

March 10, 2011

The Race for Global Innovation Advantage and U.S. Economic Prospects

Presentation at:

U.S. Competitiveness: A New Conversation with New Opportunities

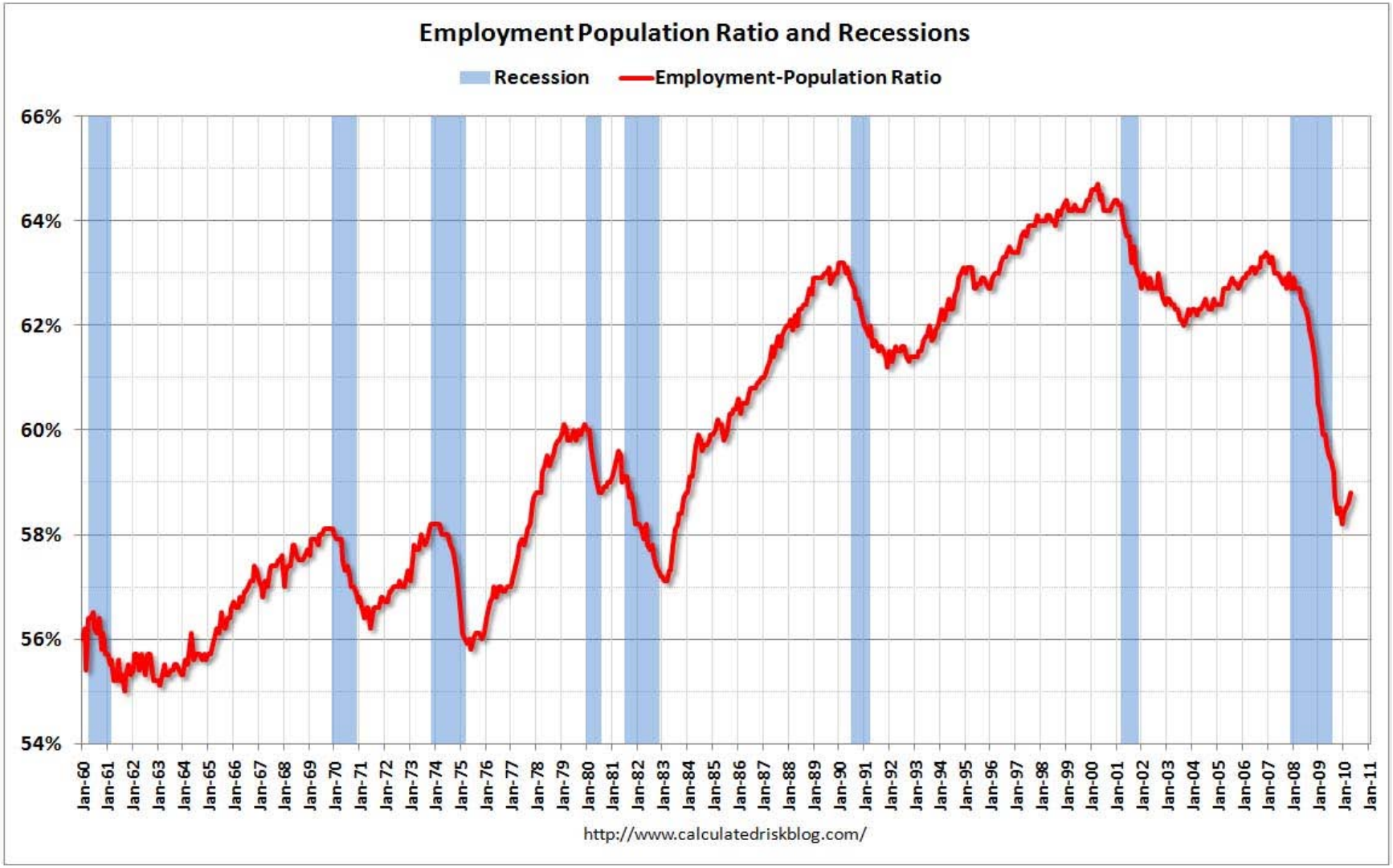
Washington, DC

Dr. Robert D. Atkinson

President

Information Technology and Innovation Foundation

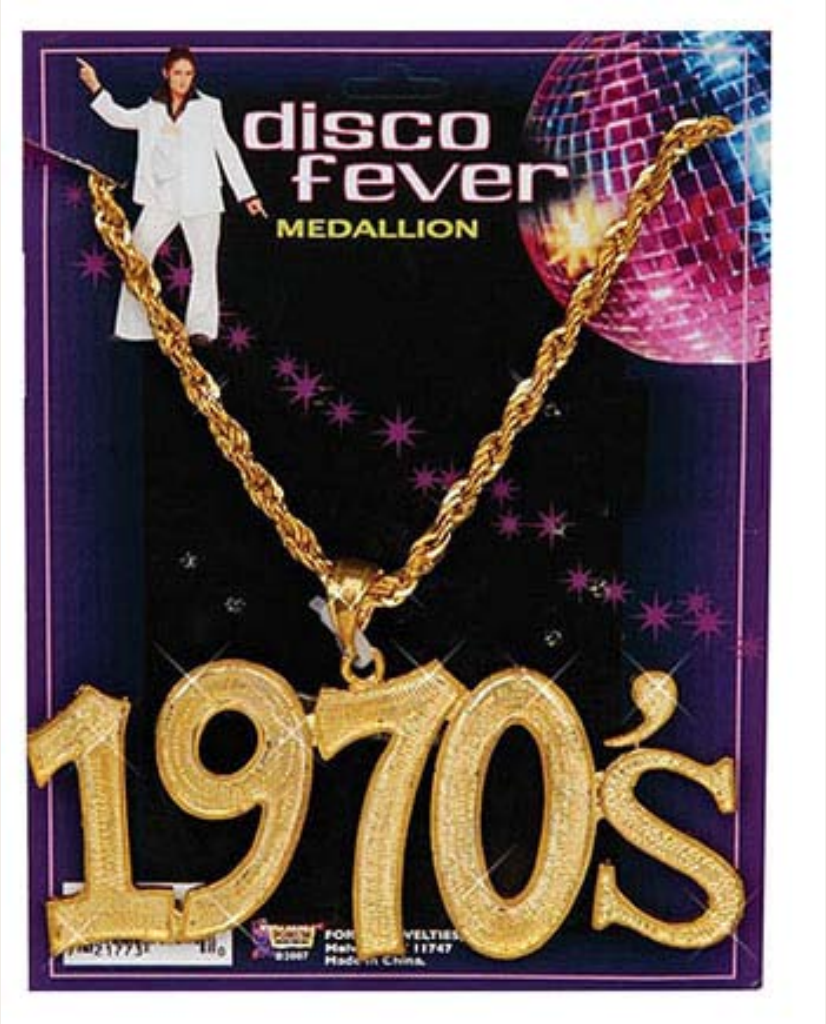
Where Are We?


Employment Population Ratio and Recessions
Recession
Employment-Population Ratio
66%
64%
62%
60%
58%
56%
54%
Jan-60 Jan-61 Jan-62 Jan-63 Jan-64 Jan-65 Jan-66 Jan-67 Jan-68 Jan-69 Jan-70 Jan-71 Jan-72 Jan-73 Jan-74 Jan-75 Jan-76 Jan-77 Jan-78 Jan-79 Jan-80 Jan-81 Jan-82 Jan-83 Jan-84 Jan-85 Jan-86 Jan-87 Jan-88 Jan-89 Jan-90 Jan-91 Jan-92 Jan-93 Jan-94 Jan-95 Jan-96 Jan-97 Jan-98 Jan-99 Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05 Jan-06 Jan-07 Jan-08 Jan-09 Jan-10 Jan-11
http://www.calculatedriskblog.com/

- Is This a Conventional Financial Crisis?



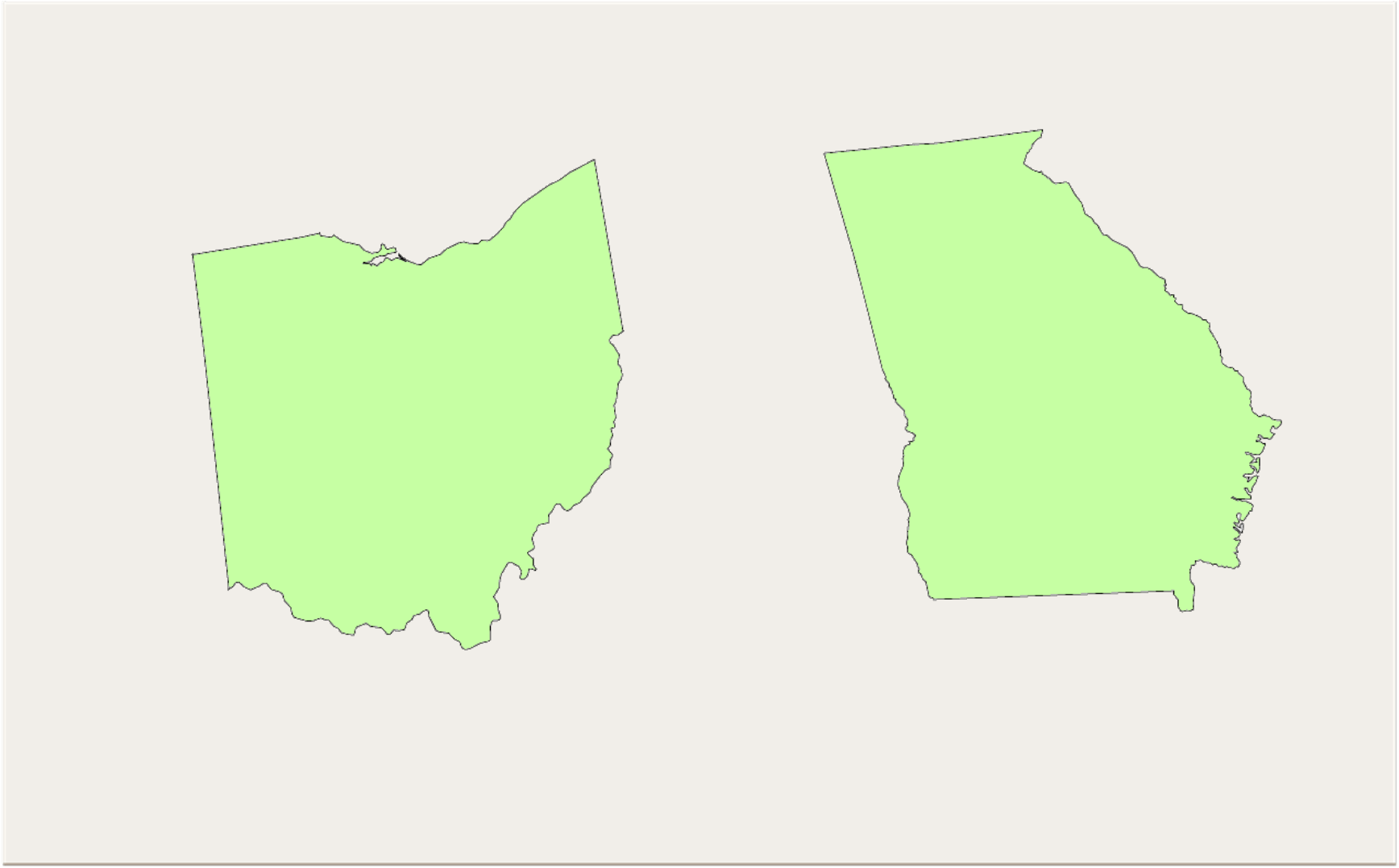
- To Understand, We Need to Go Back to the 1970s



