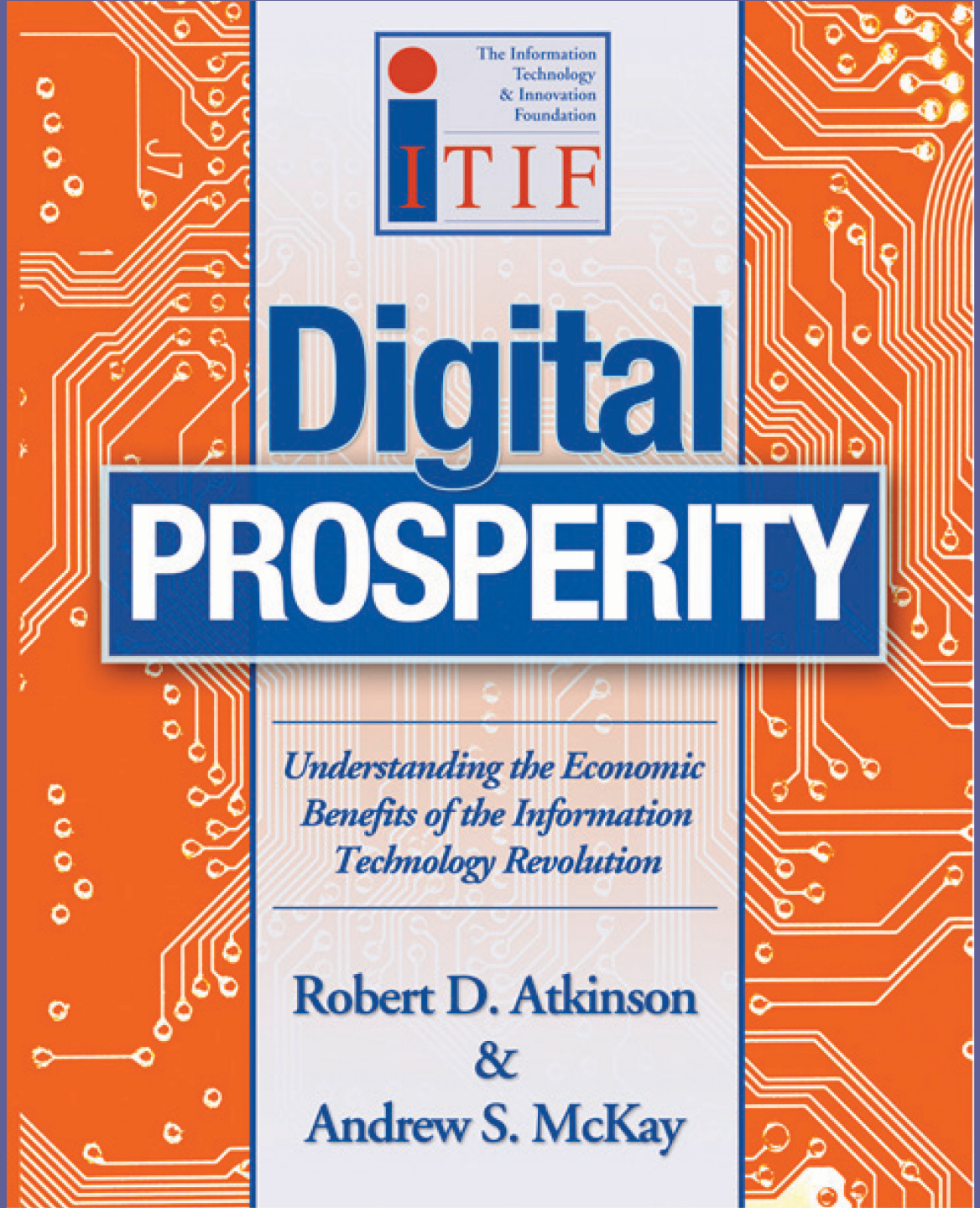
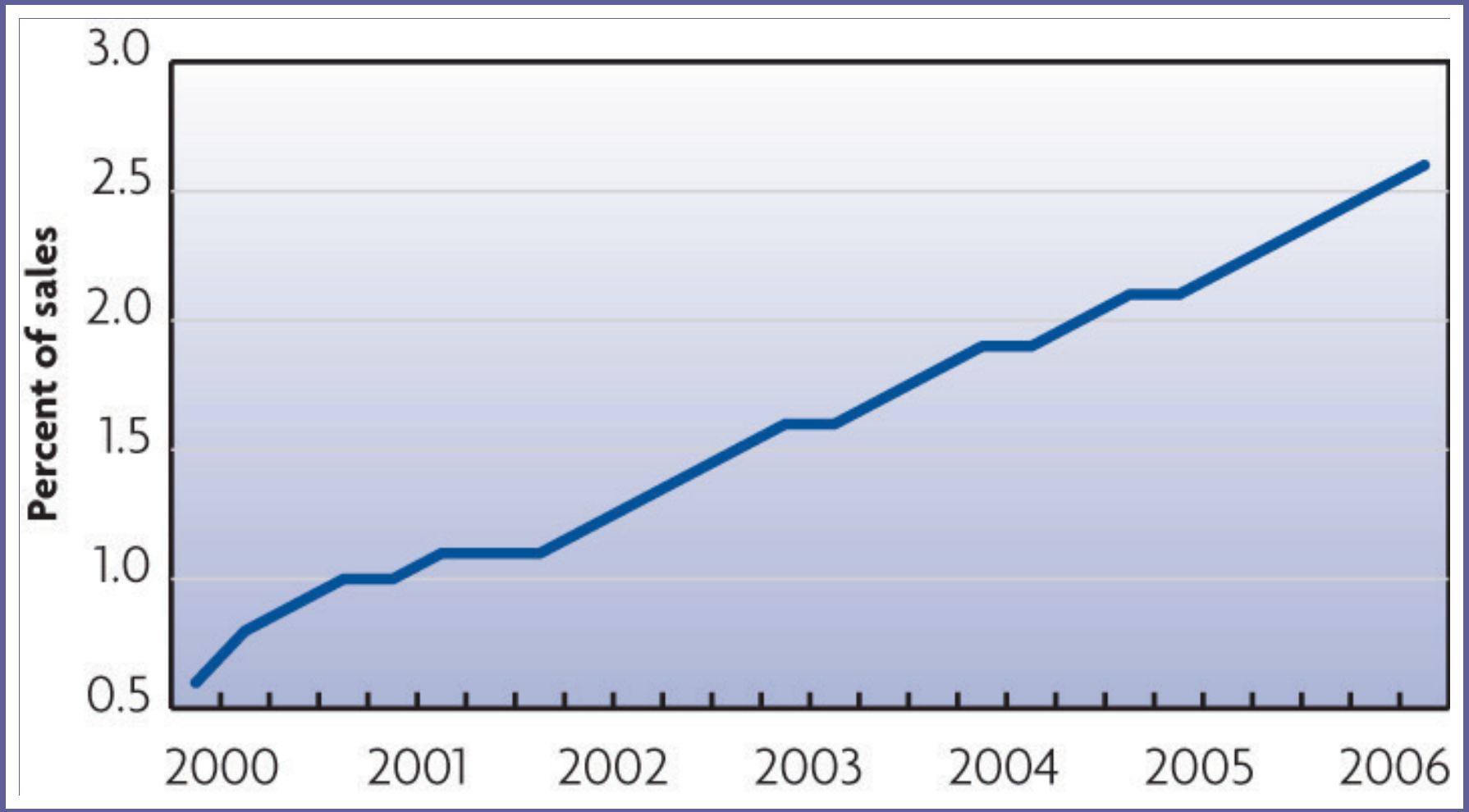

