Small Business, Entrepreneurship, and Economic Recovery Conference
October 26, 2010

Session B: Public Policy
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Public Policy

- Local Roles in Supporting Small Business Development
- How Did Kelo Affect Business Formation?
- The Impact of Personal Bankruptcy Law on Entrepreneurship
Themes

- Common themes
  - Business formation and growth
  - Heterogeneity
  - Policy efficacy

- Divergent theme
  - Unemployment and entrepreneurship
Local Roles in Supporting Small Business Development

• Key Issue(s)
  – How can local governments support and grow their small business communities?

• Findings
  – Small businesses have distinct challenges at various stages of development.
  – Policy categories: management; market; capital; regulatory; and culture.
  – Policies in the areas of regulatory assistance and public/private collaboration are most significant.
How Did Kelo Affect Business Formation?

• Key Issue(s)
  – Can states enact laws that Restrict Eminent domain without retarding Business formation?

• Findings
  – New firm formation impacted by state’s legislative response to Kelo.
  – State-level law restricting eminent domain increase business formation by 10%.
The Impact of Personal Bankruptcy Law on Entrepreneurship

• Key Issue(s)
  – How do personal Bankruptcy laws affect Entrepreneurship?

• Findings
  – Minimal impact on high ability entrepreneurs.
  – Length and fraction of garnishment most significant.
  – Lenient regimes = more entrepreneurs; smaller firms; younger firms; and higher turnover.
Local Roles in Supporting Small Business Development

- How should local governments prioritize program investments directed towards self-employed, stage one and stage two companies?

- What policy areas are most attractive for additional investments?
The Impact of Personal Bankruptcy Law on Entrepreneurship

- What bankruptcy regime is most favorable for supporting high-tech entrepreneurs?

- In determining the relative merits of quantity vs. quality of entrepreneurship how important is the entrepreneur’s ability to price risk?
How Did Kelo Affect Business Formation?

• Are there programs/policies at the local level (i.e. incubators, etc.) that can negate the Kelo affect on business formation?