

A Strategy for American Innovation: Driving Towards Sustainable Growth and Quality Jobs

Our vision of America's future is one where prosperity is built by skilled, productive workers and sound investments that will spread opportunity at home and allow this nation to lead the world in the technologies, innovation, and discoveries that will shape the 21st century. Innovation will create new jobs and catalyze broadly shared economic growth. The lives of every American will improve as innovations diffuse and scale throughout the economy, leading to breakthroughs in health, education, energy, transportation, information, and much more.

Despite American economy's historic strength, our economic growth has rested for too long on an unstable foundation. Explosive growth in one sector of the economy has provided a short-term boost while masking long-term weaknesses. While our economy remains the most dynamic, innovative, and resilient in the world, we cannot rest on our laurels while other countries catch up. We must redouble our efforts to give our world-leading innovators every chance to succeed. For this purpose, government has a key role to play. A modern, practical approach recognizes both the need for government to lay the foundations for innovation and the hazards of overzealous government intervention.

Since taking office, President Obama has taken historic steps to lay the foundation for the innovation economy of the future. The Obama Innovation Strategy builds on well over \$100 billion of Recovery Act funds that support innovation, additional support for education, infrastructure and others in the Recovery Act and the President's Budget, and novel regulatory and executive order initiatives. It seeks to harness the inherent ingenuity of the American people and a dynamic private sector to ensure that the next expansion is more solid, broad-based, and beneficial than previous ones. It focuses on critical areas where sensible, balanced government policies can lay the foundation for innovation that leads to quality jobs and shared prosperity. It has three parts:

- 1. Invest in the Building Blocks of American Innovation.** We must first ensure that our economy is given all the necessary tools for successful innovation, from investments in research and development to the human, physical, and technological capital needed to perform that research and transfer those innovations.
- 2. Promote Competitive Markets that Spur Productive Entrepreneurship.** It is imperative to create a national environment ripe for entrepreneurship and risk taking that allows U.S. companies to be internationally competitive in a global exchange of ideas and innovation. Through competitive markets, innovations diffuse and scale appropriately across industries and globally.
- 3. Catalyze Breakthroughs for National Priorities.** There are certain sectors of exceptional national importance where the market is unlikely to produce the desirable outcomes on its own. These include developing alternative energy sources, reducing costs and improving lives with health IT, and manufacturing advanced vehicles. In these industries where markets may fail on their own, government can be part of the solution.