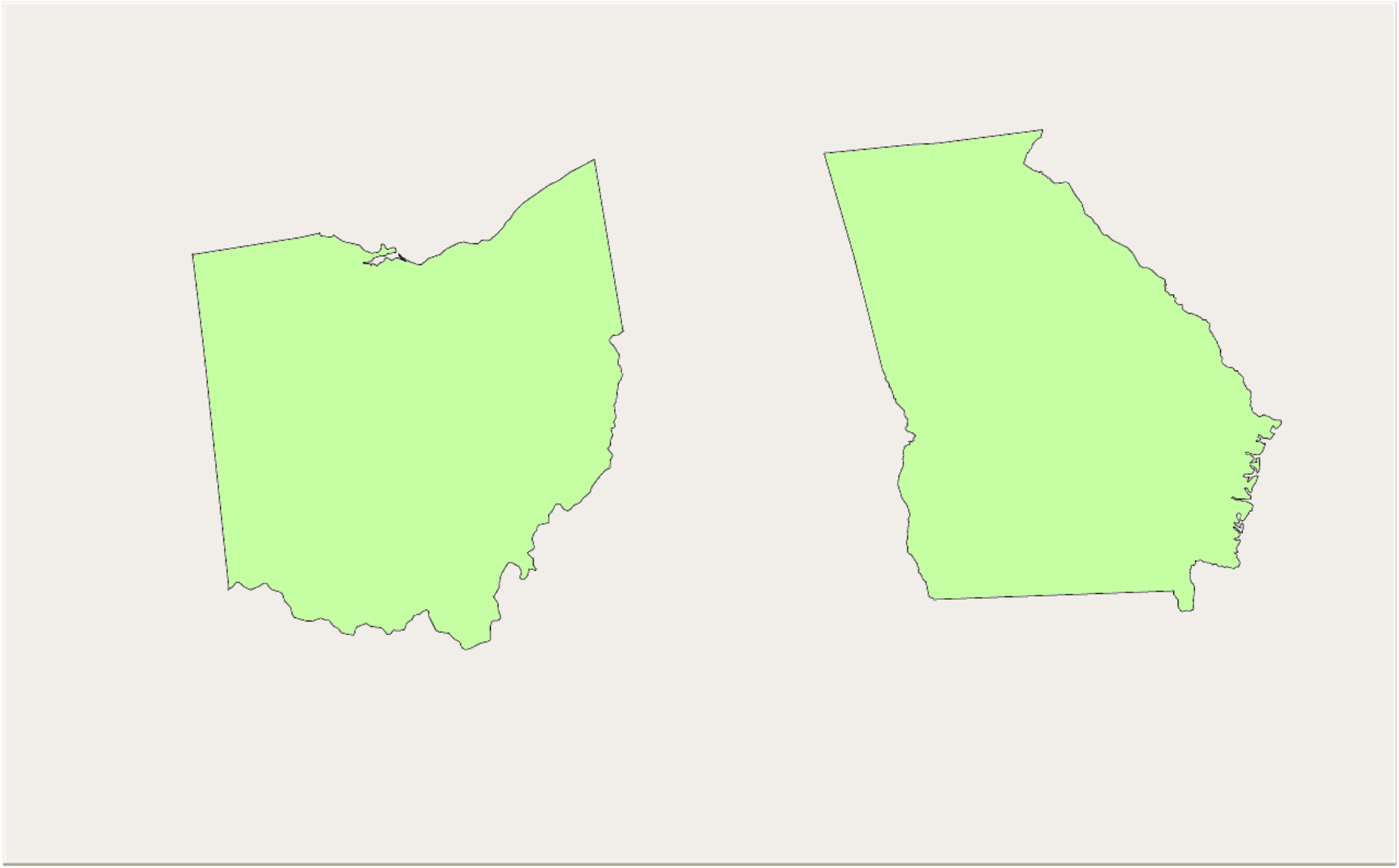
The Engine of U.S. Economic Growth Then



The U.S. Had Robust Growth, Just not Everywhere



Now a Majority of Places Are Struggling



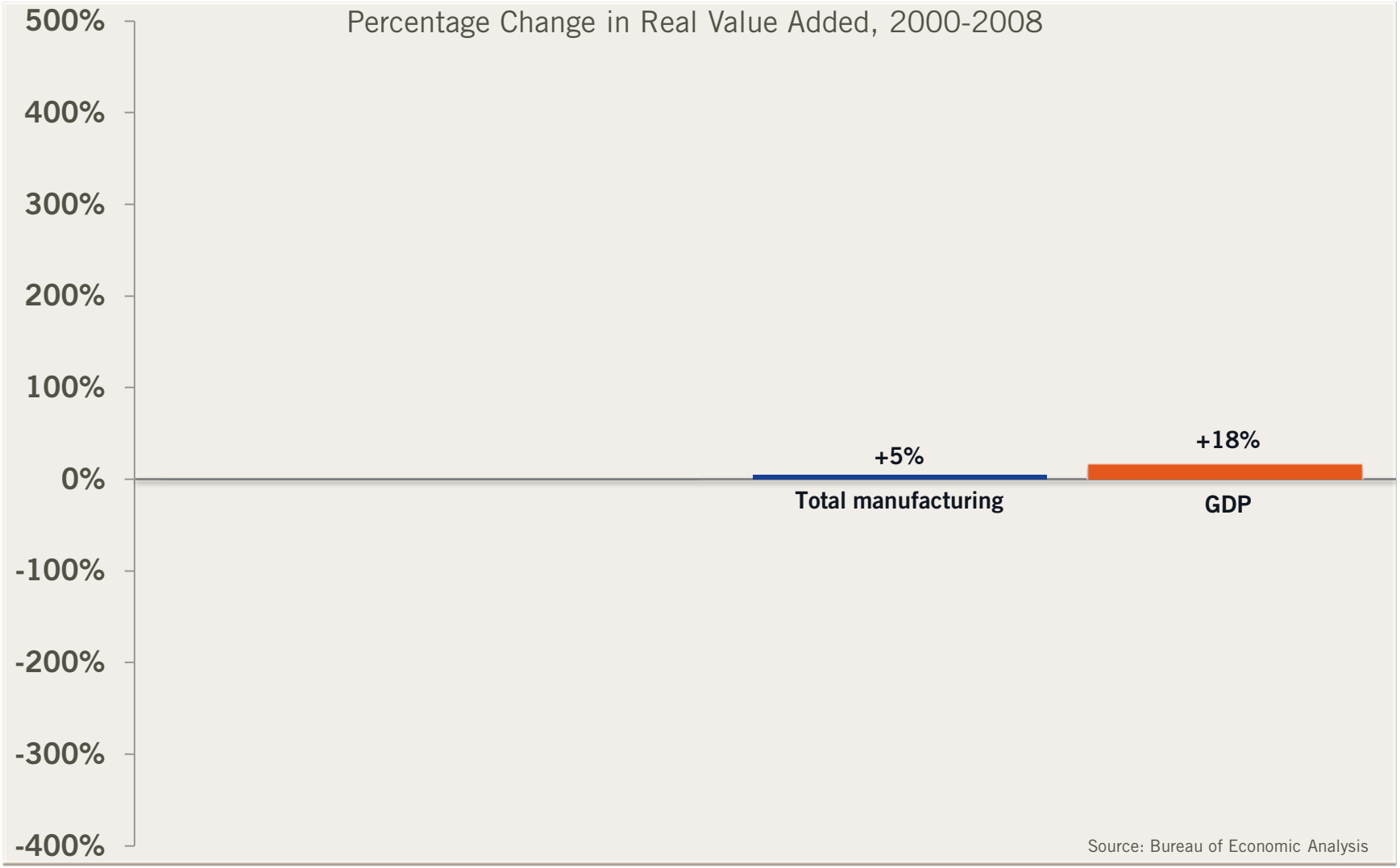
The Engine of U.S. Economic Growth Now



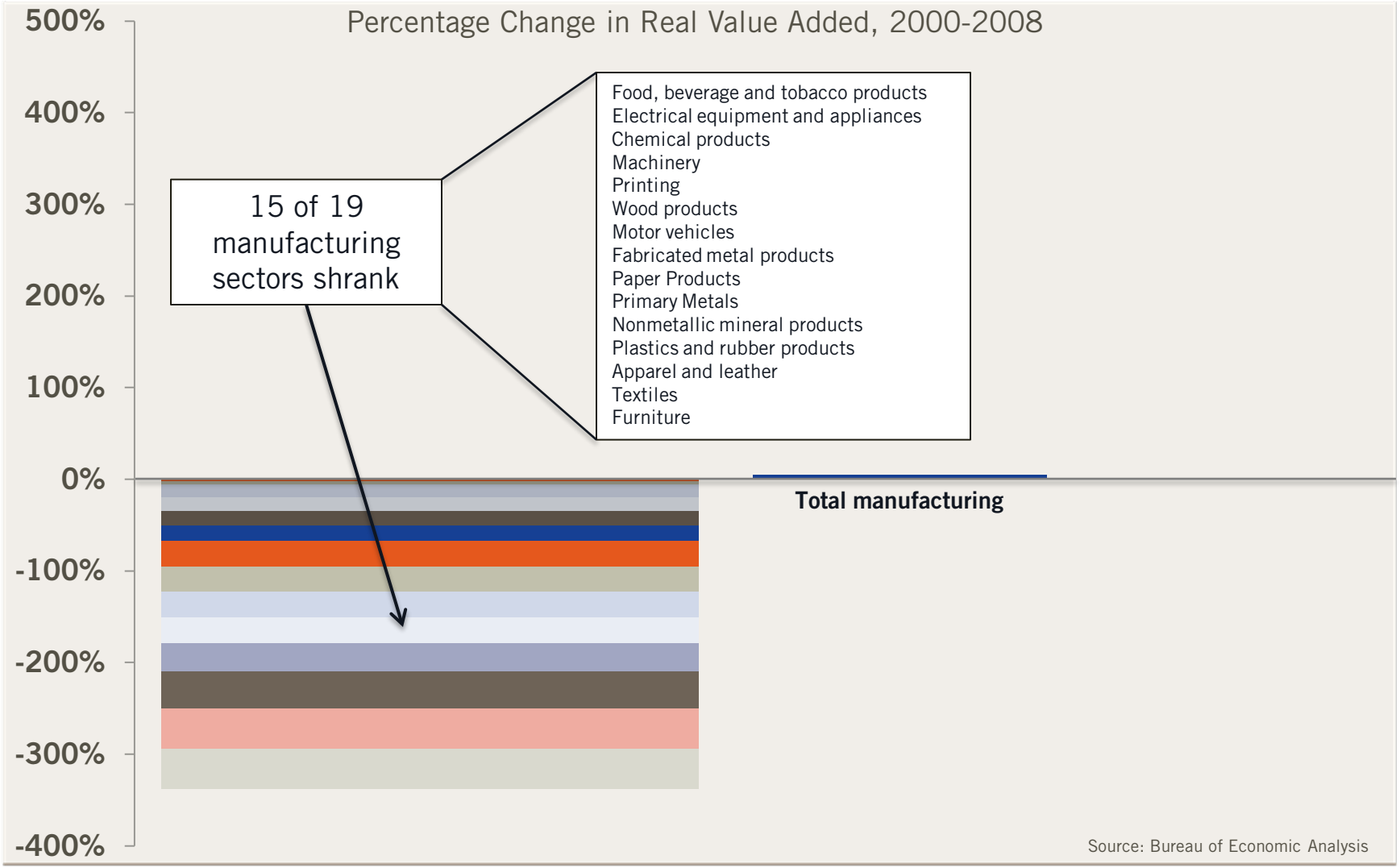
U.S. Manufacturing Competitiveness is Declining



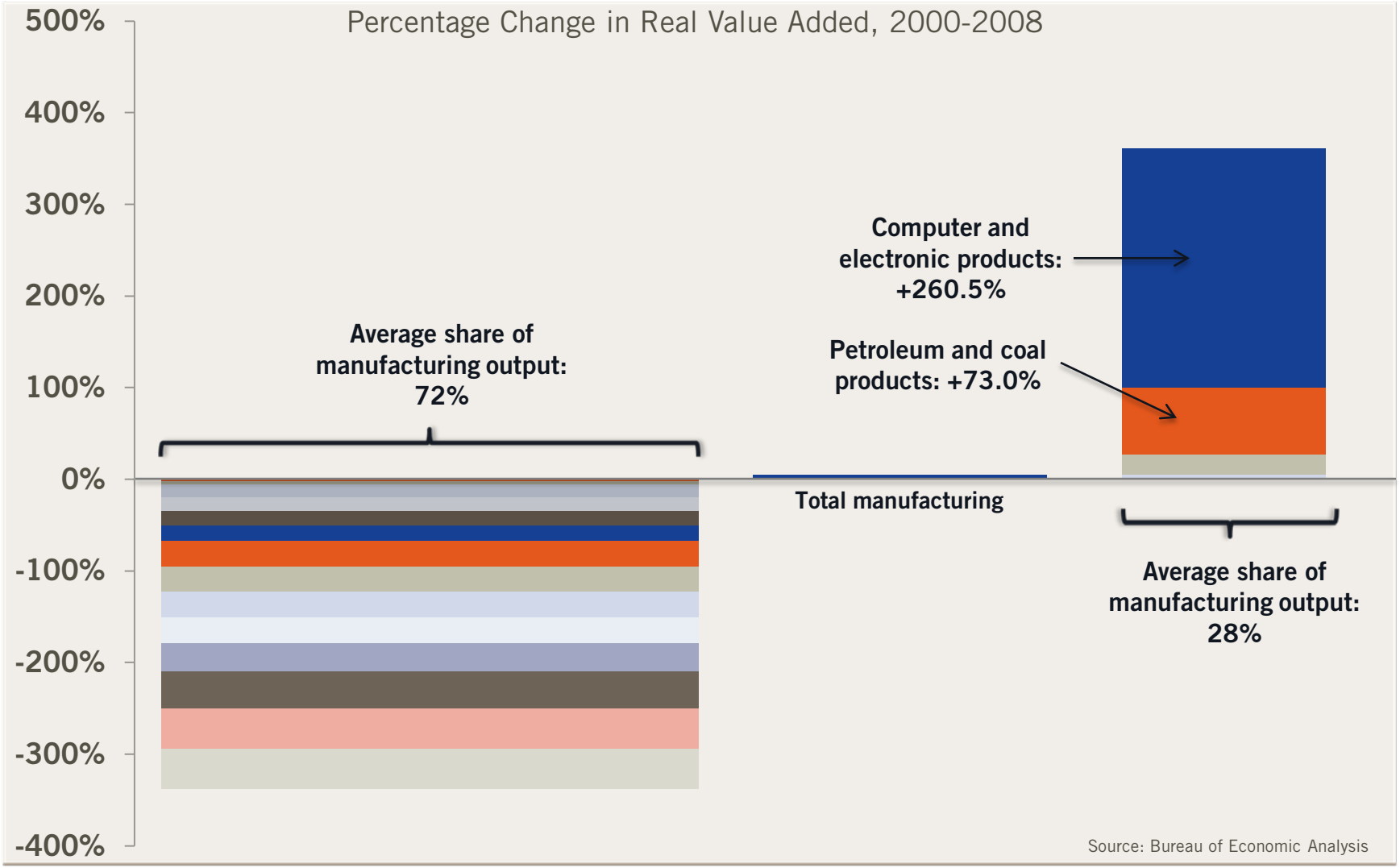
Overall Manufacturing Grew Slower than GDP



