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By JEFFREY A. TANNENBAUM, Staff Reporter, Wall Street Journal

MORE THAN LUCK was required to remake San Diego's economy.

Academics, government officials and entrepreneurs deftly cooperated to turn the region into a prime incubator of high-tech companies, according to a study prepared for the Small Business Administration.

The report, to be released Friday, analyzes San Diego's experience in creating more than 46,000 high-tech jobs (between 1990 and 1998) and derives lessons for other communities that seek to become hotbeds of high-tech development. Almost all of the new jobs were at small companies.

To be sure, San Diego is hardly the first community in the U.S. to foster high-tech companies. Like many others, it emulated California's Silicon Valley, the Boston area's Route 128 corridor and other models. But San Diego has gotten impressively far -- and quite rapidly -- with its transformation.

"The chemistry was very good," says Jere W. Glover, chief counsel in the SBA's Office of Advocacy, which attempts to speak for the needs of small business. "All the right people got together and tried to do something." Though unusual, San Diego's example could well be replicated elsewhere, he adds

Threatened by cutbacks in the defense industry, on which it was heavily reliant a decade ago, San Diego recovered largely by incubating companies in computing, biotechnology and other cutting-edge fields.

"A severe economic event can unite leaders, but it takes a common vision of the future and a local plan of action to sustain the momentum," says the report, produced under a federal contract by **Innovation Associates Inc.**, a Washington, D.C., research concern.

The report credits the University of California at San Diego for creating a valuable labor pool for science and technology companies, such as Qualcomm Inc. and Science Applications International Corp. The university also fostered research that sometimes translated into business starts.

In particular, the report praises Richard Atkinson, former chancellor of the university, for promoting high-tech development. "A research university provides a valuable resource for technology firms, but does so only if the university is open to and actively facilitates linkages with the private sector," the report says.

Also playing important roles were San Diego's mayor and other government officials who cut red tape, increased tax credits and otherwise aided start-ups, the report says.

But high-tech employers in the region are concerned that shortages of skilled workers could hamper continued growth, the report warns.