The Information Technology & Innovation Foundation
ITIF
Digital
PROSPERITY
Understanding the Economic Benefits of the Information Technology Revolution
Robert D. Atkinson
&
Andrew S. McKay



E-Commerce Retail Sales as a Percent of Total Sales

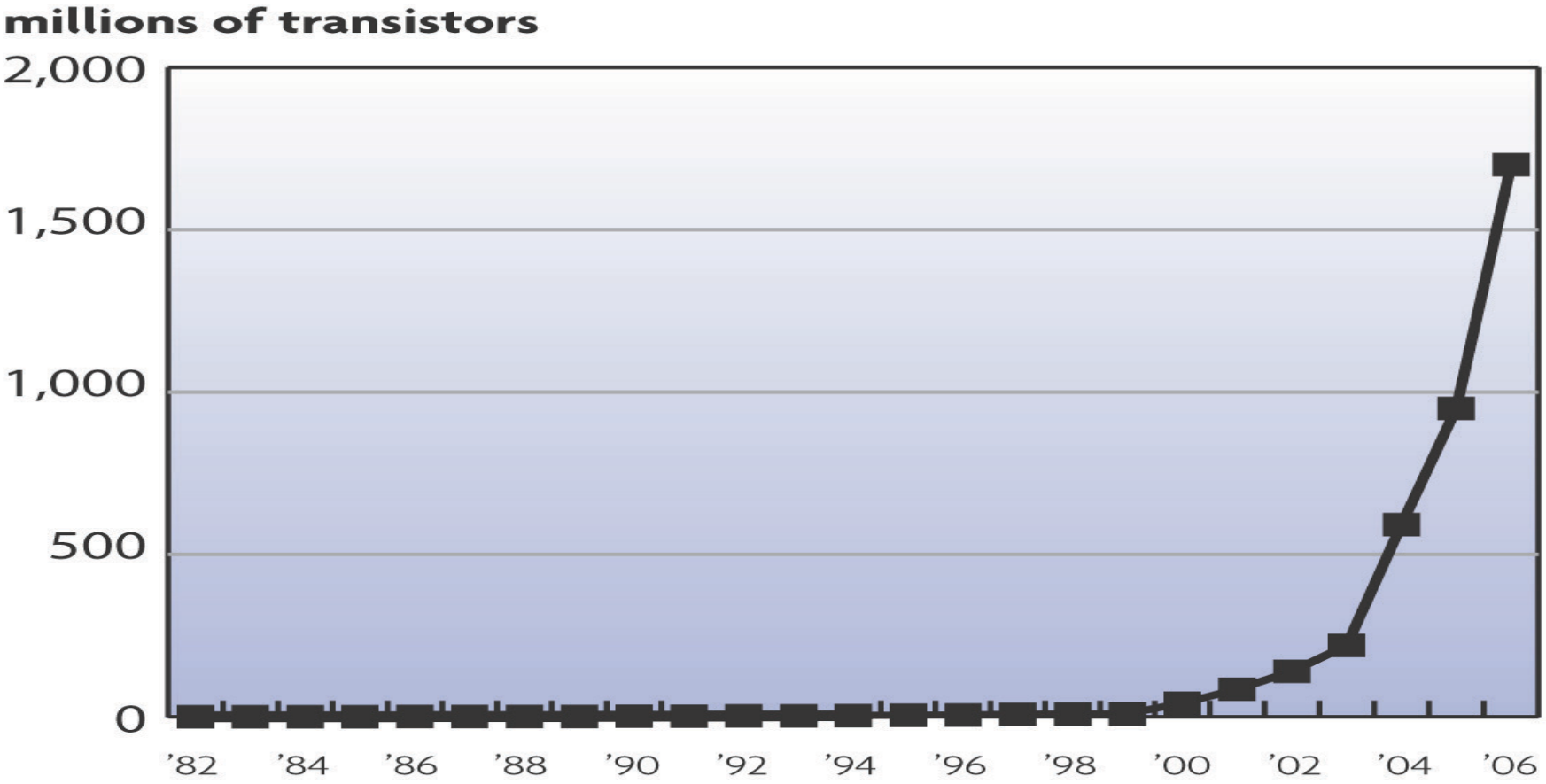
IT is driving growth because it is a "General Purpose Technology"