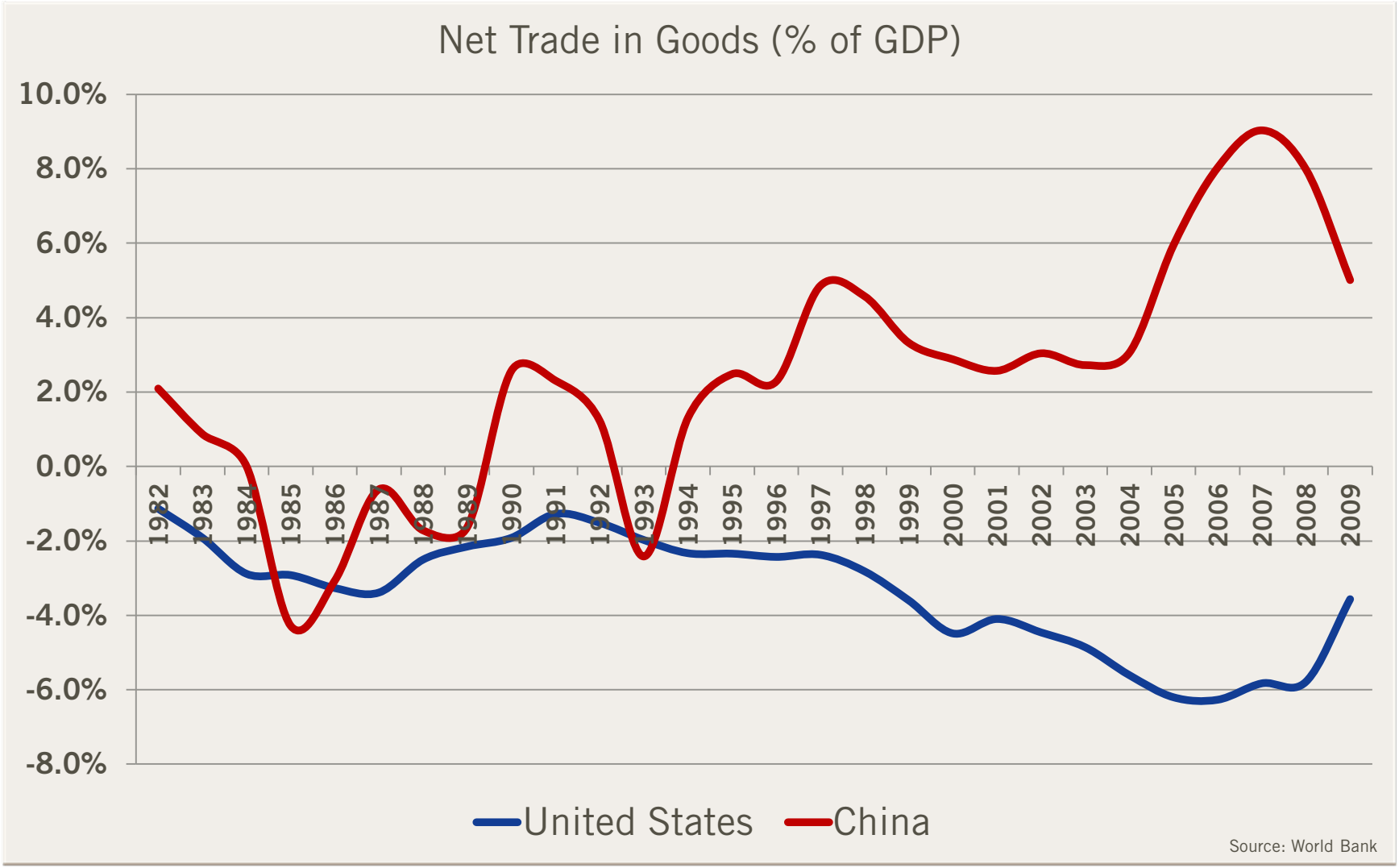
And Most Manufacturing Sectors Shrank



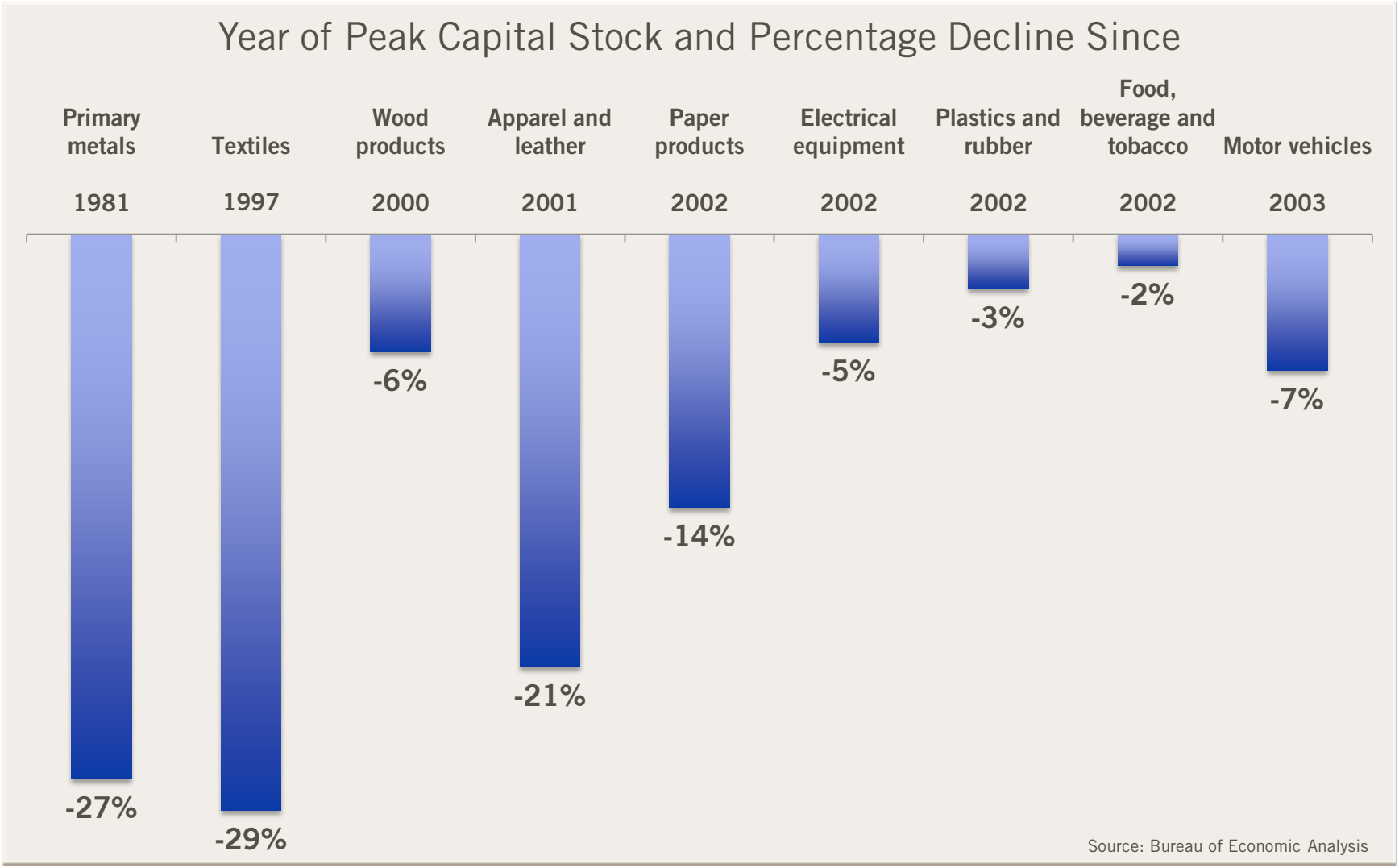
Only Four Sectors Grew



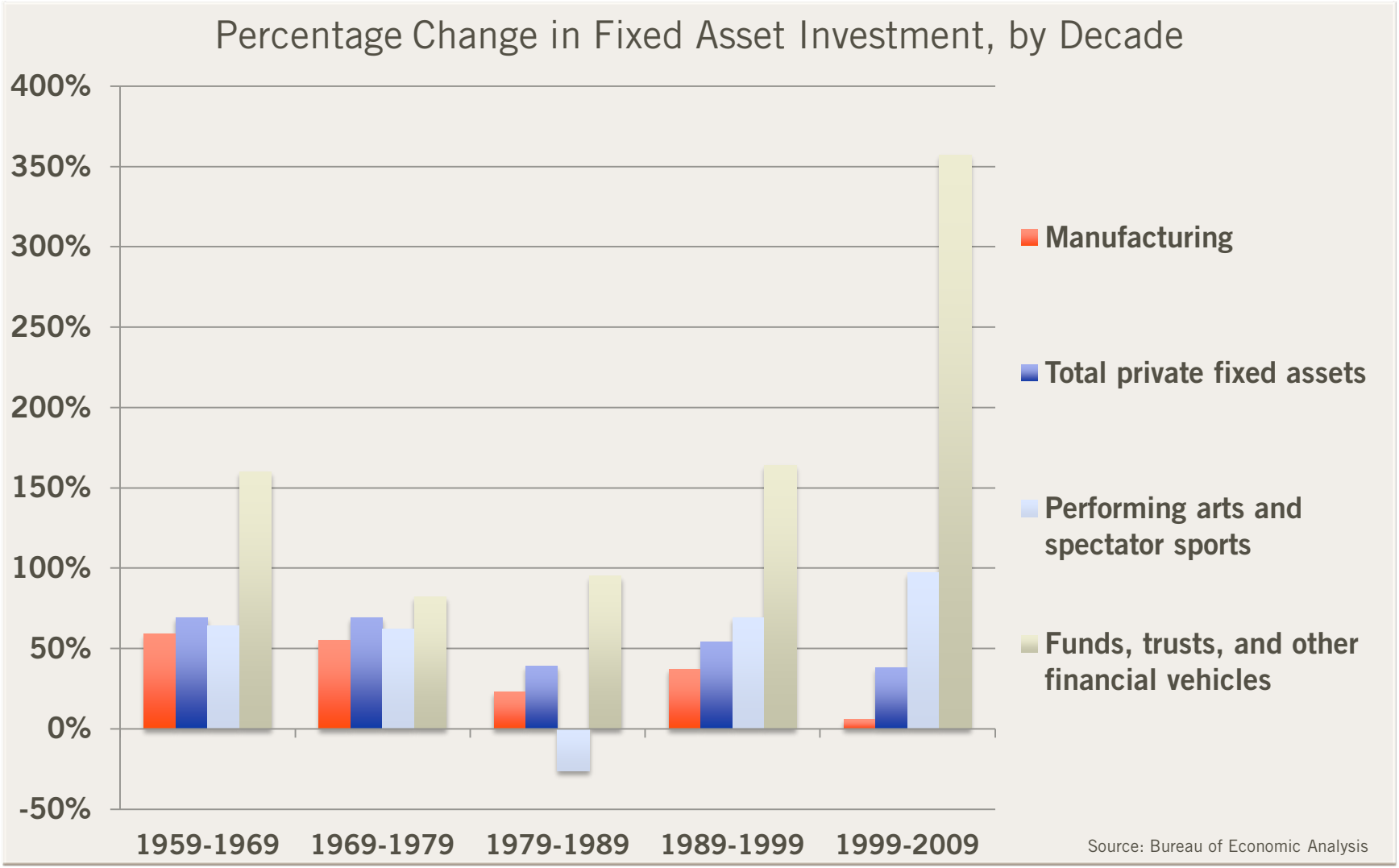
Manufacturing Is Down, in Part due to Increasing Goods Trade Deficit



