EXECUTIVE SUMMARY

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RISING ABOVE THE GATHERING STORM

Energizing and Employing America for a Brighter Economic Future

NATIONAL ACADEMY OF SCIENCES,
NATIONAL ACADEMY OF ENGINEERING, AND
INSTITUTE OF MEDICINE
OF THE NATIONAL ACADEMIES

COMMITTEE BIOGRAPHIC INFORMATION

NORMAN R. AUGUSTINE [NAE*] (Chair) is the retired chairman and CEO of the Lockheed Martin Corporation. He serves on the President's Council of Advisors on Science and Technology and has served as undersecretary of the Army. He is a recipient of the National Medal of Technology.

CRAIG BARRETT [NAE] is chairman of the Board of the Intel Corporation.

GAIL CASSELL [IOM*] is vice president for scientific affairs and a Distinguished Lilly Research Scholar for Infectious Diseases at Eli Lilly and Company.

STEVEN CHU [NAS*] is the director of the E.O. Lawrence Berkeley National Laboratory. He was a cowinner of the Nobel prize in physics in 1997.

ROBERT GATES is the president of Texas A&M University and served as Director of Central Intelligence.

NANCY GRASMICK is the Maryland state superintendent of schools.

CHARLES HOLLIDAY JR. [NAE] is chairman of the Board and CEO of DuPont.

SHIRLEY ANN JACKSON [NAE] is president of Rensselaer Polytechnic Institute. She is the immediate past president of the American Association for the Advancement of Science and was chairman of the US Nuclear Regulatory Commission.

ANITA K. JONES [NAE] is the Lawrence R. Quarles Professor of Engineering and Applied Science at the University of Virginia. She served as director of defense research and engineering at the US Department of Defense and was vice-chair of the National Science Board.

JOSHUA LEDERBERG [NAS/IOM] is the Sackler Foundation Scholar at Rockefeller University in New York. He was a cowinner of the Nobel prize in physiology or medicine in 1958.

RICHARD LEVIN is president of Yale University and the Frederick William Beinecke Professor of Economics.

C. D. (DAN) MOTE JR. [NAE] is president of the University of Maryland and the Glenn L. Martin Institute Professor of Engineering.

CHERRY MURRAY [NAS/NAE] is the deputy director for science and technology at Lawrence Livermore National Laboratory. She was formerly the senior vice president at Bell Labs, Lucent Technologies.

PETER O'DONNELL JR. is president of the O'Donnell Foundation of Dallas, a private foundation that develops and funds model programs designed to strengthen engineering and science education and research.

LEE R. RAYMOND [NAE] is the chairman of the Board and CEO of Exxon Mobil Corporation.

ROBERT C. RICHARDSON [NAS] is the F. R. Newman Professor of Physics and the vice provost for research at Cornell University. He was a cowinner of the Nobel prize in physics in 1996.

P. ROY VAGELOS [NAS/IOM] is the retired chairman and CEO of Merck & Co., Inc.

CHARLES M. VEST [NAE] is president emeritus of MIT and a professor of mechanical engineering. He serves on the President's Council of Advisors on Science and Technology and is the immediate past chair of the Association of American Universities.

GEORGE M. WHITESIDES [NAS/NAE] is the Woodford L. & Ann A. Flowers University Professor at Harvard University. He has served as an adviser for the National Science Foundation and the Defense Advanced Research Projects Agency.

RICHARD N. ZARE [NAS] is the Marguerite Blake Wilbur Professor of Natural Science at Stanford University. He was chair of the National Science Board from 1996 to 1998.

FOR MORE INFORMATION

*This report was developed under the aegis of the National Academies Committee on Science, Engineering, and Public Policy (COSEPUP), a joint committee of the three honorific academies—the National Academy of Sciences [NAS], the National Academy of Engineering [NAE], and the Institute of Medicine [IOM]. Its overall charge is to address cross-cutting issues in science and technology policy that affect the health of the national research enterprise.

More information, including the full body of the report, is available at COSEPUP's Web site, www.nationalacademies.org/cosepup.

