

# High hopes for Bush's tech initiative

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It may not be easy to win support for his plans for Iraq or for healthcare reform, but President Bush's proposal to beef up U.S. strength in science and technology could well be one of the few issues that might garner bipartisan support. Or that's what leaders in the manufacturing industry are hoping.

According to a report by the National Association of Manufacturers released Wednesday, the United States is beginning to lose ground in the one area that it has thought it would continue to dominate: producing advanced technology products.

U.S. policymakers and companies never thought that they would "lose out ... in advanced technology" against foreign competition, "but it is happening," said Joel Popkin, an NAM economist and author of the study entitled "U.S. Manufacturing Innovation At Risk."

He pointed out that while the United States held about 13 percent of the global market share in high-tech exports in 2003, that figure had dropped to 10 percent by 2005. Meanwhile, Popkin said that Germany has overtaken the United States as the country with the biggest export market share in the sector.

Granted, U.S. investment in basic scientific research and development totaled more than \$290 billion in 2003, or 40 percent of all R&D spending among the world's wealthiest nations.

Nevertheless, "the United States cannot become complacent about this

leadership position. The rapid growth in overseas manufacturing is creating new global centers with the critical mass necessary to build their own innovation machines. ... The challenges faced by America's manufacturing base threaten to reduce the critical mass necessary for our own innovation process to work," Popkin argued.

Certainly, productivity gains and the resulting efficiency of workers has been a key driving force in pushing forward the U.S. economy in recent years. Moreover, retaining that edge is critical to ensure the country's prosperity, according to the head of the Manufacturing Institute, the research arm of NAM that represents some of the biggest manufacturers in the United States.

"Our nation cannot afford to lose its manufacturing innovation edge and the wealth that it generates throughout our economy. ... Strong productivity growth helps America compete in the global economy and is the key to higher wages and better living standards for U.S. workers," the institute's Jerry Jasinowski said.

So the fact that Bush emphasized the need to ensure U.S. innovation in the technology sector in his State of the Union address Tuesday was particularly welcome, NAM President John Engler said.

Specifically, Bush said he would launch the so-called American competitive initiative "to encourage innovation throughout our economy and to give our nation's children a firm grounding in math and science" by doubling government funding for basic science research over the next decade and give tax credit to encourage private companies to undertake research in innovative technology.

Bush also said that that he would fund training for 70,000 high school teachers to teach advanced placement courses in math and science.

"There is no question that our nation's strength lies in our leadership in innovation and productivity, and that leadership is being challenged as never before," Engler said, adding that "the president's commitment to increase funding for R&D and improve science and math instruction in our schools is exactly what we called for."

Meanwhile, Jasinowski said that the initiative is likely to be "one of the few things to get bipartisan support" under the current administration.

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