



National Innovation Initiative

Increasingly, the most successful economies are those most able to innovate – to transfer knowledge into new products, processes and services.

- Innovation is a proven driver of economic growth, productivity, jobs, and rising standards of living.
- *The Economist* noted recently that “innovation is now recognized as the single most important ingredient in any modern economy – accounting for more than half of economic growth in America and Britain.”

For those reasons alone, innovation must be among the nation’s top priorities. In a global economy, factors like low costs, high quality, and organizational efficiency form a baseline to compete.

- But these traits characterize many markets and competitors.
- Prosperity requires more than a strong baseline. It also requires being a world leader in new high growth activities – it requires innovation.
- Our success in addressing many of our biggest challenges – in education, employment, security, energy, and health care – will be impacted by how well we create and apply innovative techniques and technology to these challenges.

And while the United States stands apart from the rest of the world in its own record of sustained innovation over decades, across industries and through economic cycles, the country faces new realities that pose significant challenges to our global innovation leadership:

- Though the productivity gains of the 1990s appear to be structural and inflation remains in check, employment and investment are not as robust as we might like – and the nation continues to face growing budget and trade deficits.
- As a result of the excesses of the 1990s, there’s a new mood in this country putting us at risk of creating a hostile environment for business investment and for the creation of new businesses.
- Today, the basis of innovation is less focused on things, and more on ideas, collaboration and expertise. And innovative ideas can move around the world with the click of a mouse.
- **Finally, other nations are simply catching up with the United States, replicating the structural advantages that historically have made the United States the center of innovation** by: investing in education and job skills, building modern network infrastructures, implementing laws to protect intellectual property, and taking their place in the global free market system.



How the United States responds to these realities is critically important.

- To stay at the forefront of these challenges – as well as to capitalize on the opportunities in an increasingly global economy – the **Council’s leadership believes the United States must raise the innovation bar.**
- **That is exactly why Sam Palmisano from IBM and Wayne Clough from Georgia Tech, along with a core group of nearly 20 distinguished CEOs and university presidents, are leading the National Innovation Initiative – to ensure the United States continues to offer the most fertile and attractive environment for innovation in the world.**

This afternoon we’ll hear from Chad Evans about how the National Innovation Initiative is :

- Building a working network of hundreds of innovation experts, across seven issue-specific Working Groups, and
- Creating a robust set of recommendations that will form the basis of an ambitious National Innovation Agenda – that our Initiative’s leadership will unveil on December 14th and 15th at our National Innovation Summit in Washington, DC.

But, we will spend the bulk of our time with Cathy Mann – learning about the Working Group she and Steve Roach from Morgan Stanley are leading within the NII in the area of global “Innovation Markets.” And we look forward to engaging in a discussion with all of you. Both today and going forward, we hope you will:

- Offer strategic criticism and insights about the Innovation Markets Working Group’s scope, and
- Help validate the work of the National Innovation Initiative within your own networks, with public officials, with academia and the media.