Executive Summary

The United States takes deserved pride in the vitality of its economy, which forms the foundation of our high quality of life, our national security, and our hope that our children and grandchildren will inherit ever-greater opportunities. That vitality is derived in large part from the productivity of well-trained people and the steady stream of scientific and technical innovations they produce. Without high-quality, knowledge-intensive jobs and the innovative enterprises that lead to discovery and new technology, our economy will suffer and our people will face a lower standard of living. Economic studies conducted before the information-technology revolution have shown that even then as much as 85% of measured growth in US income per capita is due to technological change.[1]

Today, Americans are feeling the gradual and subtle effects of globalization that challenge the economic and strategic leadership that the United States has enjoyed since World War II. A substantial portion of our workforce finds itself in direct competition for jobs with lower-wage workers around the globe, and leading-edge scientific and engineering work is being accomplished in many parts of the world. Thanks to globalization, driven by modern communications and other advances, workers in virtually every sector must now face competitors who live just a mouse-click away in Ireland, Finland, China, India, or dozens of other nations whose economies are growing.

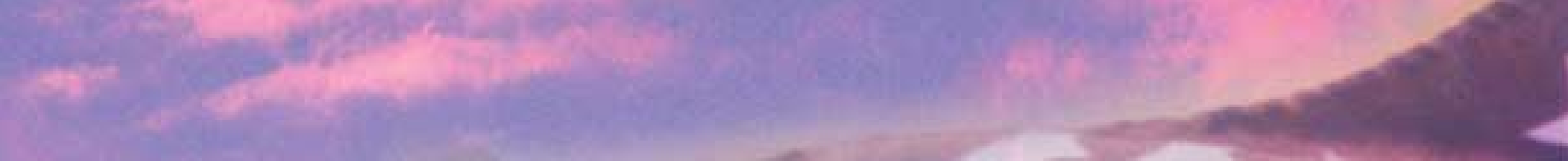
CHARGE TO THE COMMITTEE

The National Academies was asked by Senator Lamar Alexander and Senator Jeff Bingaman of the Committee on Energy and Natural Resources, with endorsement by Representatives Sherwood Boehlert and Bart Gordon of the House Committee on Science, to respond to the following questions:

> What are the top 10 actions, in priority order, that federal policy-makers could take to enhance the science and technology enterprise so that the United States can successfully compete, prosper, and be secure in the global community of the 21st Century? What strategy, with several concrete steps, could be used to implement each of those actions?

The National Academies created the Committee on Prospering in the Global Economy of the 21st Century to respond to this request. The charge constitutes a challenge both daunting and exhilarating: to recommend to the nation specific steps that can best strengthen the

[1] For example, work by Robert Solow and Moses Abramovitz published in the middle 1950s demonstrated that as much as 85% of measured growth in US income per capita during the 1890-1950 period could not be explained by increases in the capital stock or other measurable inputs. The big unexplained portion, referred to alternatively as the "residual" or "the measure of ignorance", has been widely attributed to the effects of technological change.



quality of life in America—our prosperity, our health, and our security. The committee has been cautious in its analysis of information. However, the available information is only partly adequate for the committee's needs. In addition, the time allotted to develop the report (10 weeks from the time of the committee's meeting to report release) limited the ability of the committee to conduct a thorough analysis. Even if unlimited time were available, definitive analyses on many issues are not possible given the uncertainties involved.

This report reflects the consensus views and judgment of the committee members. Although the committee includes leaders in academe, industry, and government—several current and former industry chief executive officers, university presidents, researchers (including three Nobel prize winners), and former presidential appointees—the array of topics and policies covered is so broad that it was not possible to assemble a committee of 20 members with direct expertise in each relevant area. Because of those limitations, the committee has relied heavily on the judgment of many experts in the study's focus groups, additional consultations via e-mail and telephone with other experts, and an unusually large panel of reviewers. Although other solutions are undoubtedly possible, the committee believes that its recommendations, if implemented, will help the United States achieve prosperity in the 21st century.

FINDINGS

Having reviewed trends in the United States and abroad, the committee is deeply concerned that the scientific and technical building blocks of our economic leadership are eroding at a time when many other nations are gathering strength. We strongly believe that a worldwide strengthening will benefit the world's economy—particularly in the creation of jobs in countries that are far less well-off than the United States. But we are worried about the future prosperity of the United States. Although many people assume that United States will always be a world leader in science and technology, this may not continue to be the case inasmuch as great minds and ideas exist throughout the world. We fear the abruptness with which a lead in science and technology can be lost—and the difficulty of recovering a lead once lost, if indeed it can be regained at all.

