

STATEMENT BY SENATOR LIEBERMAN ON INNOVATION AND
COMPETITIVENESS

Committee on Commerce, Science, and Transportation

March 15, 2006

Thank you Senator Ensign and Committee Chairman Stevens for holding this hearing to discuss building a new century of American prosperity by spurring a new wave of American innovation.

From the Franklin stove to the personal computer, Americans have a strong history of innovation. But we face new challenges. We live in a global age where competition can come as easily from across an ocean as across the street.

We got a wake up call earlier this year about how tough today's challenges are when the Organization for Economic Cooperation and Development (OECD) announced that China had overtaken the United States as the world's largest exporter of high-tech products – shipping \$180 billion worth of high-tech goods worldwide last year, versus \$149 billion for the U.S.

If this continues, the global high-tech centers could shift from America to China, and with them the high-skill, high-paying jobs that are key to the innovation economy will be lost as well.

America must prepare itself to compete in this new world.

Earlier this year, the Council on Competitiveness circulated a report in response to these challenges with detailed recommendations on how to reinvigorate our innovation economy.

In December, Senator Ensign and I – along with 22 bipartisan cosponsors – introduced the National Innovation Act, which is based on the Council's

recommendations in three key areas: Developing talent; targeting investment, and creating infrastructure.

Last week, Senator Ensign and I reintroduced Title I of the bill, now called the National Innovation Act – Commerce Provisions, which contains key provisions of the original bill and has been referred to this Committee.

One of the key provisions of this bill is the creation of a President’s Council on Innovation whose goal will be to develop a comprehensive national innovation agenda and coordinate all federal efforts. The Secretary of Commerce will chair the Council which will have oversight over legislative proposals as well as executive branch initiatives.

But new ideas need research money if they are to move from imagination to market.

This bill strengthens the National Science Foundation by more than doubling its research budget from \$4.8 billion in 2004 to nearly \$10 billion by 2011.

Our bill also creates an “Innovation Acceleration Grants” program to stimulate high-risk research by urging federal research agencies to allocate at least 3 percent of their current R&D budget to breakthrough research – the kind of research that gave us the Internet.

Now, having moved a product idea from imagination to the point where it’s ready to market, we must be able to manufacture it as well. It’s the manufacturing component of the innovation economy that creates and sustains high-paying, high-skilled jobs.

This bill directs Commerce Department’s National Institute of Standards and Technology to hold a competition to develop three new pilot test beds where innovators

could evaluate and refine new manufacturing ideas. The competition to create these test sites would be open to state and local governments and the business community.

As I said, the ideas contained in this bill were pulled from our larger bill, which, among other things, would also:

- Encourage students to train for technical professions by increasing federal support for graduate fellowships and trainee programs in science, math, and engineering.
- Create a Professional Science Master's degree program that couples business or legal training with a traditional science or engineering discipline to create a cadre of new professionals with broad skills in both business and science.
- Direct the Defense Department to work with the private sector to identify and develop innovative manufacturing techniques and that could help create a 21st Century manufacturing base.
- Make permanent the current Research and Experimentation tax credit and extend it to a greater number of enterprises – a provision that also appears in the Invest in America Act of 2005, sponsored by Senators Hatch and Baucus with 44 bipartisan cosponsors.

I realize our bill is not the only one before the Senate. Several important pieces of legislation that have been introduced, including the PACE package introduced by Senators Alexander and Bingaman, of which I am also a cosponsor.

All of these different bills strive toward the same end – the renewal and reinvigoration of America's historic role as a global leader in innovation that has made our economy the envy of the world. It is my hope that the Commerce committee, the HELP committee, and other committees of jurisdiction will take action soon in this

session to report legislation incorporating important ideas from all of these proposals.

And it's my hope that the bipartisan leadership will work together to advance these bills.

Finally, I also want to commend the private sector, the academic sector, and the many outside organizations for their contributions to and support for this effort as was evidenced so eloquently by the testimony today.

Thank you Mr. Chairman.