As a Result, Capital Stock For Many Manufacturing Sectors Has Fallen

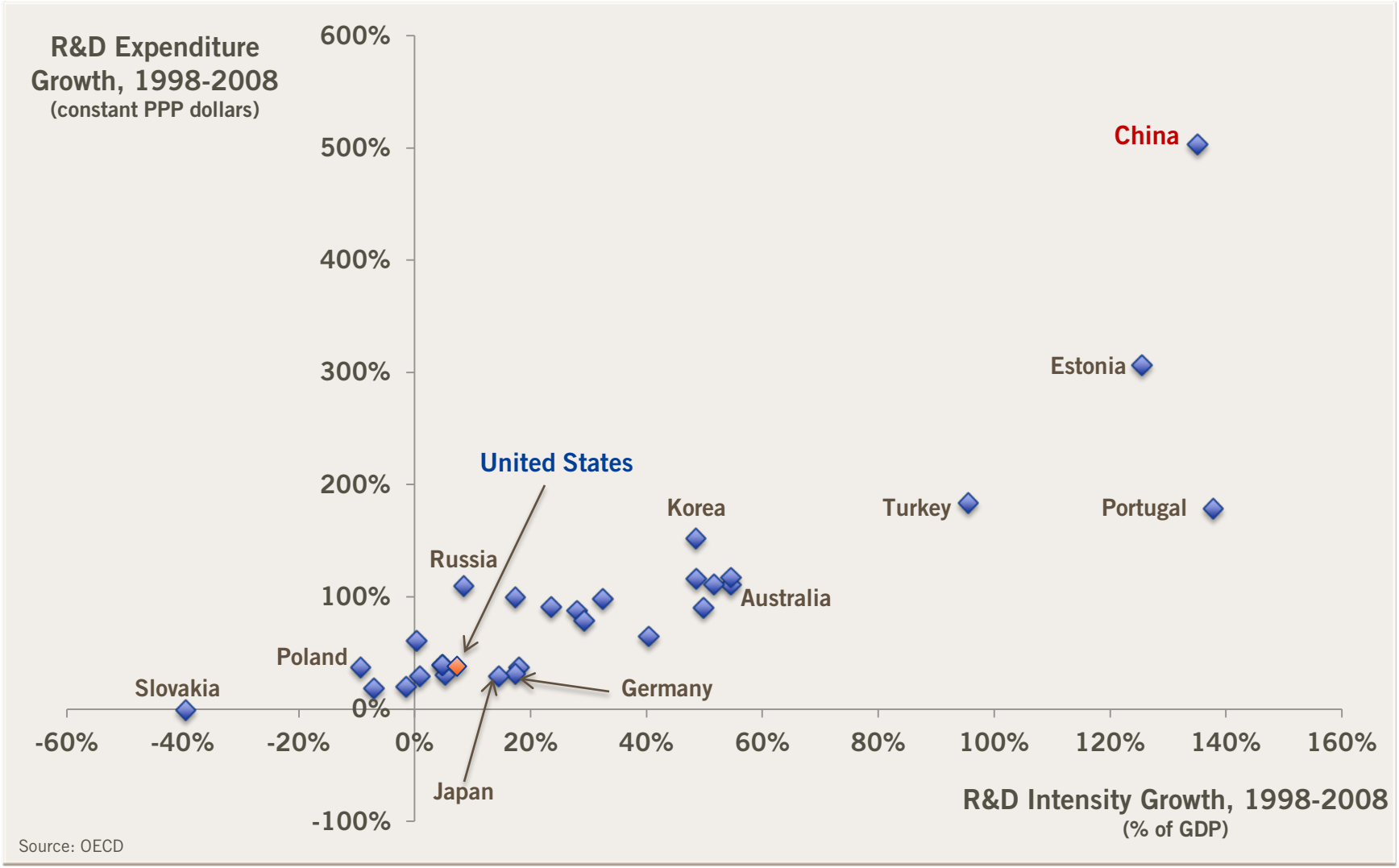


As U.S. Moved from a Manufacturing to a Financial Engineering Economy

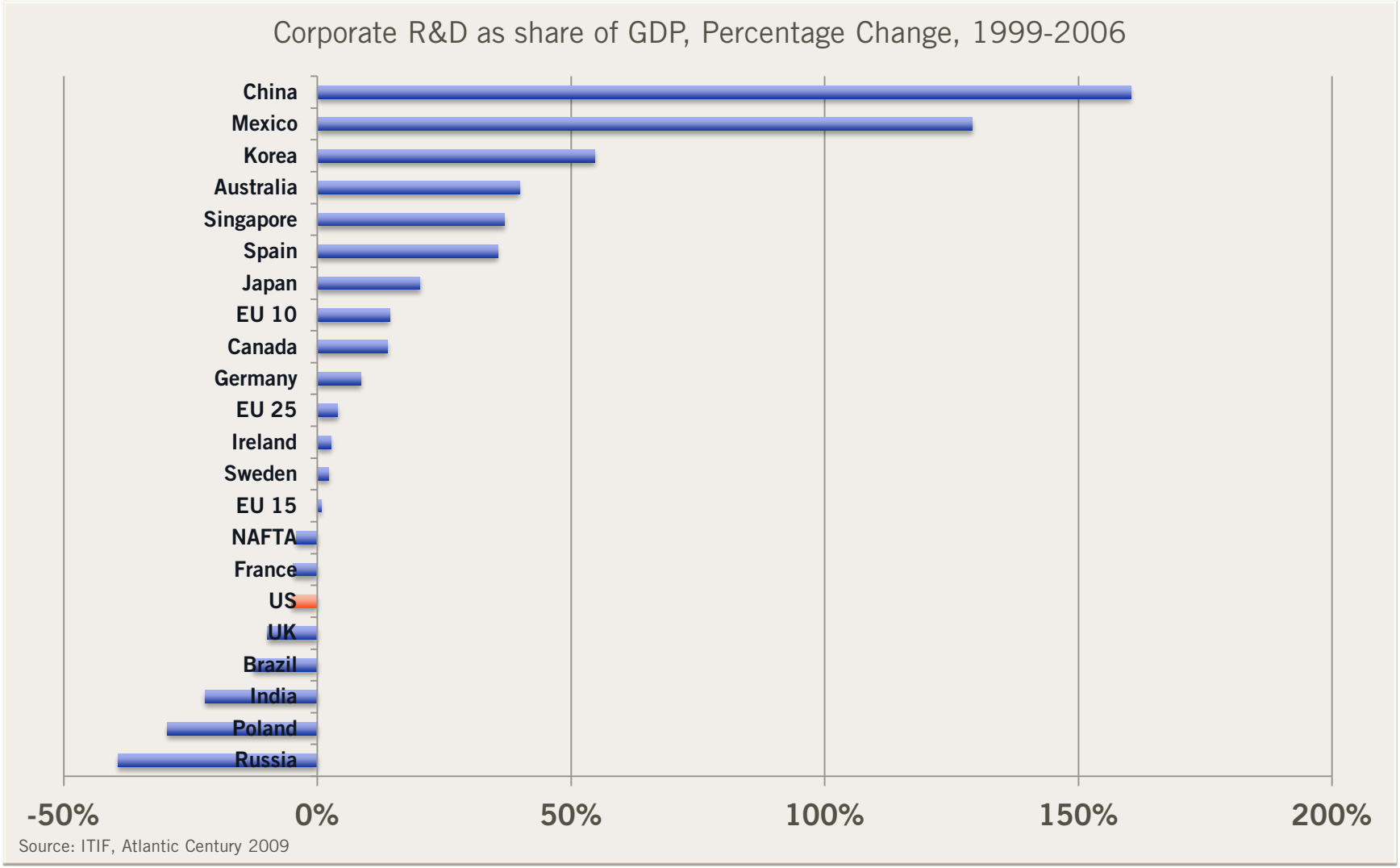


But Surely U.S. Innovation Must be Thriving