This nation must prepare with great urgency to preserve its strategic and economic security. Because other nations have, and probably will continue to have, the competitive advantage of a low-wage structure, the United States must compete by optimizing its knowledge-based resources, particularly in science and technology, and by sustaining the most fertile environment for new and revitalized industries and the well-paying jobs they bring. We have already seen that capital, factories, and laboratories readily move wherever they are thought to have the greatest promise of return to investors.

RECOMMENDATIONS

The committee reviewed hundreds of detailed suggestions—including various calls for novel and untested mechanisms—from other committees, from its focus groups, and from its own members. The challenge is immense, and the actions needed to respond are immense as well.

The committee identified two key challenges that are tightly coupled to scientific and engineering prowess: creating high-quality jobs for Americans and responding to the nation's need for clean, affordable, and reliable energy. To address those challenges, the committee structured its ideas according to four basic recommendations that focus on the human, financial, and knowledge capital necessary for US prosperity.

The four recommendations focus on actions in K–12 education *(10,000 Teachers, 10 Million Minds),* research *(Sowing the Seeds),* higher education *(Best and Brightest),* and economic policy *(Incentives for Innovation)* that are set forth in the following sections. Also provided are a total of 20 implementation steps for reaching the goals set forth in the recommendations.

Some actions involve changes in the law. Others require financial support that would come from reallocation of existing funds or, if necessary, from new funds. Overall, the committee believes that the investments are modest relative to the magnitude of the return the nation can expect in the creation of new high-quality jobs and in responding to its energy needs.

10,000 TEACHERS, 10 MILLION MINDS AND K-12 SCIENCE AND MATHEMATICS EDUCATION

RECOMMENDATION A: ***Increase America's talent pool by vastly improving K–12 science and mathematics education.***

Implementation Actions

The highest priority should be assigned to the following actions and programs. All should be subjected to continuing evaluation and refinement as they are implemented:

Action A-1: Annually recruit 10,000 science and mathematics teachers by awarding 4-year scholarships and thereby educating 10 million minds. Attract 10,000 of America's brightest students to the teaching profession every year, each of whom can have an impact on 1,000 students over the life of their careers. The program would award competitive 4-year scholarships for students to obtain bachelor's degrees in the physical or life sciences, engineering, or mathematics with concurrent certification as K–12 science and mathematics teachers. The merit-based scholarships would provide up to $20,000 a year for 4 years for qualified educational expenses, including tuition and fees, and require a commitment to 5 years of service in public K–12 schools. A $10,000 annual bonus would go to participating teachers in underserved schools in inner cities and rural areas. To provide the highest-quality education for undergraduates who want to become teachers, it would be important to award matching grants, perhaps $1 million a year for up to 5 years, to as many as 100 universities and colleges to encourage them to establish integrated 4-year undergraduate programs leading to bachelor's degrees in science, engineering, or mathematics *with teacher certification.*

Action A-2: Strengthen the skills of 250,000 teachers through training and education programs at summer institutes, in master's programs, and Advanced Placement and International Baccalaureate (AP and IB) training programs and thus inspire students every day. Use proven models to strengthen the skills (and compensation, which is based on education and skill level) of 250,000 *current* K–12 teachers:

- *Summer institutes:* Provide matching grants to state and regional 1- to 2-week summer institutes to upgrade as many as 50,000 practicing teachers each summer. The material covered would allow teachers to keep current with recent developments in science, mathematics, and technology and allow for the exchange of best teaching practices. The Merck Institute for Science Education is a model for this recommendation.

- *Science and mathematics master's programs:* Provide grants to universities to offer 50,000 current middle-school and high-school science, mathematics, and technology teachers (with or without undergraduate science, mathematics, or engineering degrees) 2-year, part-time master's degree programs that focus on rigorous science and mathematics content and pedagogy. The model for this recommendation is the University of Pennsylvania Science Teachers Institute.

