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## How I See It

U.S. contracts can help turn around a sagging Mass. economy

By Joseph Donovan, managing director, Nelson Mullins Riley & Scarborough LLP  
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Suggestions on how to get our Massachusetts economy going again typically result in calls for “out of the box” ideas. Let’s not forget about what is in that box that already does work, specifically the state’s success with supporting the defense sector.

To create the jobs of tomorrow, let’s use the sector that has helped drive the Massachusetts economy to where it is today.

In 2008, 15,109 U.S. Department of Defense contracts totaling more than \$13 billion were awarded to Massachusetts businesses. That was an increase of \$1.2 billion over 2007. The vast majority of these contracts went to small companies across the commonwealth, from Williamstown to Wellfleet, for everything from tiny machine parts to major weapons systems. These contracts also include professional services provided to the military branches and directly to military personnel.

The importance of the defense sector and DOD spending in Massachusetts cannot be undersold. Either as a funding source for basic research or as a steady revenue stream, the defense sector impacts a significant portion of the Massachusetts economy. Health care, higher education and information technology are just several sectors that have historically benefited, directly or indirectly, from defense activities.

During this economic downturn, Massachusetts should turn to its strengths to create jobs. And the defense sector is a crucial factor in advancing emerging sectors like clean energy and biotechnology. These sectors are already benefiting from the Small Business Innovation Research grant program, and particularly from defense SBIR grants. In 2008, Massachusetts companies received 246 Phase I and 136 Phase II defense SBIR awards totaling more than \$119 million, placing us second only to California in number of awards and dollar value. More clean tech and biotech companies should be looking to defense SBIRs to fund their basic research needs, and they should be collaborating with our military bases for help.

We need only turn to a 2004 University of Massachusetts Donahue Institute on the importance of these defense facilities, especially Hanscom Air Force Base and Natick Soldier Systems Center. The report concluded that “these installations serve as catalysts, fueling future economic growth in the commonwealth.” Relationships forged with our military facilities and businesses in Massachusetts provide long term economic stability and continuous payback.

Focused advocacy for the defense sector had been fairly decentralized until the Massachusetts High Technology Council created the Defense Technology Initiative (DTI) in 2003 to address

the Department of Defense Base Realignment and Closure (BRAC) process. The sector was served best when the late U.S. Sen. Edward Kennedy joined with Gov. Mitt Romney to successfully keep all five of our military bases.

Newly elected U.S. Sen. Scott Brown scored a trifecta of committee assignments — Armed Services, Homeland Security and Veteran's Affairs — shared by only three other senators. At the least, his role on those committees will ensure that the Massachusetts defense success story will continue to be reinforced in Washington.

But this advocacy must continue here in Massachusetts. Groups like DTI and the New England Chapter of the National Defense Industrial Association (I am a member) are primarily driven by volunteers who create networking and educational opportunities.

We need to make sure public officials in the state support the growth of the defense sector by hearing the personal stories of the people, jobs and companies that have benefited. The Massachusetts economy can recover faster from this current downturn by focusing on defense. Neglecting to do so would be a terrible offense.

*Joseph Donovan is a lobbyist with the Boston office of Nelson Mullins Riley & Scarborough LLP, a law and lobbying firm. He can be reached at [joseph.donovan@nelsonmullins.com](mailto:joseph.donovan@nelsonmullins.com).*