



## FACULTY &amp; RESEARCH

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# Clusters and Economic Policy: Aligning Public Policy with the New Economics of Competition

by [Michael E. Porter](#)

## Abstract

The fundamental goal of economic policy is to enhance competitiveness, which is reflected in the productivity with which a nation or region utilizes its people, capital, and natural endowments to produce valuable goods and services. High and rising productivity, measured by the value produced by a day of work, determines the level of wages that a nation can sustain and its standard of living in the medium and long run.

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