- *AP, IB, and pre-AP or pre-IB training:* Train an additional 70,000 AP or IB and 80,000 pre-AP or pre-IB instructors to teach advanced courses in mathematics and science. Assuming satisfactory performance, teachers may receive incentive payments of up to $2000 per year, as well as $100 for each student who passes an AP or IB exam in mathematics or science. There are two models for this program: the Advanced Placement Incentive Program and Laying the Foundation, a pre-AP program.

- *K–12 curriculum materials modeled on world-class standards.* Foster high-quality teaching with world-class curricula, standards, and assessments of student learning. Convene a national panel to collect, evaluate, and develop rigorous K–12 materials that would be available free of charge as a *voluntary* national curriculum. The model for this recommendation is the Project Lead the Way pre-engineering courseware.

Action A-3: Enlarge the pipeline by increasing the number of students who take AP and IB science and mathematics courses. Create opportunities and incentives for middle-school and high-school students to pursue advanced work in science and mathematics. By 2010, increase the number of students who take at least one AP or IB mathematics or science exam to 1.5 million and set a goal of tripling the number who pass those tests to 700,000. Student incentives for success would include 50% examination fee rebates and $100 mini-scholarships for each passing score on an AP or IB mathematics and science examination.

The committee proposes expansion of two additional approaches to improving K–12 science and mathematics education that are already in use:

- *Statewide specialty high schools.* Specialty secondary education can foster leaders in science, technology, and mathematics. Specialty schools immerse students in high-quality science, technology, and mathematics education; serve as a mechanism to test teaching materials; provide a training ground for K–12 teachers; and provide the resources and staff for summer programs that introduce students to science and mathematics.

- *Inquiry-based learning.* Summer internships and research opportunities provide especially valuable laboratory experience for both middle-school and high-school students.

SOWING THE SEEDS THROUGH SCIENCE AND ENGINEERING RESEARCH

RECOMMENDATION B: *Sustain and strengthen the nation's traditional commitment to long-term basic research that has the potential to be transformational to maintain the flow of new ideas that fuel the economy, provide security, and enhance the quality of life.*

Implementation Actions

Action B-1: Increase the federal investment in long-term basic research by 10% a year over the next 7 years, through reallocation of existing funds[2] or if necessary through the investment of new funds. Special attention should go to the physical sciences, engineering, mathematics, and information sciences and to Department of Defense (DOD) basic-research funding. This special attention does not mean that there should be a disinvestment in such important fields as the life sciences (which have seen growth in recent years) or the social sciences. A balanced research portfolio in all fields of science and engineering research is critical to US prosperity. This investment should be evaluated regularly to realign the research portfolio—unsuccessful projects and venues of research should be replaced with emerging research projects and venues that have greater promise.

Action B-2: Provide new research grants of $500,000 each annually, payable over 5 years, to 200 of our most outstanding *early-career* researchers. The grants would be made through existing federal research agencies—the National Institutes of Health (NIH), the National Science Foundation (NSF), the Department of Energy (DOE), DOD, and the National Aeronautics and Space Administration—to underwrite new research opportunities at universities and government laboratories.

Action B-3: Institute a National Coordination Office for Research Infrastructure to manage a centralized research-infrastructure fund of $500 million per year over the next 5 years—through reallocation of existing funds or if necessary through the investment of new funds—to ensure that universities and government laboratories create and maintain the facilities and equipment needed for leading-edge scientific discovery and technological development. Universities and national laboratories would compete annually for these funds.

Action B-4: Allocate at least 8% of the budgets of federal research agencies to discretionary funding that would be managed by technical program managers in the agencies and be focused on catalyzing high-risk, high-payoff research.

Action B-5: Create in the Department of Energy (DOE) an organization like the Defense Advanced Research Projects Agency (DARPA) called the Advanced Research Projects Agency-Energy (ARPA-E).[3] The director of ARPA-E would report to the under secretary for science and would be charged with sponsoring

[2] The funds may come from anywhere in an agency, not just other research funds.