1. IT is pervasive

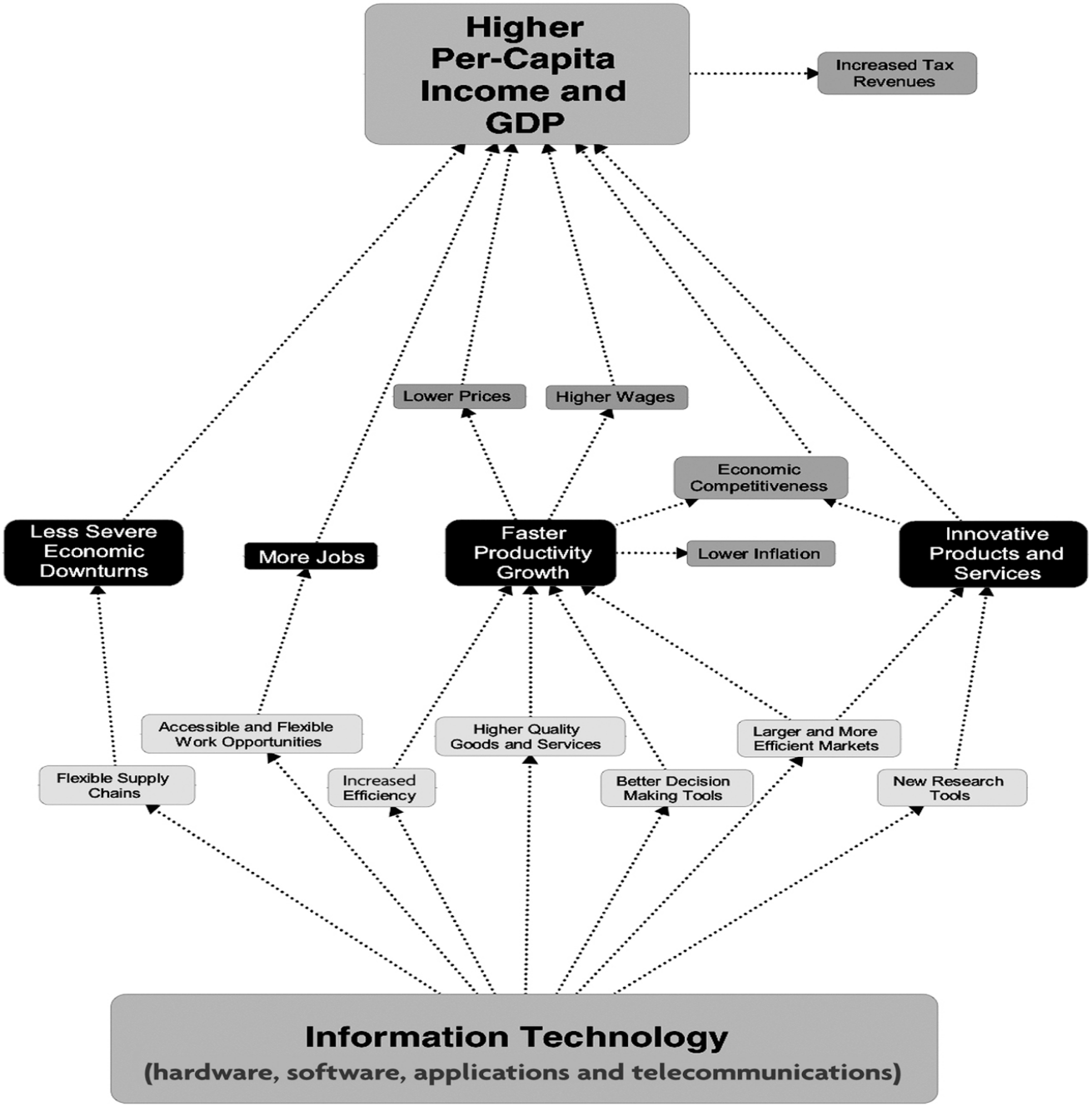
2. IT makes it easy to invent and produce new products, processes and business models.

