



# Athena Alliance

Exploring the promise and pitfalls of the global information economy

## **The Commission on the Future of the U.S. Economy Act S. 2747**

Introduced by Senator Joseph Lieberman (D., Conn.), this legislation creates a Commission on the Future of the U.S. Economy to craft a strategy to confront our economic challenges. Athena Alliance was deeply involved in developing the key ideas and crafting this legislation. The Commission is similar to the 1980's President's Commission on the Industrial Competitiveness (the Young Commission), which proved to be a successful mechanism for confronting the issues of its time. But the current problems are fundamentally different compared with 20 years ago.

As Senator Lieberman says, "Today, the challenges we face are exponentially larger and more complex. We've entered an information age where intangible assets such as innovation and knowledge are the new keys to competitive advantage. These intangibles – including worker skills and knowledge, informal relationships that feed creativity, new business methods, and intellectual property – are driving worldwide economic prosperity. In an age where these knowledge-based assets are difficult to patent or copyright, intellectual property rights are difficult to enforce, and information crosses borders freely and instantaneously, the first Young Commission doesn't give us all the answers."

These challenges echo those set forth in our publication "Competitiveness Revisited" (available at [www.athenaalliance.org](http://www.athenaalliance.org)). They include:

- the fusion of manufacturing and services into complex networks and the rise of new business models;
- the need to go beyond quality and productivity to address issues of increased customization, speed, and responsiveness to customer needs;
- the broad nature of the innovation system that encompasses basic research, technological development, venture capital, new product development, design and aesthetics, new business models, and the development of new markets;
- the need for new and better ways of fostering the types of skills needed in a knowledge and information economy; and,
- the challenge of unlocking the value of underutilized knowledge assets.

The legislation explicitly recognizes that we are becoming an information and knowledge economy (or, as I like to put it, the I-Cubed – Information, Innovation and Intangible – Economy) and that both science-based research and informal creativity are key factors in the innovation system. It also explicitly recognizes the importance of information, knowledge, and other intangible assets in driving economic prosperity, including worker skills and know-how, informal relationships that feed creativity and new ideas, high-

performance work organizations, new business methods, intellectual property such as patents and copyrights, brand names, and innovation and creativity skills.

The Commission is directed to broadly explore these new challenges, and is specifically charged with developing policy recommendations for:

- transforming the education and training process into a true system of life-long learning;
- upgrading skills of the United States workforce to compete effectively in the new economic environment, including mathematics and science skills, critical thinking skills, communication skills, language and intercultural awareness, creativity, and interpersonal relations essential for success in the information age;
- promoting a broad system of innovation and knowledge diffusion, including non-technological ingenuity and creativity as well as science-based research and development;
- fostering the development of knowledge and information assets in all sectors of the United States economy, particularly those sectors of the economy in which rates of productivity and innovation have lagged, and in United States companies of all sizes, particularly small and medium-size companies;
- developing jobs that are rooted in local skills and local knowledge assets in order to lessen displacement resulting from ongoing global competition;
- improving access to, and lowering the cost of, capital by unlocking the value to financial markets of underutilized knowledge assets;
- strengthening the efficiency and stability of the international financial system (taking into account the roles of foreign capital and domestic savings in economic growth);
- developing policies and mechanisms for managing the increasing complexity of globalization;
- adjusting to the impacts of global demographic changes in the United States, other developed countries, and developing countries;
- improving economic statistics and accounting principles to adequately measure all sectors of the new economic environment, including the value of information, innovation, knowledge, and other intangible assets; and
- improving understanding of how the Federal Government supports and invests in knowledge and other intangible assets;

The Commission shall submit a report to Congress by March, 1 2006 (or 18 months after its first meeting, whichever is later) regarding the competitive challenges facing the United States with conclusions and specific recommendations for legislative and administrative actions. Made up of 17 voting and 5 non-voting members, the Commission would have the power to hire staff, conduct hearings, request information from government agencies and commission outside studies. \$10 million is authorized in appropriations to fund the Commission's activities.