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Unveiling an Advanced Manufacturing & Traded Sector Strategy for the United States

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The Information Technology and Innovation Foundation (ITIF) is a Washington, D.C.-based think tank at the cutting edge of designing innovation policies and exploring how innovation will create new opportunities to boost economic growth and improve quality of life. ITIF focuses on:

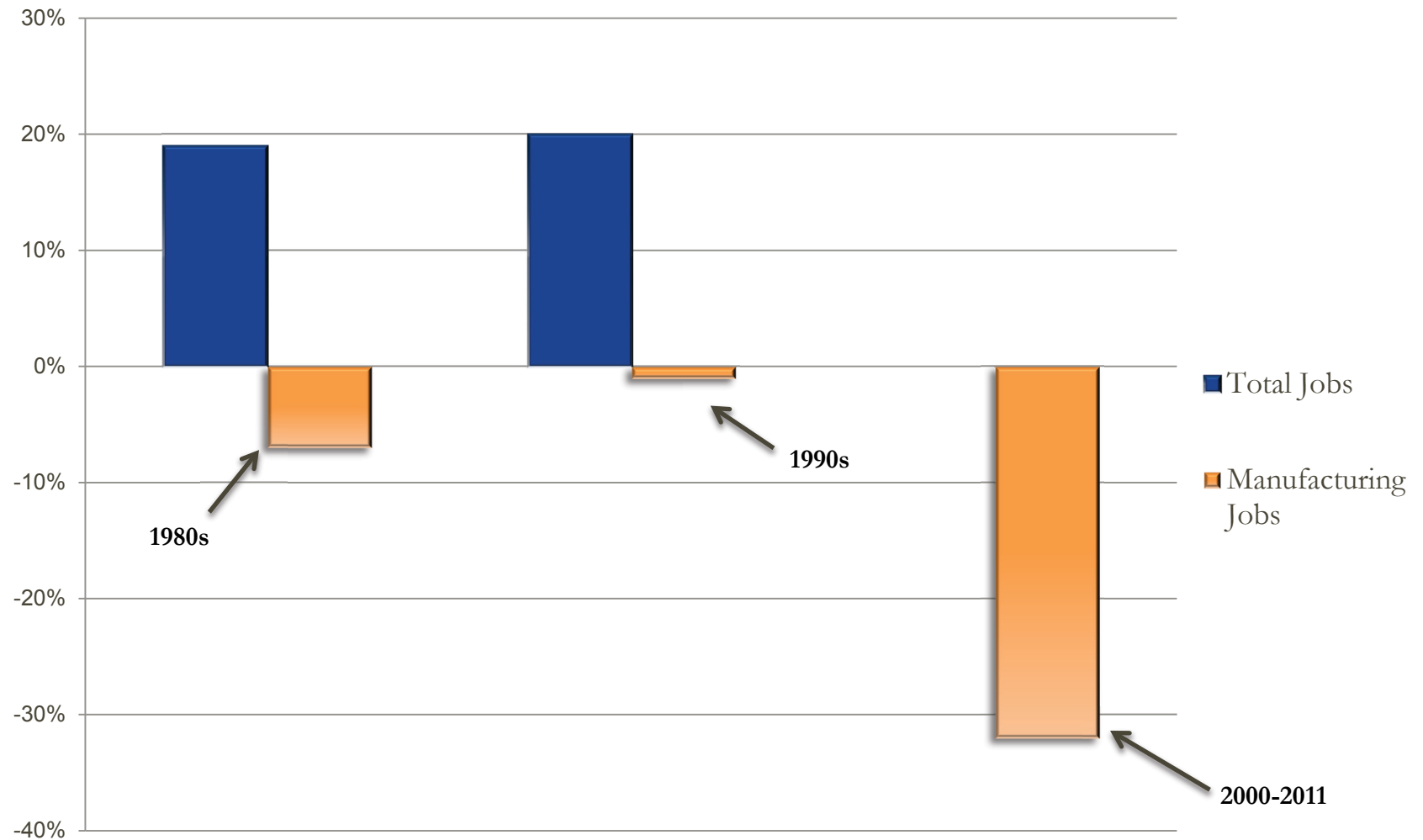
- Innovation “verticals”: energy, life sciences, telecom, manufacturing, and Internet and IT transformation
- Innovation “horizontal”: trade, tax, talent, and tech policy
- “Innovation economics” as an alternative to mainstream economics