[3] One committee member, Lee Raymond, does not support this action item. He does not believe that ARPA-E is necessary as energy research is already well funded by the federal government, along with formidable funding of energy research by the private sector. Also, ARPA-E would put the federal government in the business of picking "winning energy technologies"—a role best left to the private sector.

specific research and development programs to meet the nation's long-term energy challenges. The new agency would support creative "out-of-the-box" transformational generic energy research that industry by itself cannot or will not support and in which risk may be high but success would provide dramatic benefits for the nation. This would accelerate the process by which knowledge obtained through research is transformed to create jobs and address environmental, energy, and security issues. ARPA-E would be based on the historically successful DARPA model and would be designed as a lean and agile organization with a great deal of independence that can start and stop targeted programs on the basis of performance. The agency would itself perform no research or transitional effort but would fund such work conducted by universities, startups, established firms, and others. Its staff would turn over about every 4 years. Although the agency would be focused on specific energy issues, it is expected that its work (like that of DARPA or NIH) will have important spinoff benefits, including aiding in the education of the next generation of researchers. Funding for ARPA-E would start at $300 million the first year and increase to $1 billion per year over 5-6 years, at which point the program's effectiveness would be evaluated.

Action B-6: Institute a Presidential Innovation Award to stimulate scientific and engineering advances in the national interest. Existing presidential awards address lifetime achievements or promising young scholars, but the proposed new awards would identify and recognize persons who develop unique scientific and engineering innovations in the national interest at the time they occur.

BEST AND BRIGHTEST IN SCIENCE AND ENGINEERING HIGHER EDUCATION

RECOMMENDATION C: ***Make the United States the most attractive setting in which to study and perform research so that we can develop, recruit, and retain the best and brightest students, scientists, and engineers from within the United States and throughout the world.***

Implementation Actions

Action C-1: Increase the number and proportion of US citizens who earn physical-sciences, life-sciences, engineering, and mathematics bachelor's degrees by providing 25,000 new 4-year competitive undergraduate scholarships each year to US citizens attending US institutions. The Undergraduate Scholar Awards in Science, Technology, Engineering, and Mathematics (USA-STEM) would be distributed to states on the basis of the size of their congressional delegations and awarded on the basis of national examinations. An award would provide up to $20,000 annually for tuition and fees.

Action C-2: Increase the number of US citizens pursuing graduate study in "areas of national need" by funding 5,000 new graduate fellowships each year. NSF should administer the program and draw on the advice of other federal research agencies to define national needs. The focus on national needs is important both to ensure an adequate supply of doctoral scientists and engineers and to ensure that there are appropriate employment opportunities for students once they receive their degrees. Portable fellowships would provide funds of up to $20,000 annually directly to students, who would choose where to pursue graduate studies instead of being required to follow faculty research grants.

Action C-3: Provide a federal tax credit to encourage employers to make continuing education available (either internally or though colleges and universities) to practicing scientists and engineers. These incentives would promote career-long learning to keep the workforce current in the face of rapidly evolving scientific and engineering discoveries and technological advances and would allow for retraining to meet new demands of the job market.

Action C-4: Continue to improve visa processing for international students and scholars to provide less complex procedures and continue to make improvements on such issues as visa categories and duration, travel for scientific meetings, the technology-alert list, reciprocity agreements, and changes in status.

Action C-5: Provide a 1-year automatic visa extension to international students who receive doctorates or the equivalent in science, technology, engineering, mathematics, or other fields of national need at qualified US institutions to remain in the United States to seek employment. If these students are offered jobs by United States-based employers and pass a security screening test, they should be provided automatic work permits and expedited residence status. If students are unable to obtain employment within 1 year, their visas would expire.

Action C-6: Institute a new skills-based, preferential immigration option. Doctoral-level education and science and engineering skills would substantially raise an applicant's chances and priority in obtaining US citizenship. In the interim, the number of H-1B[4] visas should be increased by 10,000, and the additional visas should be available for industry to hire science and engineering applicants with doctorates from US universities.

Action C-7: Reform the current system of "deemed exports"[5]. The new system should provide international students and researchers engaged in fundamental research in the United States with access to information and research equipment in US industrial, academic, and national laboratories comparable with the access provided to US citizens and permanent residents in a similar status. It would, of course, exclude information and facilities restricted under national-security regulations. In addition, the effect of deemed-exports regulations on the education and fundamental research work of international students and scholars should be limited by removing all technology items (information and equipment) from the deemed-exports technology list that are available for purchase on the overseas open market from foreign or US companies or that have manuals that are available in the public domain, in libraries, over the Internet, or from manufacturers.

