



NATIONAL ADVISORY COUNCIL ON INNOVATION AND ENTREPRENEURSHIP



March 14, 2018

The Honorable Wilbur Louis Ross, Jr.
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Making America Competitive through Innovation, Entrepreneurship, and Productivity

Dear Secretary Ross,

The National Advisory Council on Innovation and Entrepreneurship (NACIE) is pleased to recommend for your consideration a set of four principles to guide Department of Commerce and President Trump's efforts to promote innovation and entrepreneurship.

NACIE believes that **the nation's economic power stems from Americans' capacity to be innovative, entrepreneurial, and productive**. We concur with the President that while the economy has strongly rebounded from the Great Recession, many workers, businesses, and communities continue to struggle in the face of intense global competition. We also recognize that to make America competitive, employers' growing difficulty in obtaining skilled workers must be addressed.¹

We support the President's goal to enhance the competitiveness of U.S. businesses and workers in world markets. We are very pleased to see the recently released *Department of Commerce Strategic Plan for 2018-22* and its first three strategic goals—Accelerate American Leadership, Enhance Job Creation, and Strengthen U.S. Economic and National Security. More specifically, NACIE supports Administration and Commerce Department objectives to

- reduce market-stifling regulatory burdens on businesses and individuals;
- promote economically-beneficial trade;
- encourage workforce development, including apprenticeship expansion and career awareness, guided by employer needs;
- enhance transportation and communications infrastructure;
- rigorously evaluate federal programs; and
- provide efficient and effective government operations and services.

As leaders and practitioners who actively engage and support innovators and entrepreneurs, NACIE members know firsthand what Commerce Department data show: new, innovative

¹Avi Salzman, *The Great Labor Crunch: Employers Searching for Ways to Replenish Their Ranks Are Coming up Empty-Handed*, BARRON'S, March 12, 2018, at 17, 17-19.

American businesses are responsible for a substantial proportion of national job creation.² NACIE believes that for the U.S. to be successful in global markets, its businesses and workers must have access to the resources they need to be innovative, entrepreneurial, and productive. To achieve this end, **NACIE strongly urges that the Federal government enable markets to serve as a well-functioning “invisible hand.”**

To these ends, NACIE offers the following principles to guide the Commerce Department and the White House efforts to make America competitive.

Making America Competitive—Principles

1. Catalyze High-Performing Industries

Economic growth is driven by business productivity, which in turn depends on innovation, entrepreneurship, and a skilled workforce. The Federal government can facilitate business productivity by

- reforming **regulations** that reduce burdens, accelerate innovation adoption, facilitate business formation and growth, and simplify capital formation and deployment;
- making **small, targeted investments** in innovative technologies, organizations, and processes that leverage private sector investments; and
- encouraging private sector **adoption at scale** of proven, measurably successful approaches.

2. Encourage Collaboration

In a dynamic, wired world, competitiveness depends on robust collaboration among businesses, public agencies, and science and technology research organizations. Collaboration allows the Federal government to reduce its footprint in and enhance its support for well-functioning markets. The Federal government can significantly enhance collaboration by

- encouraging regulations and tax structures that support **business-to-business collaboration**, such as on cooperative R&D, supply chains, and market development;
- directing individual Federal departments and agencies to emerge from their traditional silos and create **multi-agency collaborations**; and
- promoting **public-private collaborations** so modest Federal involvement leads to strong markets and competitive businesses.

3. Create Strategy Through Data and Analysis

U.S. economic competitiveness based on innovation, entrepreneurship, and productivity is more likely to emerge with a Federal strategy based on data and analysis. Congress has laid out the template for such a strategy in its mandate that the Administration prepare a national strategic plan for advanced manufacturing.³ NACIE is pleased that the Administration and the Commerce Department are being fully responsive to this mandate. The Federal government can develop and implement an effective competitiveness strategy by

- collecting, verifying, and disseminating **current, accurate data** that measures American innovation, entrepreneurship, and productivity;

² See, e.g., John Haltiwanger et al., *Who Creates Jobs? Small Versus Large Versus Young*, 95-2 REV. ECON. & STAT. 347, 348, 360 (2013).

³ 42 U.S.C. § 6622.

- convening **conversations with business organizations** to understand competitive issues and opportunities by key traded sector and assess options for Federal action;
- based on those conversations, investing **Federal innovation dollars** to the technology sectors most likely to enhance U.S. competitiveness while continuing to support the basic research that leads to transformative technologies;
- ensuring that Federal investments in infrastructure, defense, health, and other priority sectors **procure innovative products and services**.

4. Encourage Everyone to Join “Team America”

The nation’s economy is less competitive when many Americans lack the capacity to “join the team.” Widespread personal economic advancement offers substantial returns to the nation. The Federal government should inspire and enable workers to boost U.S. competitiveness through achieving their American dream by

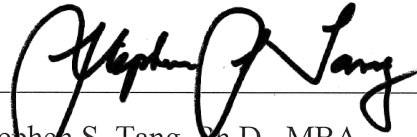
- increasing **access to and awareness of** entrepreneurial training, resources, career opportunities, and role models;
- encouraging **demand-driven training** that meets employer needs, particularly through **apprenticeships**; and
- motivating individuals to obtain the **core work skills** that would allow them to adapt to and advance in a rapidly changing economy.

NACIE hopes that you find these principles valuable in supporting Administration efforts to promote U.S. competitiveness through innovation, entrepreneurship, and productivity. We are available to discuss and promote them, look forward to your response, and thank you for the opportunity to serve you and the Commerce Department.

Respectfully submitted,



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Co-Chair



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