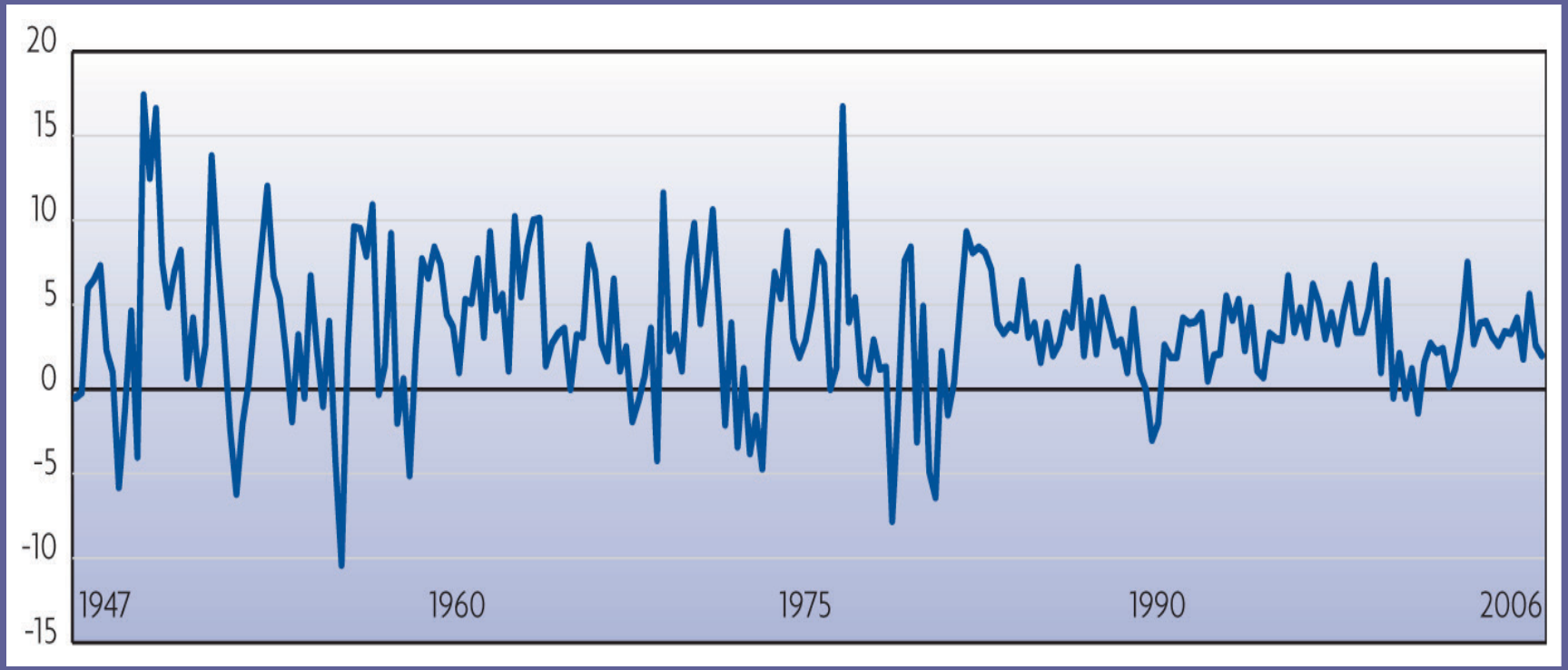
3. IT has undergone rapid price declines and performance improvements.