INCENTIVES FOR INNOVATION AND THE INVESTMENT ENVIRONMENT

RECOMMENDATION D: ***Ensure that the United States is the premier place in the world to innovate; invest in downstream activities such as manufacturing and marketing; and create high-paying jobs that are based on innovation by modernizing the patent system, realigning tax policies to encourage innovation, and ensuring affordable broadband access.***

Implementation Actions

Action D-1: Enhance intellectual-property protection for the 21st century global economy to ensure that systems for protecting patents and other forms of intellectual property underlie the emerging knowledge economy but allow research to enhance innovation. The patent system requires reform of four specific kinds:

- Provide the Patent and Trademark Office sufficient resources to make intellectual-property protection more timely, predictable, and effective.

- Reconfigure the US patent system by switching to a "first-inventor-to-file" system and by instituting administrative review *after* a patent is granted. Those reforms would bring the US system into alignment with patent systems in Europe and Japan.

- Shield research uses of patented inventions from infringement liability. One recent court decision could jeopardize the long-assumed ability of academic researchers to use patented inventions for research.

- Change intellectual-property laws that act as barriers to innovation in specific industries, such as those related to data exclusivity (in pharmaceuticals) and those which increase the volume and unpredictability of litigation (especially in information-technology industries).

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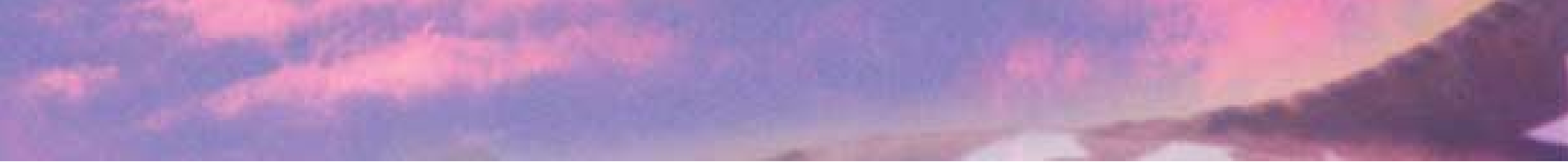
[4] The H-1B is a nonimmigrant classification used by an alien who will be employed temporarily in a specialty occupation of distinguished merit and ability. A specialty occupation requires theoretical and practical application of a body of specialized knowledge and at least a bachelor's degree or its equivalent. For example, architecture, engineering, mathematics, physical sciences, social sciences, medicine and health, education, business specialties, accounting, law, theology, and the arts are specialty occupations. See http://uscis.gov/graphics/howdoi/h1b.htm

[5] The controls governed by the Export Administration Act and its implementing regulations extend to the transfer of technology. *Technology* includes "*specific information* necessary for the 'development,' 'production,' or 'use' of a product" [emphasis added]. Providing information that is subject to export controls—for example, about some kinds of computer hardware—to a foreign national within the United States may be "deemed" an export, and that transfer requires an export license. The primary responsibility for administering controls on deemed exports lies with the Department of Commerce, but other agencies have regulatory authority as well.



Action D-2: Enact a stronger research and development tax credit to encourage private investment in innovation. The current Research and Experimentation Tax Credit goes to companies that *increase* their research and development spending above a base amount calculated from their spending in prior years. Congress and the administration should make the credit permanent,[6] and it should be increased from 20% to 40% of the qualifying increase so that the US tax credit is competitive with that of other countries. The credit should be extended to companies that have consistently spent large amounts on research and development so that they will not be subject to the current *de facto* penalties for previously investing in research and development.

Action D-3: Provide tax incentives for United States-based innovation. Many policies and programs affect innovation and the nation's ability to profit from it. It was not possible for the committee to conduct an exhaustive examination, but alternatives to current economic policies should be examined and, if deemed beneficial to the United States, pursued. These alternatives could include changes in overall corporate tax rates, provision of incentives for the purchase of high-technology research and manufacturing equipment, treatment of capital gains, and incentives for long-term investments in innovation. The Council of Economic Advisers and the Congressional Budget Office should conduct a comprehensive analysis to examine how the United States compares with other nations as a location for innovation and related activities with a view to ensuring that the United States is one of the most attractive places in the world for long-term innovation-related investment. From a tax standpoint, that is not now the case.