■ Selected ITIF Reports on Manufacturing

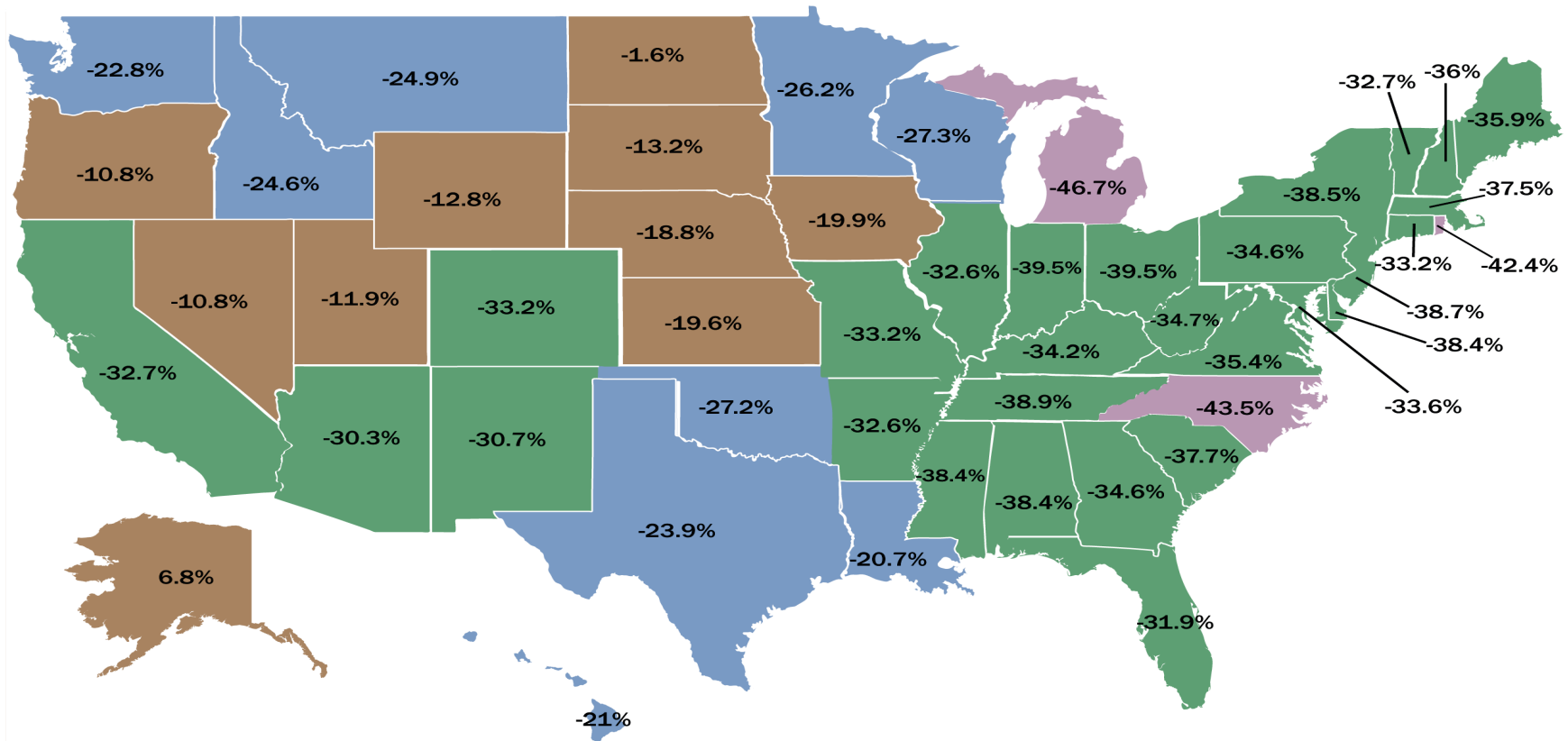
- *Fifty Ways to Leave Your Competitiveness Woes Behind: A National Traded Sector Competitiveness Strategy*
- *Worse Than the Great Depression: What the Experts Are Missing About American Manufacturing Decline*
- *A Charter for Revitalizing American Manufacturing*
- *International Benchmarking of Countries' Policies and Programs Supporting SME Manufacturers*
- *The Case for a National Manufacturing Strategy*

■ Why the Urgency?

