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Venture Capital, Spillovers, and the Silicon Valley Syndrome

ABSTRACT

Venture capital has been seen as a critical component of entrepreneurial regions. But how does venture capital affect the industries that it does not directly fund? We propose that an influx of venture capital can create something akin to a domestic version of the Dutch Disease, crowding out other tradable manufacturing and service companies and raising prices for local services. We present evidence on these spillover effects from the United States.

Short Bio:

Olav Sorenson is the Frederick Frank '54 and Mary C. Tanner Professor of Management at the Yale School of Management, and Professor of Sociology (by courtesy), at *Yale University*. His primary stream of research pertains to economic geography, focusing on how entrepreneurship influences the growth and competitiveness of regions within countries. In particular, he has called attention to some of the unexpected consequences of the fact that social capital plays an important role in entrepreneurial success. Prior to Yale, Olav held faculty appointments at the University of Toronto, London Business School, UCLA, and the University of Chicago. He received his bachelor's degree from Harvard College and his master's and doctoral degrees from Stanford University. He holds an honorary doctorate from Aalborg University and *won the 2018 Global Award for Entrepreneurship Research*.