Transistor Growth in Intel Computer Processor Chips



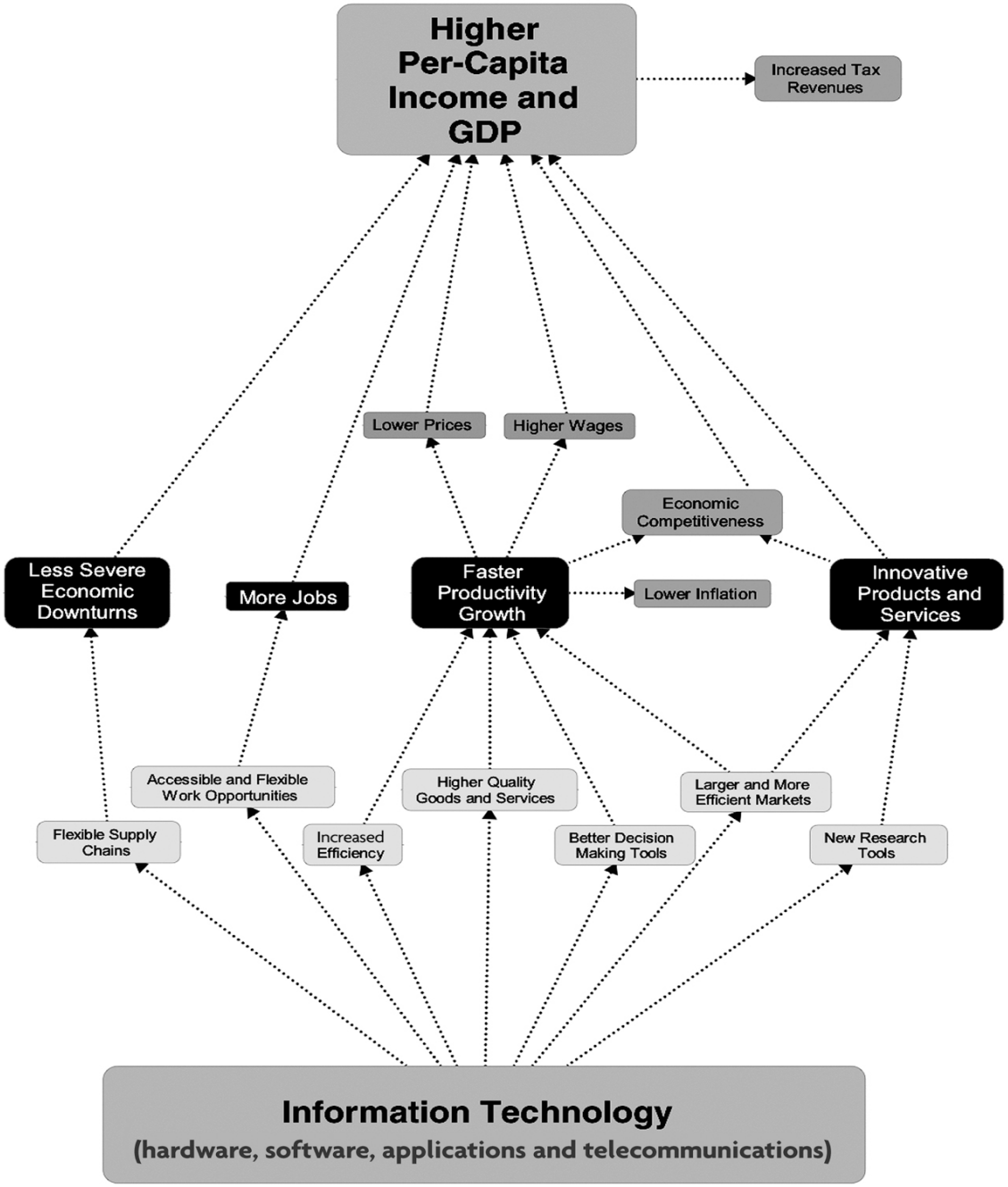
THE PATH FROM INFORMATION TECHNOLOGY TO PROSPERITY



