



MAINTAINING AMERICA'S INNOVATIVE AND COMPETITIVE EDGE IN THE GLOBAL ECONOMY

Members of the scientific community have for years sounded the alarm about the state of innovation in the United States. For example, the National Academies conducted a study of America's competitiveness in the global economy in 2005. The resulting report, "Rising above the Gathering Storm," concluded that immediate action was needed by Congress to reverse the trend of declining competitiveness. Five years later, the National Academies issued a follow-up report entitled "Rising above the Gathering Storm, Revisited," which concluded that "in spite of the efforts of both those in government and the private sector, the outlook for America to compete for quality jobs has further deteriorated over the past five years. The Gathering Storm increasingly appears to be a Category 5."

There can be no doubt that spurring innovation and maintaining economic competitiveness are important public policy challenges facing the United States today. Our economic leadership is the foundation of the country's strength and prosperity, yet this leadership is being tested by vigorous global competition. Fostering innovation and competitiveness must be a national priority, especially during difficult economic times.

Many factors impact the global competitiveness of American businesses, including tax policy, regulations, immigration, trade, and education, among others. For example, the combined tax burden on businesses imposed by federal and state governments – a robust 39.2 percent – represents the highest corporate tax rate among the 30 developed countries in the Organization for Economic Cooperation & Development. Would lowering the corporate tax rate or revisiting the issue of income repatriation provide a significant boost to the business community in the United States, thereby enabling the country to remain competitive globally? What are the benefits and costs associated with changing United States tax law for businesses and citizens alike?

It has been said that no country has flourished without an active trade policy. In 2010, however, the U.S. trade deficit stood at \$500 billion, a 33 percent increase over the previous year. The bulk of the deficit can be attributed to imported oil and the trade imbalance with China. Could the aggressive negotiation of new trade agreements and the rigorous enforcement of existing accords spur new job creation and increase domestic manufacturing? How can we make American made goods more attractive than Chinese products? What role can technology play in decreasing our dependence on foreign oil?

Much has been written in recent years about the shortage of qualified math, science, and engineering experts in the United States. Ironically, American universities routinely provide foreign students with unique experience and knowledge that helps businesses in their own country of origin to compete in the global economy. What can be done to keep this expertise in the United States, thereby enhancing our own innovation and global competitiveness? What policies and programs should industry and government embrace as a means of fostering the next generation of leaders in the so-called "STEM" areas of Science, Technology, Engineering and Mathematics?

The Center for Public Policy Innovation (CPPI) was founded to address these and other topics. CPPI will bring additional focus and much-needed attention to the complex policy issues affecting the global competitiveness of American businesses. CPPI will foster collaboration between government and industry, shape the debate on the proper role of the public and private sectors in promoting innovation, and seek consensus to overcome these public policy challenges.