Yet U.S. R&D Growth is Stagnating Compared to Rivals

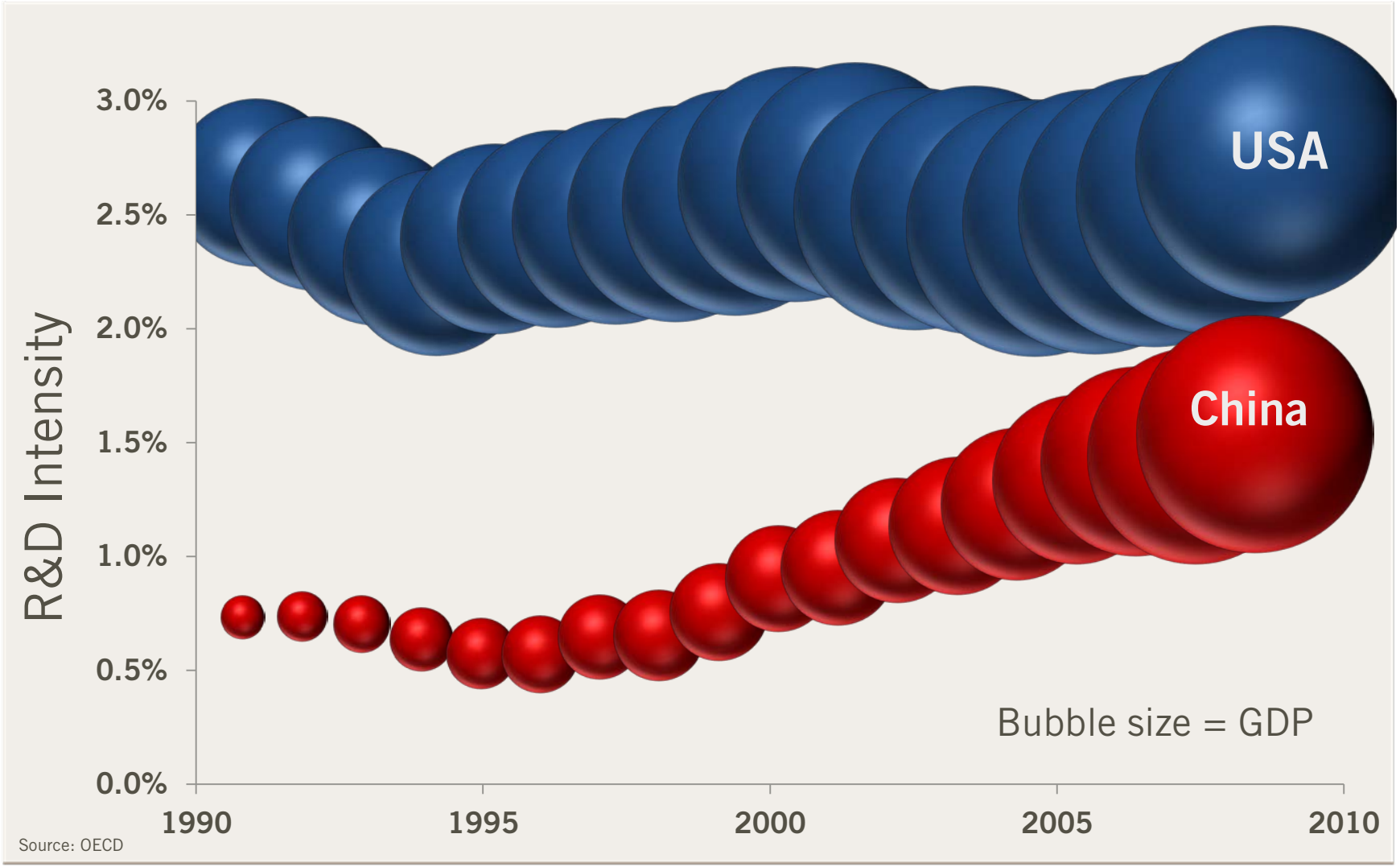


U.S. Corporate R&D Declined as a Share of GDP

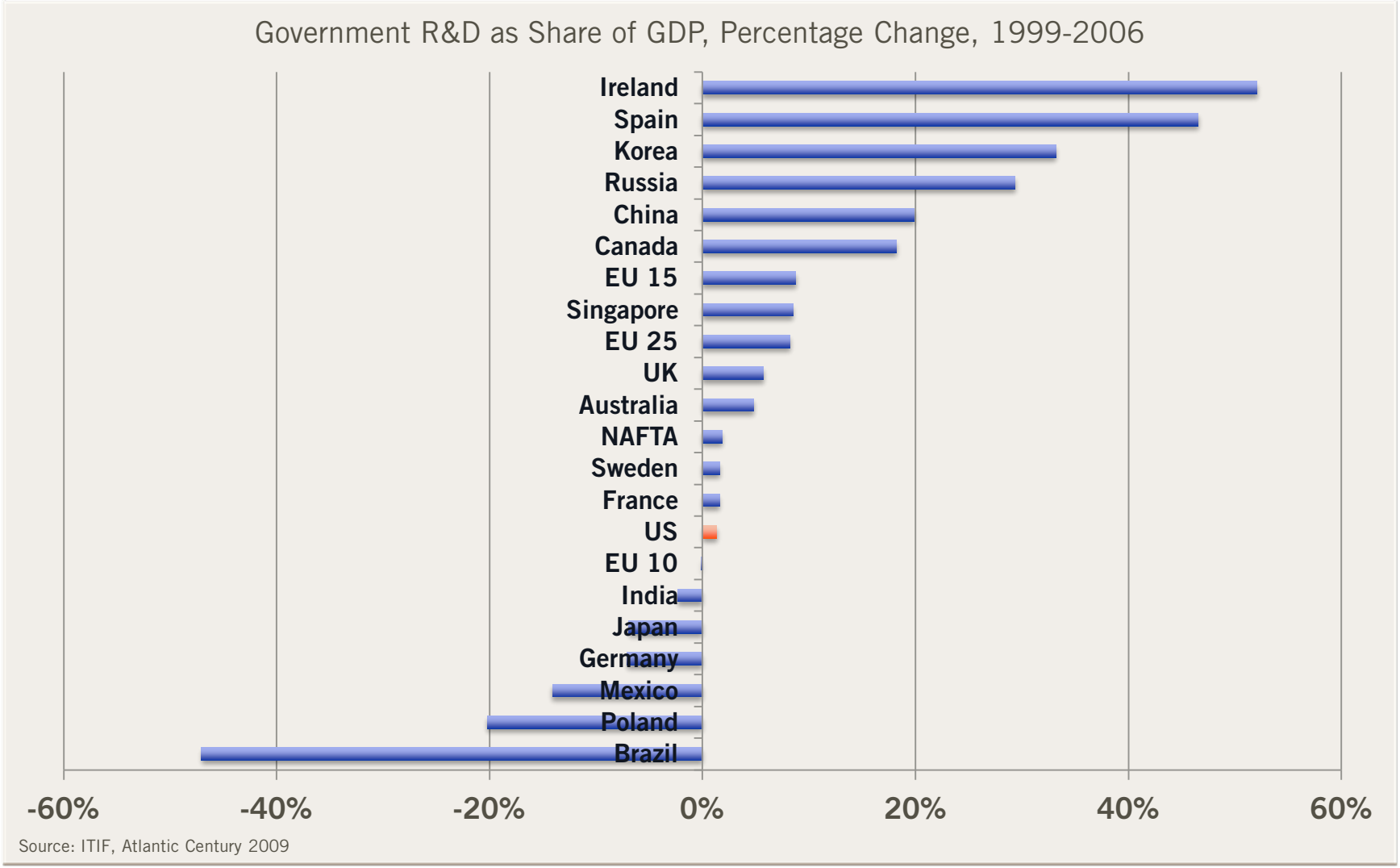


Source: ITIF, Atlantic Century 2009

Chinese R&D Intensity Growth Outpaces the United States'