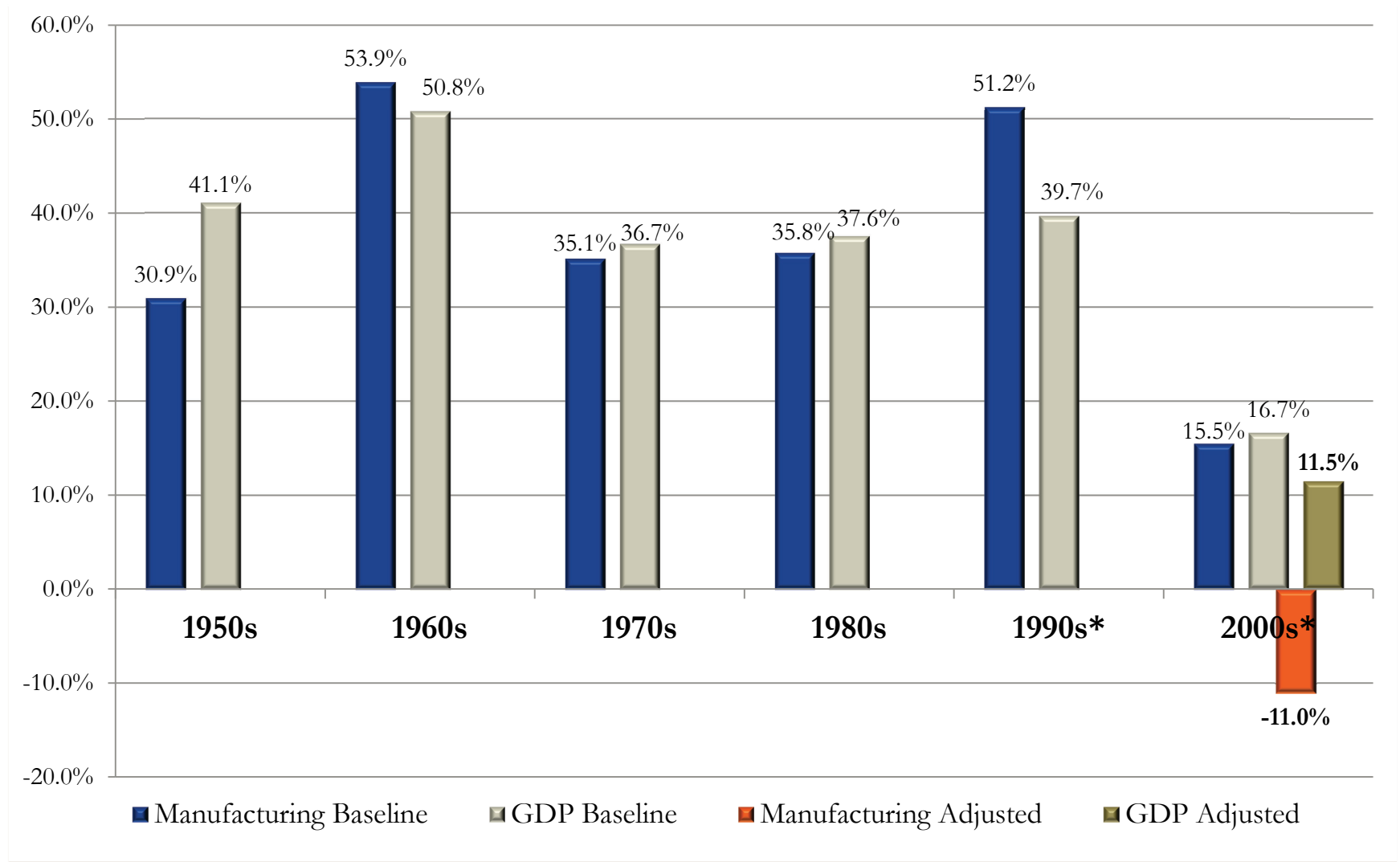
■ Dramatic Manufacturing Job Losses in the 2000s



■ All But One State Lost Manufacturing Jobs in the 2000s



■ When Measured Properly, Real Manufacturing Value-Added is Down



■ Core Principles for Renewal

- The U.S. must place a strategic focus on its traded sectors, because it simply can't rely entirely on non-traded sectors to sustainably power the economy.
- The U.S. needs to embrace an engineering culture. While the U.S. has thrived on science-based innovation, the U.S. needs to become much more of an engineering economy. The notion that the U.S. can win through science alone is fallacious.
- The U.S. must move toward an economic system more focused on production than consumption.
- There is a need to seriously rethink the structure of the global trading system and ensure that it is a trading system based upon market-oriented principles.

■ What to do: We Need a RAFTTTT

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- A large, orange life preserver ring with white stripes is centered on the slide. Inside the ring, the acronym RAFTTTT is written in a large, blue, serif font. Each letter of the acronym is preceded by a small blue square bullet point.
- **R**egulatory reform
 - **A**nalysis
 - **F**inancing
 - **T**echnology
 - **T**ax
 - **T**rade
 - **T**alent

■ Regulatory Reform

- Require OMB's Office of Information and Regulatory Affairs to incorporate a “competitiveness screen” in its review of federal regulations.

■ Financing

- Shift SBA's focus more toward traded sector firms.

■ Technology

- Create a nationwide network of National Network of Manufacturing Institutes performing applied R&D.
- Support the designation of 20 U.S. “manufacturing universities.”
- Increase funding for Manufacturing Extension Partnership (MEP).

■ Tax

- Preserve and enhance key manufacturing tax incentives (e.g., R&D tax credit; accelerated depreciation; domestic production deduction).
- Ensure that we lower not only the statutory corporate tax rate but the effective rate.
- Implement a quasi-incremental *Innovation and Investment Tax Credit*.

■ Trade

- Deploy a three-pronged strategy of trade promotion, trade enforcement, and market opening.
- Develop a national trade strategy and increase funding for U.S. trade policymaking and enforcement agencies.

■ Talent:

- Increase adoption of industry-recognized, nationally portable credentials, such as those produced by the MSSC.
- Fund engineering co-op programs between universities and industry.

■ Conclusion

- The U.S. can create millions of traded sector jobs and eliminate the trade deficit by 2020, but only with a real national traded sector strategy based on the RAFTTT.

Thank You

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