Action D-4: Ensure ubiquitous broadband Internet access. Several nations are well ahead of the United States in providing broadband access for home, school, and business. That capability will do as much to drive innovation, the economy, and job creation in the 21st century as did access to the telephone, interstate highways, and air travel in the 20th century. Congress and the administration should take action—mainly in the regulatory arena and in spectrum management—to ensure widespread affordable broadband access in the near future.

CONCLUSION

The committee believes that its recommendations and the actions proposed to implement them merit serious consideration if we are to ensure that our nation continues to enjoy the jobs, security, and high standard of living that this and previous generations worked so hard to create. Although the committee was asked only to recommend actions that can be taken by the federal government, it is clear that related actions at the state and local levels are equally important for US prosperity, as are actions taken by each American family. The United States faces an enormous challenge because of the disadvantage it faces in labor cost. Science and technology provide the opportunity to overcome that disadvantage by creating scientists and engineers with the ability to create entire new industries—much as has been done in the past.

It is easy to be complacent about US competitiveness and pre-eminence in science and technology. We have led the world for decades, and we continue to do so in many research fields today. But the world is changing rapidly, and our advantages are no longer unique. Without a renewed effort to bolster the foundations of our competitiveness, we can expect to lose our privileged position. For the first time in generations, the nation's children could face poorer prospects than their parents and grandparents did. We owe our current prosperity, security, and good health to the investments of past generations, and we are obliged to renew those commitments in education, research, and innovation policies to ensure that the American people continue to benefit from the remarkable opportunities provided by the rapid development of the global economy and its not inconsiderable underpinning in science and technology.

[6] The current R&D tax credit expires in December 2005.

SOME WORRISOME INDICATORS

- When asked in spring 2005 what is the most attractive place in the world in which to "lead a good life"[1], respondents in only one of the 16 countries polled (India) indicated the United States.
- For the cost of one chemist or one engineer in the United States, a company can hire about five chemists in China or 11 engineers in India.[2]
- For the first time, the most capable high-energy particle accelerator on Earth will, beginning in 2007, reside outside the United States.[3]
- The United States is today a net importer of *high-technology* products. Its share of global high-technology exports has fallen in the last 2 decades from 30% to 17%, and its trade balance in high-technology manufactured goods shifted from plus $33 billion in 1990 to a *negative* $24 billion in 2004.[4]
- Chemical companies closed 70 facilities in the United States in 2004 and have tagged 40 more for shutdown. Of 120 chemical plants being built around the world with price tags of $1 billion or more, one is in the United States and 50 in China.[5]
- Fewer than one-third of US 4th grade and 8th grade students performed at or above a level called "proficient" in mathematics; "proficiency" was considered the ability to exhibit competence with challenging subject matter. Alarmingly, about one-third of the 4th graders and one-fifth of the 8th graders lacked the competence to perform basic mathematical computations.[6]
- US 12th graders recently performed below the international average for 21 countries on a test of general knowledge in mathematics and science.[7]
- In 1999, only 41% of US 8th grade students received instruction from a mathematics teacher who specialized in mathematics, considerably lower than the international average of 71%.[8]
- In one recent period, low-wage employers, such as Wal-Mart (now the nation's largest employer) and McDonald's, created 44% of the new jobs, while high-wage employers created only 29% of the new jobs.[9]
- In 2003, only three American companies ranked among the top 10 recipients of patents granted by the *United States* Patent and Trademark Office.[10]
- In Germany, 36% of undergraduates receive their degrees in science and engineering. In China, the figure is 59%, and in Japan 66%. In the United States, the corresponding figure is 32%.[11]
- The United States is said to have 10.5 million illegal immigrants, but under the law the number of visas set aside for "highly qualified foreign workers" dropped to 65,000 a year from its 195,000 peak.[12]
- In 2004, China graduated about 500,000 engineers, India 200,000 and America 70,000.[13]
- In 2001 (the most recent year for which data are available), US industry spent more on tort litigation than on R&D.[14]