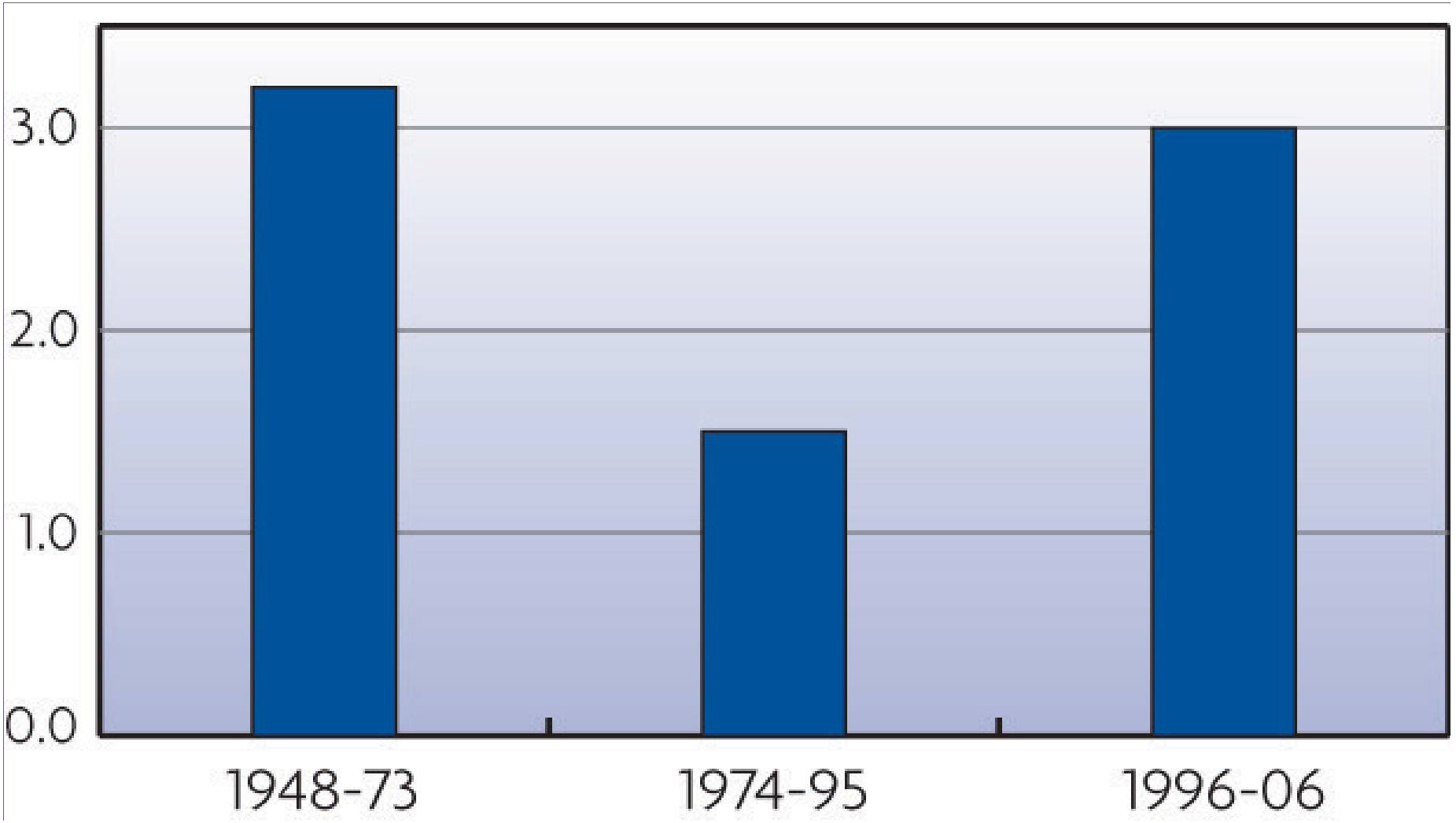


Quarterly Change in U.S. Real GDP, 1947-2006

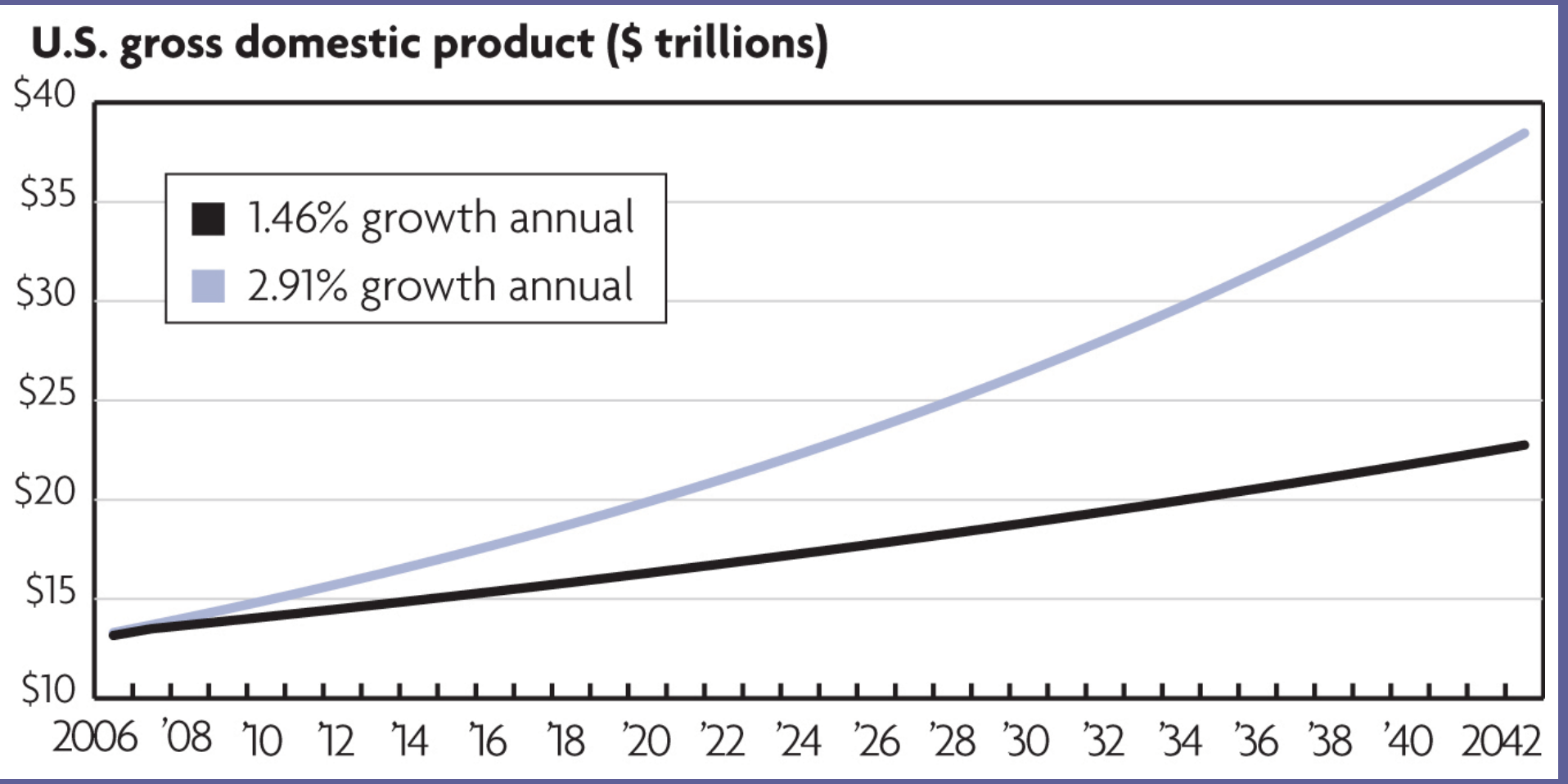
THE PATH FROM INFORMATION