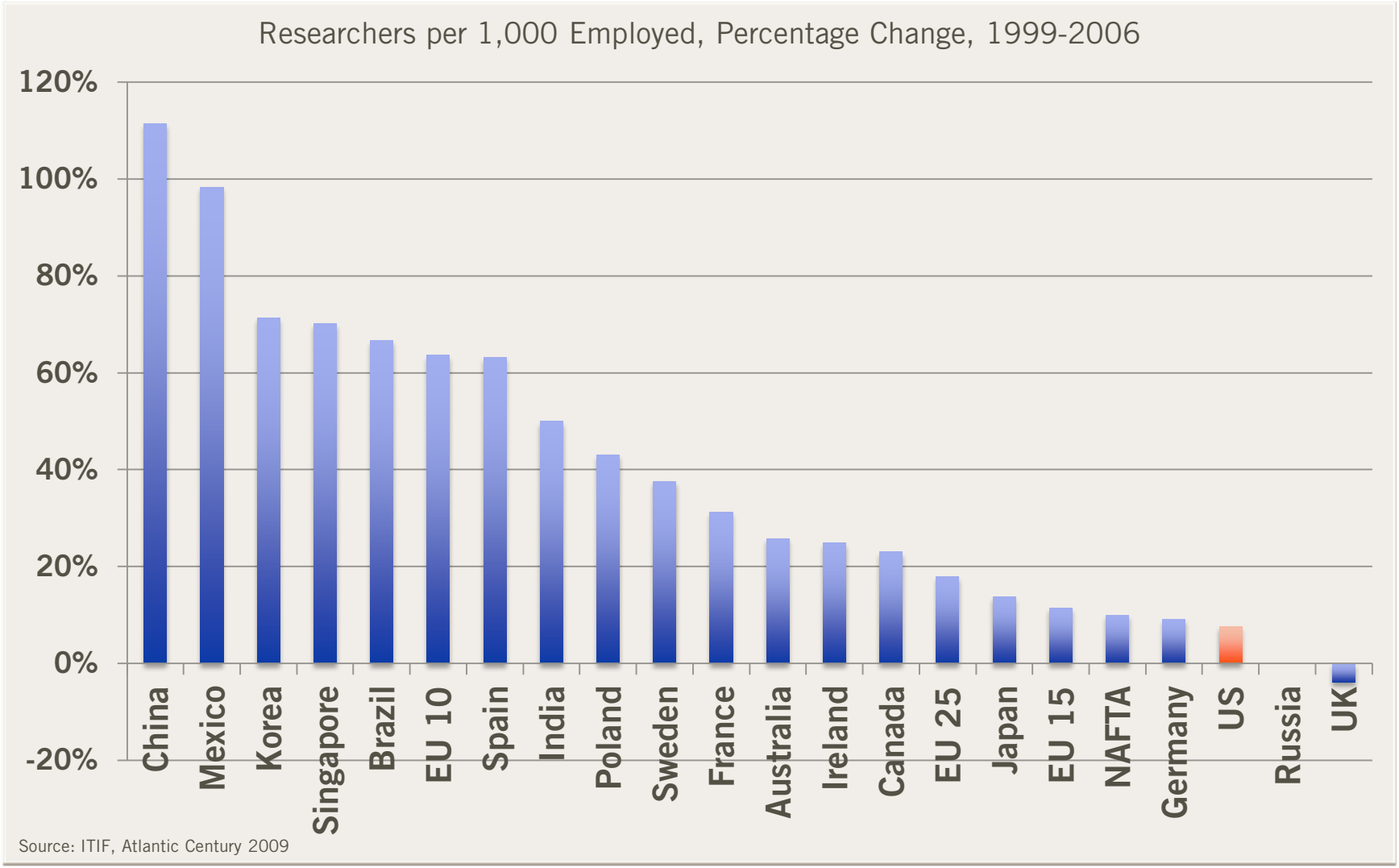


Growth in U.S. Federal R&D Investment Has Stagnated

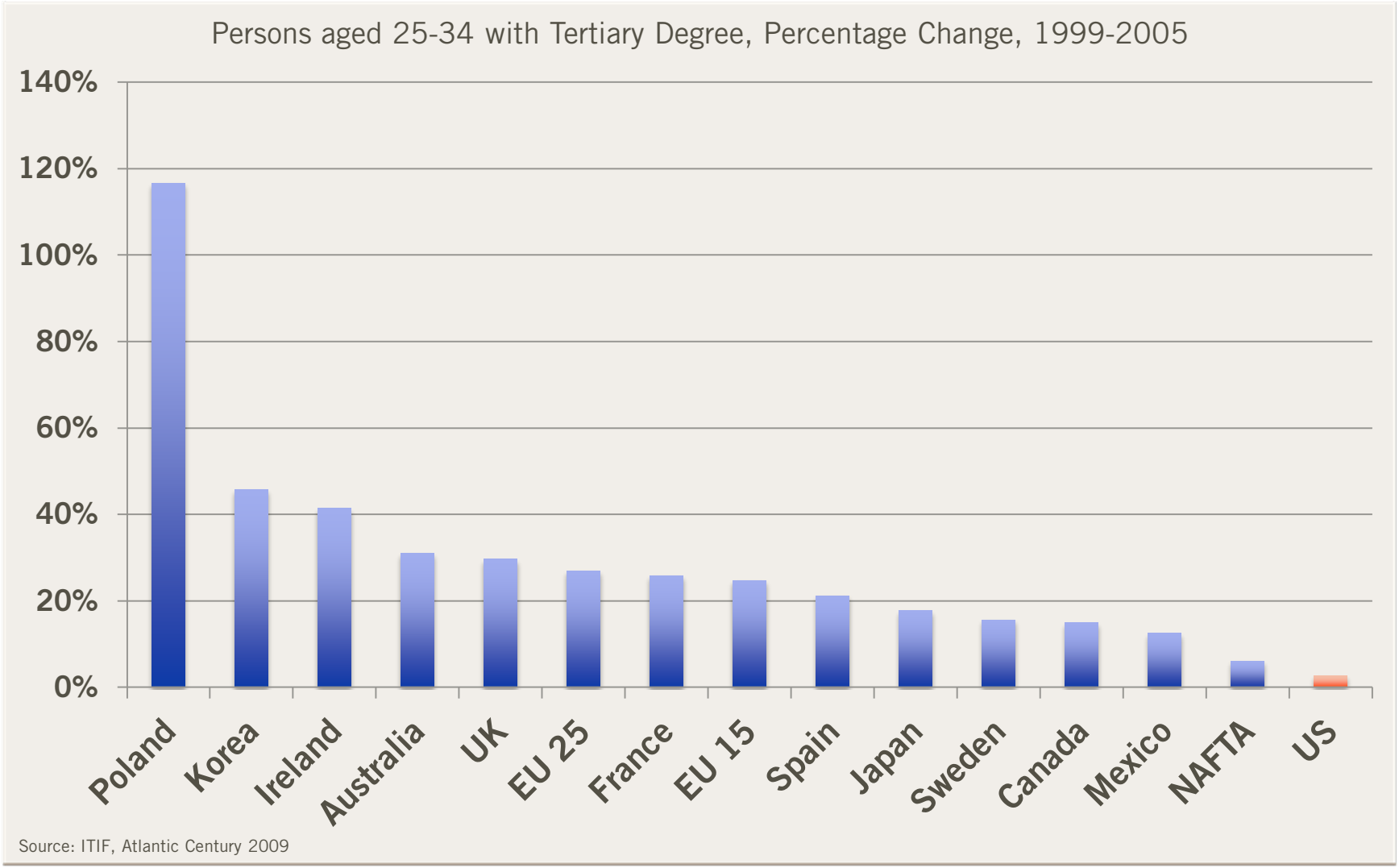


Source: ITIF, Atlantic Century 2009

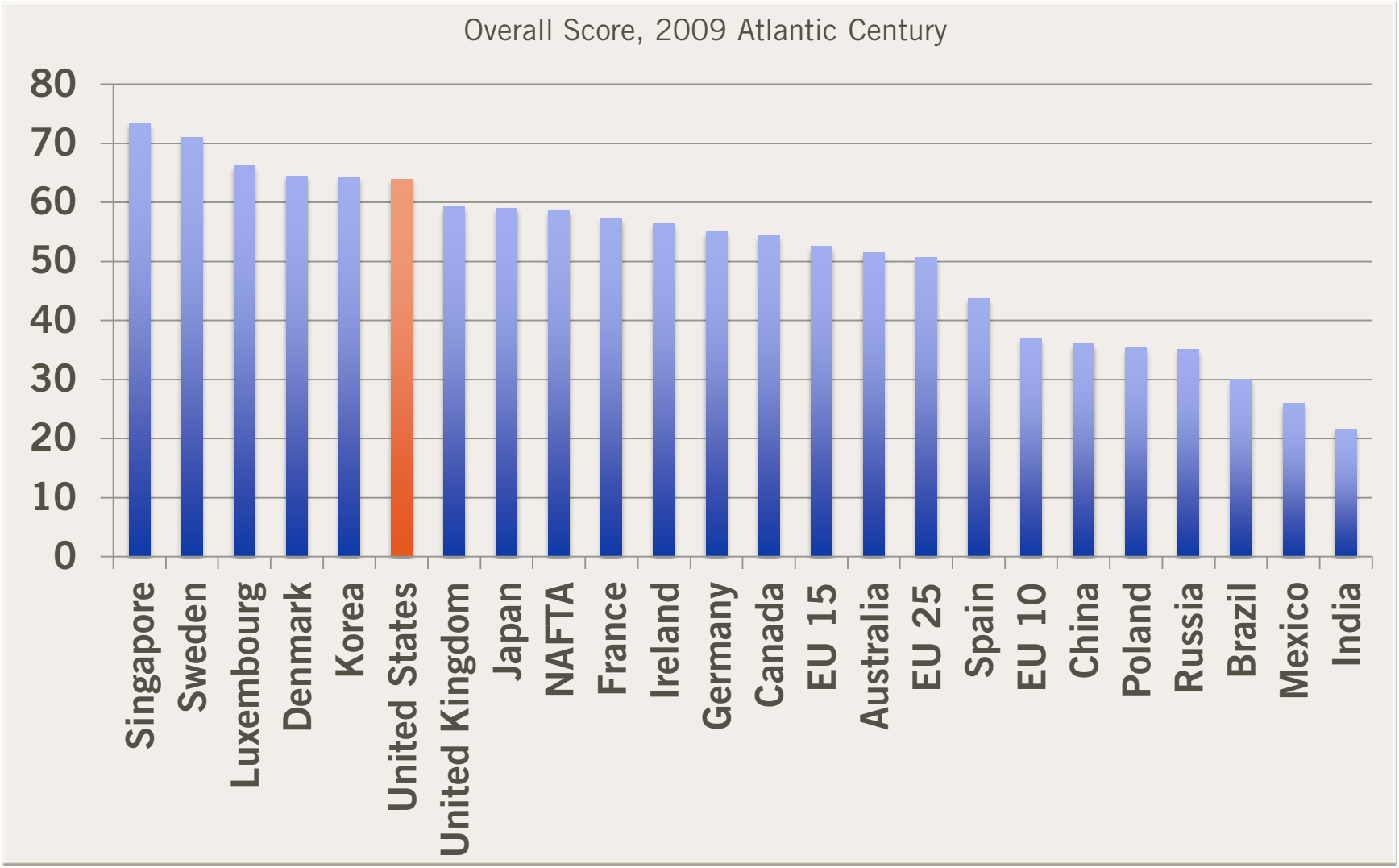
As Has Growth in # of U.S. Scientists and Engineers



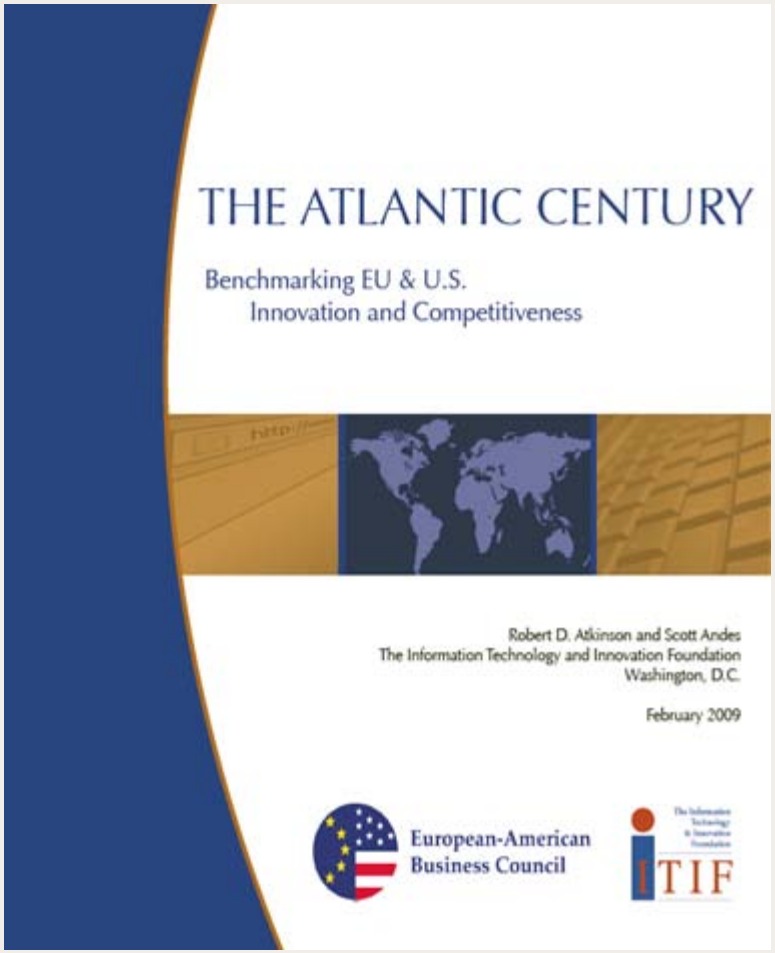
While the Level of U.S. College Attainment Languishes



As a Result, the U.S. is **No Longer** #1



The Atlantic Century



- **The Study:** comparing innovation-based competiveness of 40 nations and regions.
- **16 indicators:** including corp. R&D, government R&D, scientists and engineers, new firms, corp. tax, productivity growth and others.

- In Rate of Change from 1999, the U.S. is Behind….

1. China
2. Singapore
3. Estonia
4. Denmark
5. Luxembourg
6. Slovenia
7. Russia
8. Lithuania
9. Cyprus
10. Japan
11. Hungary
12. Slovakia
13. Czech Republic
14. India
15. Latvia
16. Austria
17. S. Korea
18. Ireland
19. EU-10
20. Spain
21. Sweden
22. France
23. Portugal
24. Malta
25. Belgium
26. EU-25
27. Poland
28. UK
