MEASURING INNOVATION IN THE 21ST CENTURY ECONOMY ADVISORY COMMITTEE RECOMMENDATIONS KEY POINTS

If the committee's recommendations are adopted, the U.S. will have significantly more insight into the impact of innovation in the economy; the various data-producing agencies could improve the quality and streamline the production of economic statistics; and the new information would enhance the ongoing dialogue on innovation's causes and effects.

Economic measurements have advanced with the times, but the economy changes ever faster. The Advisory Committee's recommendations can serve as a roadmap for improvements to our statistical systems that will ensure our indicators' continued relevancy and excellence in the 21st century.

Integrating the Bureau of Economic Analysis' measure of GDP with the Bureau of Labor Statistics' productivity measurements will allow for a comprehensive accounting of the effect of high-tech goods and services on growth and productivity. This will set the stage for the development of integrated estimates for major sectors and detailed industries. Although productivity growth is not a direct measure of innovation, correctly capturing productivity at by sector will greatly improve our understanding where innovation occurs.

A BEA supplemental innovation account for intangibles such as intellectual property capital stocks (including patents, copyrights, and trademarks) and human capital will begin to recognize that knowledge assets and physical property have equal standing as wealth in our national accounts.

Such an account, when ultimately integrated into the National Income and Product Accounts, will provide a more complete picture of companies' intangible investments in innovation and the role of such investments in enhancing the economy's ability to produce more with the same capital and labor inputs.

The National Science Foundation has been an important partner in the Census Bureau's collection of data on research and development activities conduced by scientists and engineers. NSF and Census are now working together to collect data on a broader range of innovation activities performed by a broader range of industries. These efforts will provide an important piece of the puzzle of what drives innovation in the U.S. economy.

This is not a project for government alone. Measuring innovation is a collaborative process. Businesses and academics must work together to expand and assess the understanding of measures of innovation. Research is needed to identify best practices, gaps in the data, and outcome measures.