TECHNOLOGY TO PROSPERITY



Annual Labor Productivity Growth



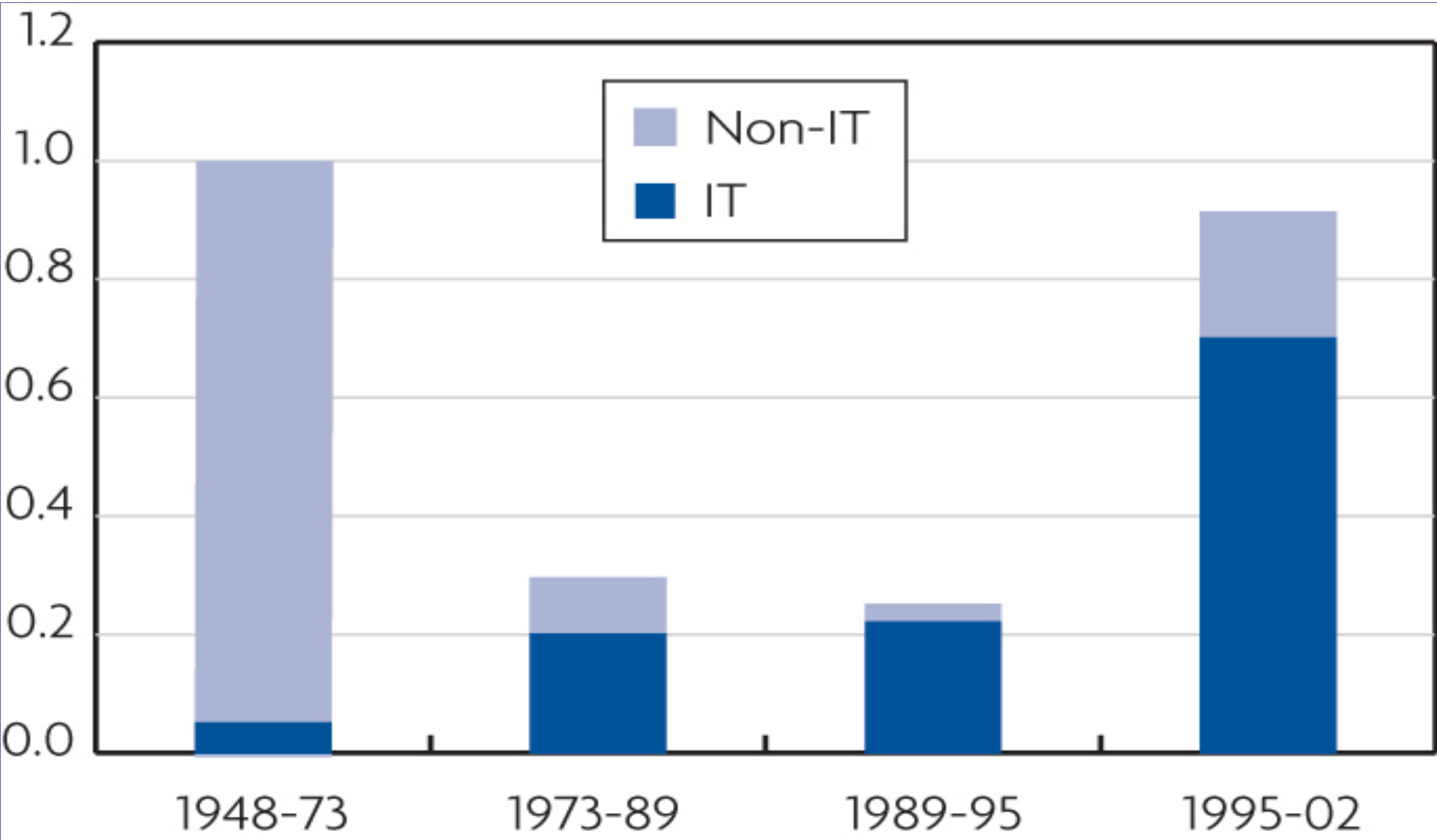
Economic Growth from Different Productivity Rates