29. EU-15
30. Mexico
31. Netherlands
32. Australia
33. Finland
34. Canada
35. Germany
36. Italy
37. NAFTA
38. Greece
39. Brazil
40. United States

- In Short, the U.S. is Falling Behind in the Race for Global Innovation Advantage



So What's America's Future?

Buffalo?



Or Boston?



To Be Boston, What Do We Do?



Recognize We Are in Competition Against Other Nations



Flickr: Holtsman

- The Conventional View: U.S. Companies Compete Against Other Companies



- The Reality: Boeing Competes Against AIRBUS **&** the European Union



VS.



+



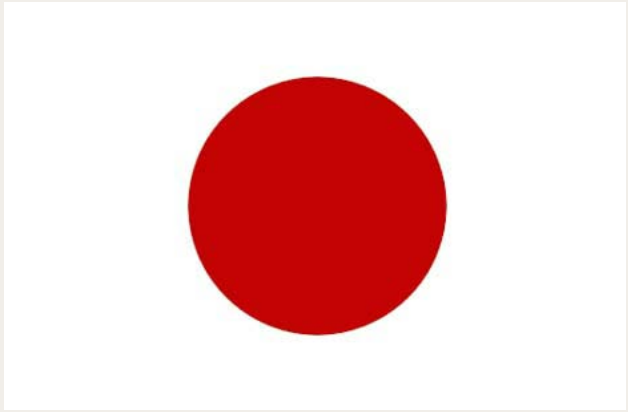
- Ford Competes Against Toyota **&** the Japanese Government



VS.



+



- Cisco Competes Against Huawei **&** the Chinese Government



VS.



+



- Google Competes Against Baidu **&** the Chinese Government

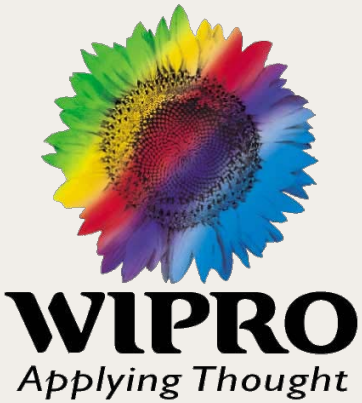
Google vs. Baidu 百度 +



IBM Competes Against WIPRO **&** the Indian Government



VS.



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Where's Uncle Sam?



What Should Washington Do?