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[1] Interview asked nearly 17,000 people the question: "Supposed a young person who wanted to leave this country asked you to recommend where to go to lead a good life – what country would you recommend ?" Except for respondents in India, Poland, and Canada, no more than one-tenth of the people in the other nations said they would recommend the United States. Canada and Australia won the popularity contest. Pew Global Attitudes Project, July 23, 2005.
[2] The Web site http://www.payscale.com/about.asp tracks and compares pay scales in many countries. Ron Hira, of Rochester Institute of Technology, calculates average salaries for engineers in the United States and India as $70,000 and $13,580, respectively.
[3] CERN, http://public.web.cern.ch/Public/Welcome.html.
[4] For 2004, the dollar value of high-technology imports was $560 billion; the value of high-technology exports was $511 billion. See Appendix Table 6-01 of National Science Board's *Science and Engineering Indicators 2004.*
[5] "No Longer The Lab Of The World: U.S. chemical plants are closing in droves as production heads abroad", BusinessWeek (May 2, 2005).
[6] National Center for Education Statistics, *Trends in International Mathematics and Science Study,* 2003, http://nces.ed.gov/timss.
[7] Data are from National Science Board. 2004. *Science and Engineering Indicators 2004* (NSB 04-01). Arlington, VA: National Science Foundation. Chapter 1.
[8] Data are from National Science Board. 2004. *Science and Engineering Indicators 2004* (NSB 04-01). Arlington, VA: National Science Foundation. Chapter 1.
[9] Roach, Steve. *More Jobs, Worse Work.* New York Times. July 22, 2004.
[10] US Patent and Trademark Office, *Preliminary list of top patenting organizations.* 2003, http://www.uspto.gov/web/offices/ac/ido/oeip/taf/top03cos.htm.
[11] Data are from National Science Board. 2004. *Science and Engineering Indicators 2004* (NSB 04-01). Arlington, VA: National Science Foundation, Appendix Table 2-33.
[12] Colvin, Geoffrey. 2005. "America Isn't Ready." *Fortune* Magazine, July 25. H-1B visas allow employers to have access to highly educated foreign professionals who have experience in specialized fields and who have at least a bachelor's degree or the equivalent. The cap does not apply to educational institutions. In November 2004, Congress created an exemption for 20,000 foreign nationals earning advanced degrees from US universities. See Immigration and Nationality Act Section 101(a)(15)(h)(1)(b).
[13] Geoffrey Colvin. 2005. "America Isn't Ready." *Fortune Magazine,* July 25; Howard W. French. 2005. "China Luring Scholars to Make Universities Great." *New York Times,* October 28. Ministry of Science and Technology (MOST). 2004. *Chinese Statistical Yearbook 2004.* People's Republic of China, Chapter 21, Table 21-11. Available at http://www.stats.gov.cn/english/statisticaldata/yearlydata/yb2004-e/indexeh.htm; Diana Farrell and Andrew J. Grant. 2005. *The Emerging Global Labor Market.* McKinsey Global Research Institute, New York. Available at http://www.mckinseyquarterly.com/article_page.aspx?ar=1685&L2=18&L3=31&srid=17&gp=0; NASSCOM. 2002. *Knowledge Professionals.* National Association of Software and Service Companies, India. Available at http://www.nasscom.org/articleprint.asp?art_id=1260; NASSCOM. 2005. *Engineering Graduate Talent Pool in India.* National Association of Software and Service Companies, India. Available at http://www.nasscom.org/download/Engineering_Talent_Pool_Reseach_Highlights1.0.pdf; National Science Board. 2004. Science and Engineering Indicators 2004. National Science Foundation, Arlington, VA, Figure 2-11. National Center for Education Statistics. 2004. *Digest of Education Statistics 2004.* Institute of Education Sciences, Department of Education, Washington DC, Table 250. Available at http://nces.ed.gov/programs/digest/d04/tables/dt04_250.asp.
[14] US research and development spending in 2001 was $273.6 billion, of which industry performed $194 billion, and funded about $184 billion. (National Science Board *Science and Engineering Indicators 2004*). One estimate of tort litigation costs in the United States was $205 billion in 2001. (Leonard, Jeremy A. 2003. *How Structural Costs Imposed on U.S. Manufacturers Harm Workers and Threaten Competitiveness.* Prepared for the Manufacturing Institute of the National Association of Manufacturers. http://www.nam.org/s_nam/bin.asp?CID=216&DID=227525&DOC=FILE.PDF.