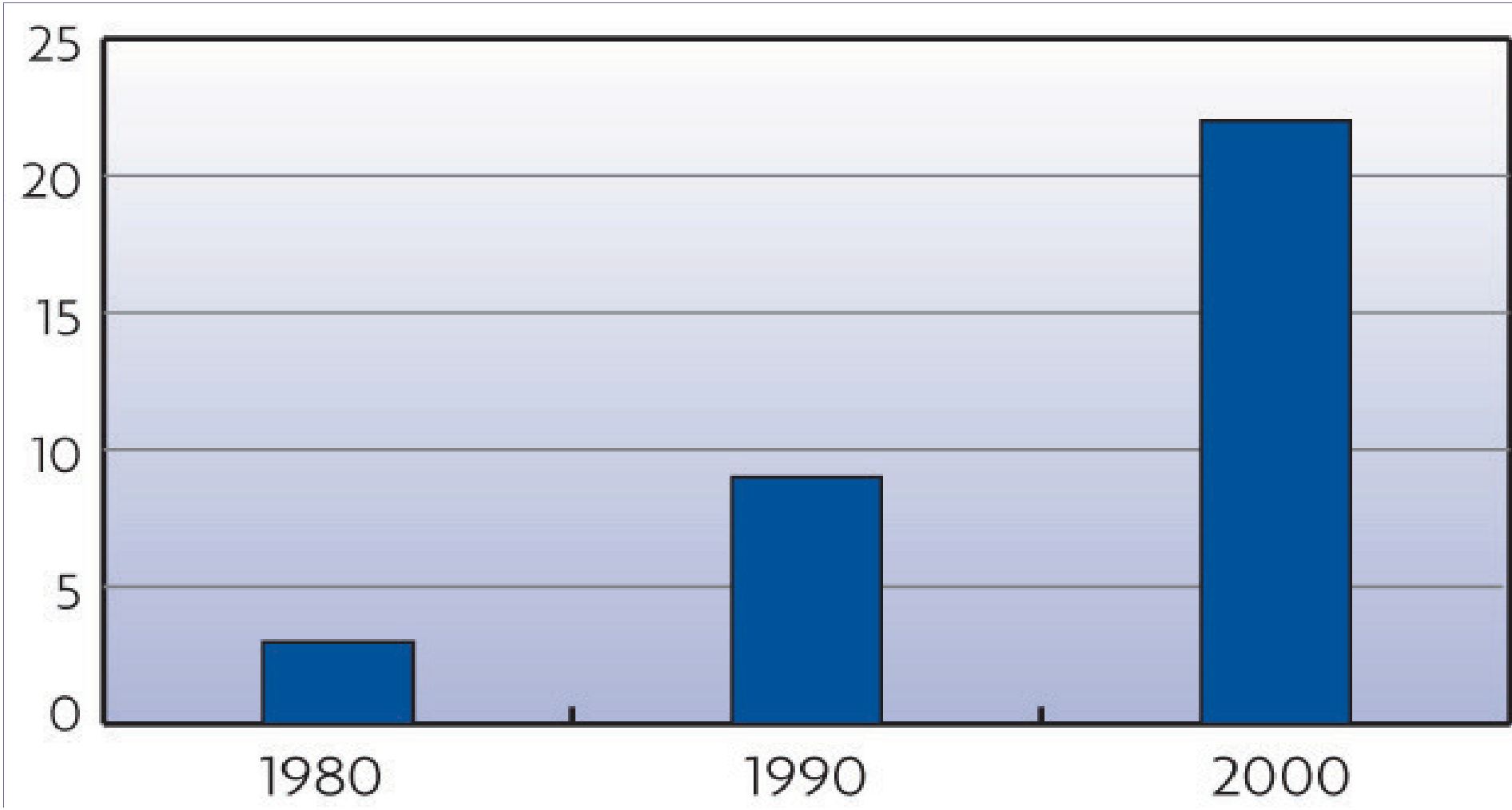
IT Has Driven Productivity Growth

The production and use of IT in the U.S. economy since 1995 has meant that the economy is almost $2 trillion larger than it would otherwise be. This is equivalent to 2 & ½ Indian economies (in $).

Sources of Total Factor Productivity Growth

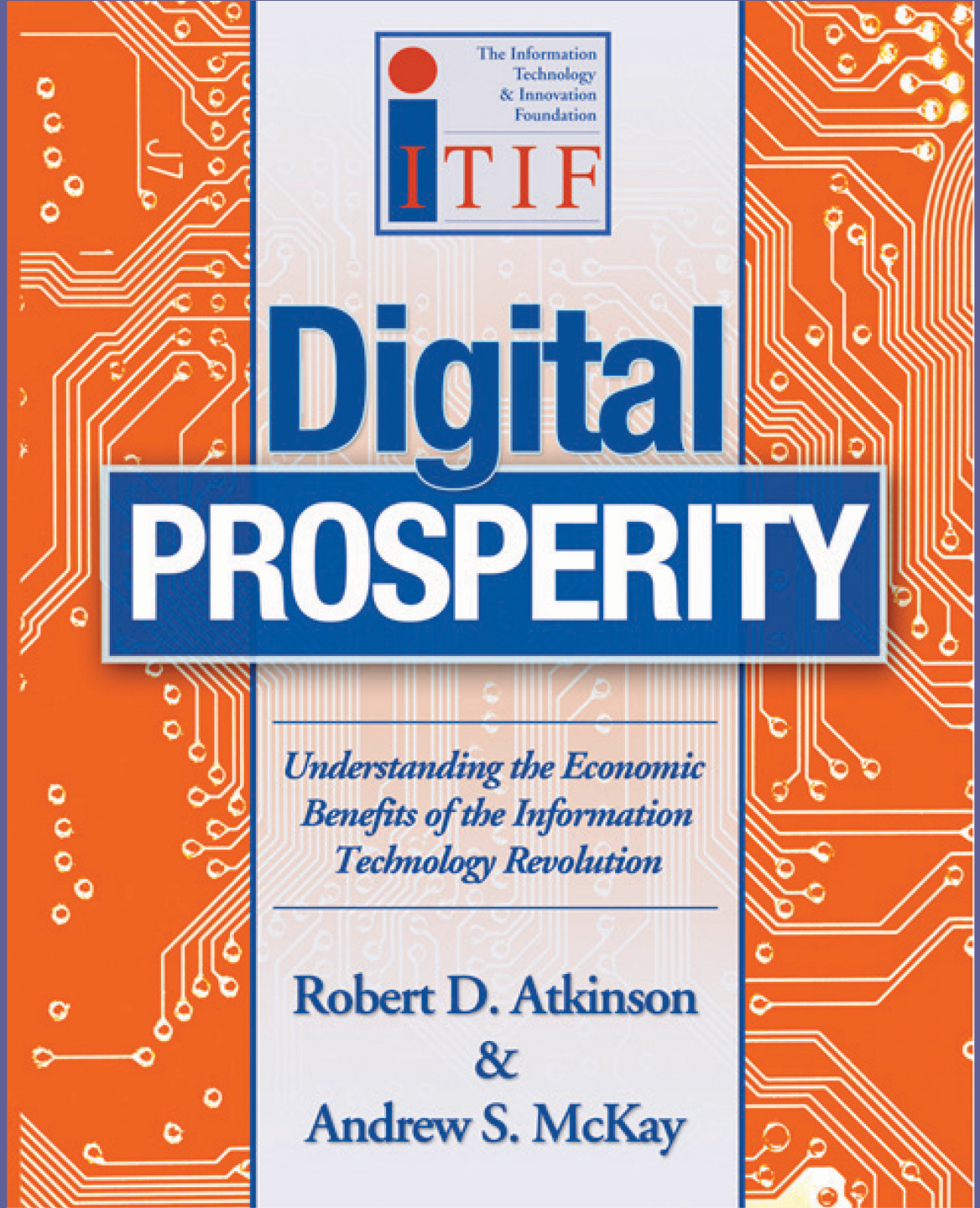


IT Investment as a Share of Total Capital Investment



Public Policy Principles for Driving Digital Prosperity

1. Give the Digital Economy its due.
2. Actively encourage digital innovation and transformation.
3. Use the tax code to spur IT investment.
4. Encourage universal digital literacy and digital technology adoption
5. Do no harm.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