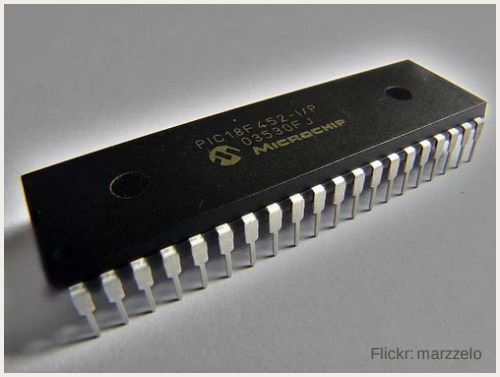


- Start Looking out for Number 6



Getting the 4 T's Right

Tech



Flickr: marzzelo

Talent



Trade



Flickr: Alan Miles NYC

Tax


Flickr: Nedral

- Getting the 4 T's Right

Supported by a National Innovation and Competitiveness Strategy

- Innovation and Competitiveness Are Not (Or Should Not Be) Partisan



- This Means Policies from **Both** Column A and Column B



APPETIZERS

A 1.	Spring Rolls (2)	2.50
A 2.	Vegetable Spring Rolls (2)	2.50
A 3.	Crab Rangoon	4.50
A 4.	Pot Stickers (4) (Steamed or Pan Fried)	4.50
A 5.	Dumplings w. Hot Sesame Sauce (6) (Must Try)	4.50
A 6.	Soft Shell Crab w. Salt & Pepper	8.95
A 7.	Fried or Braised Chicken Wings (6)	3.75
A 8.	Chicken Song	7.95
A 9.	Mandarin Ribs	6.95
A10.	Shrimp Spinach Dumpling	6.95
A11.	Moo Shu: Chicken, Shrimp or Pork with 2 Pancakes	5.50

SOUP

SO1.	Wonton Soup	1.95
SO2.	Hot & Sour Soup	1.95
SO3.	Egg Drop Soup	1.95
SO4.	Velvet Corn & Chicken Soup (2)	5.25
SO5.	Velvet Corn & Crab Meat Soup (2)	6.95
SO6.	Snow Flake Seafood Soup (2)	6.95
SO7.	Seafood Hot & Sour Soup (2)	6.95
SO8.	Sizzling Rice Soup (2)	4.95
SO9.	Seafood Sizzling Rice Soup (2)	6.95

POULTRY

C 1.	Kung Pao Chicken	9.75
C 2.	Shredded Chicken in Garlic Sauce	9.75
C 3.	Cashew Chicken	9.75
C 4.	Fresh Mushroom Chicken	9.75
C 5.	Lemon Chicken	9.75
C 6.	Sugar Snap Pea Chicken	9.75
C 7.	Broccoli Chicken	9.75
C 8.	Hunan Chicken	9.75
C 9.	Sweet & Sour Chicken	9.75
C10.	Chicken w. Mixed Vegetables	9.75
C11.	Chicken w. String Bean	9.75
C12.	Empress Chicken	9.75
C13.	Chicken in Szechuan Sauce	9.75
C14.	Asparagus Chicken	9.75
C15.	Tangerine Chicken	10.50
C16.	Sesame Chicken	10.50
C17.	General Tso's Chicken	10.50

SEAFOOD

S 1.	Sauteed Shrimp	11.75
S 2.	Kung Pao Shrimp	11.75
S 3.	Braised Shrimp in Szechuan Sauce	11.75
S 4.	Sugar Snap Peas Prawn	11.75
S 5.	Asparagus Prawn	11.75
S 6.	Prawns w. Mixed Vegetables	11.75
S 7.	Fish Fillets in Black Bean Sauce	11.75
S 8.	Fish Fillets in Hunan Sauce	11.75
S 9.	Shrimp in Lobster Sauce	11.75
S10.	Sweet & Sour Shrimp	11.75
S11.	Hunan Shrimp	11.75
S12.	Kung Pao Scallop	11.75
S13.	Prawns & Scallop in Garlic Sauce	14.95

BEEF / PORK

B 1.	Fresh Mushroom Beef	10.25
B 2.	Mongolian Beef	10.25
B 3.	Sugar Snap Pea Beef	10.25
B 4.	Broccoli Beef	10.25
B 5.	Beef & Bell Pepper (Pepper Steak)	10.25
B 6.	Shredded Beef in Garlic Sauce	10.25
B 7.	Beef Hunan Style	10.25
B 8.	Beef Szechuan	10.25
B 9.	Shredded Beef w. String Bean	10.25
B10.	Asparagus Beef	10.25
B11.	Moo Shu Pork (4 Crepes)	10.25
B12.	Twice Cooked Pork	10.25
B13.	Pork w. String Bean	10.25
B14.	Shredded Pork in Garlic Sauce	10.25

SPA CUISINE (LIGHT SPECIAL)

House Special Sauce on the Side. Served w. Brown Rice.

H 1.	Steamed Assorted Vegetables	7.75
H 2.	Steamed Chicken w. Vegetables	9.75
H 3.	Steamed Shrimp w. Vegetables	11.75
H 4.	Steamed Fish Fillet w. Vegetables	11.75
H 5.	Steamed To Fu w. Vegetable	7.95
H 6.	Steamed Fish, Shrimp, Scallop w. Vegetables	14.95

VEGETABLE

V 1.	Sauteed String Beans	7.75
V 2.	Eggplant in Garlic Sauce	7.75
V 3.	Sauteed Assorted Vegetable	7.75
V 4.	Sauteed Spinach	7.75
V 5.	Broccoli in Garlic Sauce	7.75
V 6.	Bean Curd in Hot Spicy Sauce	7.75
V 7.	Home Style Braised Bean Curd	7.75

PASTA

P 1.	House Pan Fried Noodles	9.75
P 2.	Vegetable Pan Fried Noodles	7.50
P 3.	Chicken Pan Fried Noodles	8.50
P 4.	Pork Pan Fried Noodles	8.50
P 5.	Beef Pan Fried Noodles	8.95
P 6.	Shrimp Pan Fried Noodles	9.25
P 7.	Seafood Pan Fried Noodles	13.95
P 8.	Vegetable Lo Mein	7.25
P 9.	Chicken or Pork Lo Mein	7.25
P10.	Beef or Shrimp Lo Mein	7.95
P11.	House Lo Mein	8.25
P12.	Singapore Rice Noodles	8.95

RICE

R 1.	Vegetable Fried Rice	7.25
R 2.	Chicken or Pork Fried Rice	7.75
R 3.	Beef or Shrimp Fried Rice	7.75
R 4.	House Fried Rice	8.75

INDICATES HOT & SPICY

MILD MEDIUM HOT

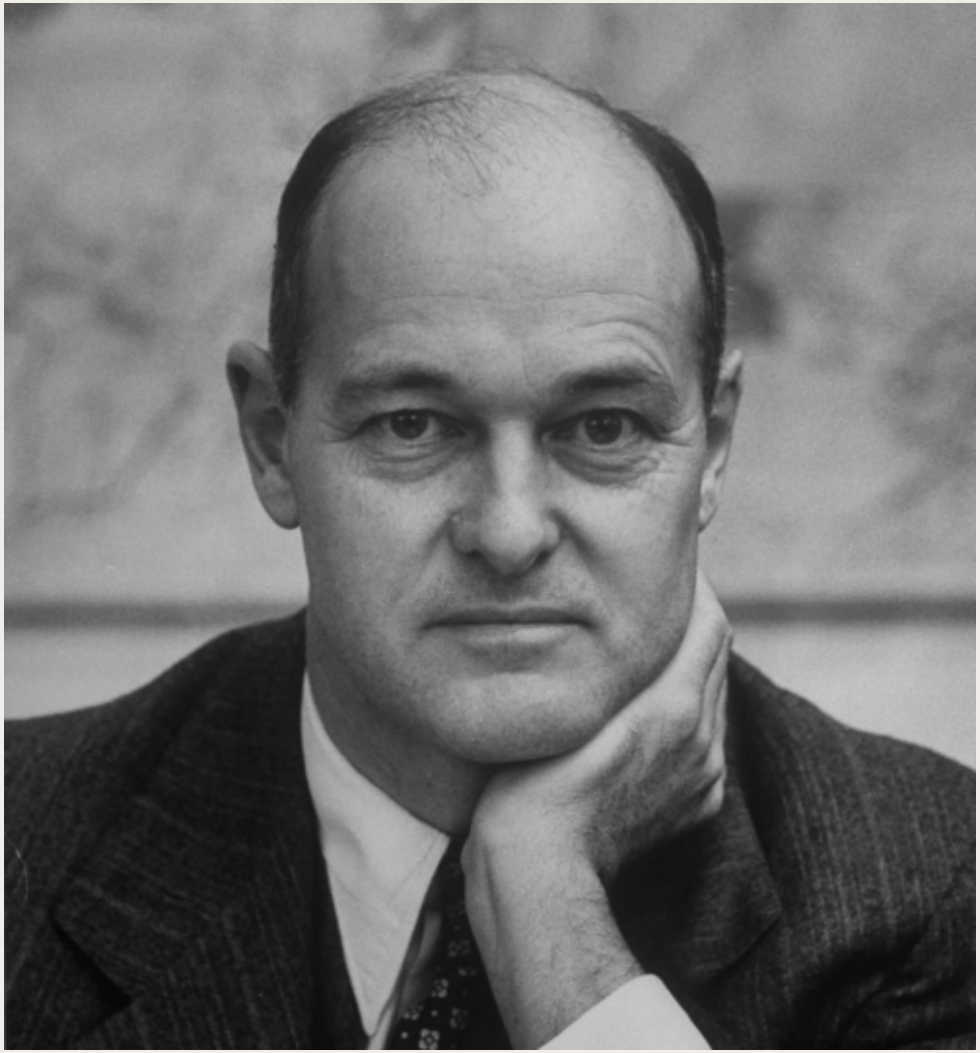
- This Means Policies from **Both** Column A and Column B

Column A	Column B
▪ Expand public investment in innovation	▪ Make the U.S. tax code more competitive
▪ Fully fund key innovation agencies (e.g. PTO, FDA, statistical agencies)	▪ Reduce drag on regulatory competitiveness
▪ Fund STEM education	▪ Expand high skill immigration
▪ Support trade enforcement	▪ Expand trade agreements

- America Can Win, but Only if We Choose from Both Columns



- We Should Learn from George Kennan





Thank You

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