

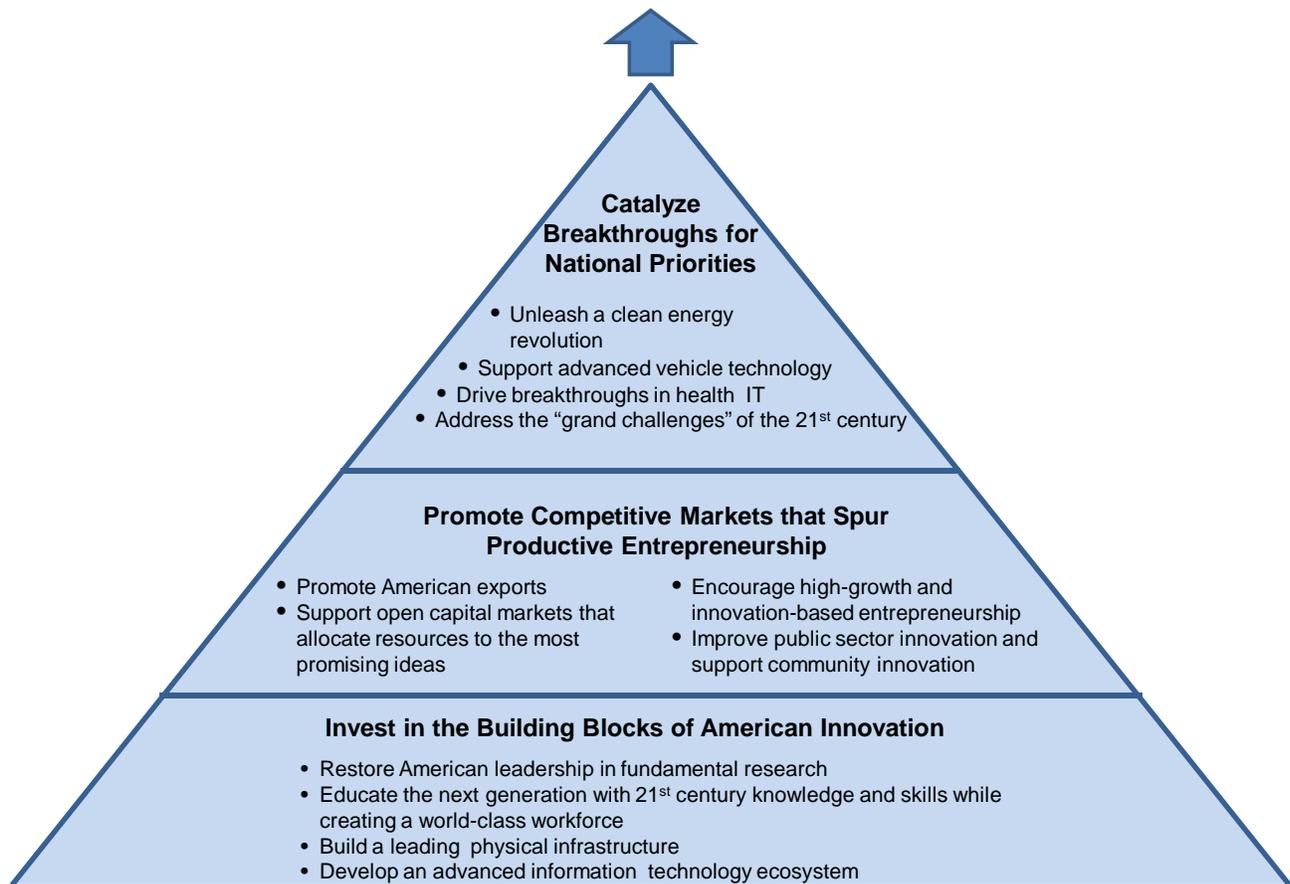
A Strategy for American Innovation: Driving Towards Sustainable Growth and Quality Jobs

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:

Innovation for Sustainable Growth and Quality Jobs



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.

- **Restore American leadership in fundamental research.** President Obama implemented the largest increase in basic R&D in history, which will lay the foundation for new discoveries and new technologies that will improve our lives and create the industries of the future.
- **Educate the next generation with 21st century knowledge and skills while creating a world-class workforce.** President Obama has proposed initiatives to dramatically improve teaching and learning in K-12 education, expand access to higher education and training, and promote student achievement and careers in STEM (Science, Technology, Engineering, and Mathematics) fields.
- **Build a leading physical infrastructure.** Through the Recovery Act, the President has committed to a historic investment in our nation’s roads, bridges, transit, and air transportation networks to connect our people and our businesses.

- **Develop an advanced information technology ecosystem.** For America to lead the world in the technologies of the future, President Obama believes that all Americans must have affordable 21st century access to the Internet.
- 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.
- **Promote American exports.** Exports will play an increasingly critical role in the future of the American economy, and the President’s plans will ensure fair and open markets for American producers.
 - **Support open capital markets that allocate resources to the most promising ideas.** Open capital markets are one of the greatest strengths of the American economy, and the President is committed to making sure these markets work.
 - **Encourage high-growth and innovation-based entrepreneurship.** The Obama Administration believes it is essential that entrepreneurs continue to create new and vibrant businesses that lead to new jobs and economic growth.
 - **Improve public sector innovation and support community innovation.** Innovation must occur within all levels of society, including the government itself. The Obama Administration supports the broad adoption of community innovations that work and is committed to making government perform better and more efficiently, including by working more openly.
- 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.
- **Unleash a clean energy revolution.** Historic investments in smart grid, energy efficiency, and renewable technologies like wind, solar, and biofuels will help unleash a wave of ingenuity and progress that creates jobs, grows our economy, and ends our dependence on oil.
 - **Support advanced vehicle technologies.** Record battery grants announced last month are part of a concerted effort to place the U.S. on the cutting edge of advanced vehicle technology, from electric cars to biofuels to advanced combustion.
 - **Drive innovations in health care technology.** The President’s health IT initiative is designed to drive technological innovation that will help prevent medical errors, improve health care quality, reduce costs, and cement U.S. leadership of this emerging industry.
 - **Harness science and technology to address the “grand challenges” of the 21st century.** The President’s commitment to science and technology will allow the United States to set and meet ambitious goals, such as educational software that is as effective as a personal tutor and smart anti-cancer therapeutics that deliver drugs only to tumor cells.