS

**OPINION ARTICLE FEATURED
IN ATLANTA JOURNAL BY
DR. THOMAS BOSTON...1-2**

MEGAREGIONS...3

**ATLANTA BUSINESS
LEAGUE ...3**

**GEORGIA MINORITY BUSINESS
AWARDS...3**

VOLUNTEER INITIATIVE ...4

STIMULUS PACKAGE: PRO: LET CITIES SPEND THE FUNDS WITH LOCAL BUSINESSES CONTINUED...



Today, government regulations mandate that 23 percent of all federal procurement dollars be spent with small businesses. If this requirement were applied to the proposed \$825 billion recovery plan, it would mean about \$190 billion should be targeted to small businesses. The rest of the funds could then be used for infrastructure projects, energy-efficient investments, school modernization, tax cuts and the other elements of the president's package.

A simple way to implement this plan is to allocate the funds directly to cities and local governments with the mandate that the money be used exclusively for procuring goods and services from certified small businesses. This would relieve cities of having to use a significant portion of their scarce general funds for procurement purposes and allow them instead to use those funds to help balance their budgets and maintain jobs and essential government services.

The value of adding a small business target to the economic stimulus plan is obvious: It is easy to administer, it could be implemented quickly, it would have an immediate impact on stabilizing local government jobs, and it would create even more jobs in small businesses.

A recent report found that only three of the 13 largest banks that received funds from the Troubled Asset Relief Program increased their loans as a result. Ten of the 13 banks actually reduced loans. We continue to direct support where it is having the lowest effect and justify the decision by appealing to what might have happened had the decision not been made. That justification may have merit, but it is still a poor return on taxpayers' dollars.

The president has already achieved the most important element of an economic recovery by engaging full time in monitoring and managing the economy, and restoring consumer and investor confidence. In fact, the biggest problem now is managing our expectations about what the stimulus plan can achieve. A positive outlook on the future is the single most important ingredient of a recovery. If businesses expect future conditions to worsen, they may lay off workers even before there is a reason to do so. Likewise, if consumers are insecure about the future, they may stop spending altogether. The ultimate effect could be a downward spiral of expectations that lead to a self-fulfilling prophecy.

SPRING 2009 BOOK RELEASE ON MEGAREGIONS



Dr. Catherine Ross is the Vice President and Director of Transportation Research at EuQuant. She is also, the Director of Georgia Tech's Center for Quality Growth and Regional Development (CQGRD). Dr. Ross is a leading authority on mega-regions. This Spring she will be releasing her book entitled *Megaregions: Planning for Global Competitiveness*. This book

includes contributors Susan and Norman Fainstein of Harvard University, Saskia Sassen of Columbia University, Tridib Banerjee of the University of Southern California, and Adreas Faludu of Delft University of Technology in the Neitherlands. Jiawen Yang, Assistant Professor in Georgia Tech's City and Regional Planning Program; Adjo Amekudzi and Michael Meyer of Georgia Tech's School of Civil and Environmental Engineering also contributed to the book.



GEORGIA MINORITY BUSINESS AWARDS

On Thursday February 19th Dr. Thomas Boston will discuss the current economic landscape and how small and minority businesses are affected. The Georgia International Convention Center will host the event. For more information about Dr. Thomas Boston or the Georgia Minority Business Award please visit our website at

www.euquant.com.

ATLANTA BUSINESS LEAGUE

CAPACITY BUILDING IN A DOWN ECONOMY

Dr. Boston, a noted economist and leading expert on African American, minority and small businesses, will address the current economic environment and the challenges it poses for business growth and viability. He will also discuss the President's new economic stimulus package and its likely impact on the economy. Using

the results of a national survey of 350 CEOs of Black-owned companies, Doctor Boston will discuss the strategies that successful business owners implemented during the last recession and identify the business practices currently used by the highest performing Black-owned companies.

EUQUANT IN THE COMMUNITY



EuQuant encourages their employees to give back to the community. So in 2008 some EuQuant employees dedicated their weekends to feeding the homeless downtown Atlanta and helping pets find new homes. Linje Boston, our

Chief Operating Officer, has always had a soft spot for animals. So he decided to volunteer at local pet stores. Linje had the opportunity to play, exercise and care for the pets who are in need of a loving home.

Maisha Baker our Public Relations Specialist spent one Saturday evening feeding the homeless at a shelter in downtown Atlanta. She went with the Community Service Department from her church and she was able to serve those that were less fortunate. Maisha says, "feeding the homeless always makes me appreciate all the blessings I have in my life."

This year EuQuant is more dedicated than ever to give back to the community especially in light of current economic conditions.

*OUR VISION IS TO BECOME THE
LEADING PROVIDER OF
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EMERGING MARKETS AND
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