Despite their imperfections, gross domestic and gross national product (GDP / GNP) and their associated growth and per capita data are the consensus ways of measuring the economic well-being and trajectory of a nation. Occasionally, gross product and income metrics even serve as proxies for standard of living and are highly correlated with changes in life expectancy. Consensus views hold that increases in productivity are the largest driver in economic growth, and that technological innovations are the largest drivers of increases in productivity.

But what are the foundational elements of productivity and economic growth? One key requirement is getting the institutions right. Economic institutions that favor innovation, private property, market competition, and a level playing field are likely to promote consistent and balanced growth. Scholars argue that such institutions do not emerge by chance: societies are much more likely to develop dynamic economic institutions if they have the right political institutions to begin with. The most important characteristics of such institutions are a competitive system of politics, allowing for the regular replacement of leaders, and a large electorate that plays a decisive role in the selection of political elites.

Although a sound system of political pluralism may be the most important guarantor of economic innovation and growth, there is still much noise in understanding other, more specific, issues of causality. Even if a country gets the macro-institutions right, it still must set the conditions for requisite innovation, technological advancements and productivity gains that ultimately drive economic growth. Innovation does not just “happen” – it can require certain conditions or be difficult without them; or it can be singular events that nations cannot sustain without the right ecosystem. These conditions include: financial capital (both private and public) to invest in education and research & development; the ability to participate in knowledge transfers (domestically and internationally); and domestic political inclusiveness, stability, and rule of law.

Also, there are sometimes contradictory aims or policies in tension. These include: the risks of perverse outcomes when governments intervene in free markets and the government “picking winners” with industrial policy; the interplay between fiscal policy (deficit spending), national debt, and inflation; currency valuations, current account balances and manufacturing employment; and liberal free trade agreements vs. economic protectionist policies. There are clear interests and tradeoffs at stake that nations must navigate and consider to sustain a position on the frontier of innovation and ultimately achieve economic growth.
SCUSA 74 Roundtable Topic: Ensuring National and Global Economic Growth Through Innovation

Proposed Topics and Questions for Discussion (The readings below have links but you may encounter a pay wall. If so, access the readings through your institution’s library):

**TOPIC: What is the right “recipe” for a nation to achieve economic growth? How can emerging markets replicate success?**

From antiquity to the present, there are countless examples of nations that achieved economic wealth by various means. But of these examples, how many *created* wealth vs. just accumulated it – and of the latter, was the wealth fleeting or sustainable? There are nations that have achieved “first world” status and continue to grow, those that have yet to “crack the code” on economic growth, and those that have partially reformed and achieved some economic growth but appear stalled – why? The character and quality of a nation’s economic and political institutions provide an important part of the answer.

**Readings**


**SCUSA 74 Roundtable Topic: Ensuring National and Global Economic Growth Through Innovation**

**TOPIC: What dilemmas does the United States currently face with innovation, technology, economic growth and competition? What course(s) of action should be taken?**

The United States has remarkably achieved sustainable economic growth for arguably its entire existence. Since Bretton Woods, it remains the world’s most attractive destination for investment, the financial capital of the world, and its currency is effectively the world’s reserve currency and used in the overwhelming amount of global financial transactions. However, there are critical technologies in which the US is not the world leader, financial volatility concerns citizens and drives populist and protectionist economic policies, and there are concerns that China may overtake the US economically and offer an alternative to the rules-based international order. Moreover, from a national security standpoint, the fragility of global supply chains presents a palpable threat, especially as near-peer adversaries strategically aim to dominate the supply of essential rare earth materials pivotal for technology manufacturing. This vulnerability can have cascading implications for both economic growth and national defense.

In light of sluggish *real* economic growth (nominal growth less inflation) and international competition, the US recently passed the Bipartisan Infrastructure Law, the CHIPS and Science Act and the Inflation Reduction Act. These acts target specific industries for economic and security objectives, as well as for goals that are neither economically nor security-based. However, these acts raise concerns about government intervention in free markets, such as "picking winners" and other second-order effects. They also bring up worries about increased deficit spending during an inflationary period not seen in 50 years, and the cost of pursuing policies unrelated to security or economic objectives. What action(s) and/or tools should the US consider, take, or avoid?

**Readings**


**TOPIC: Are there shortcomings to GNP and GDP? Are they the proper metrics to measure economic prosperity and quality of life? What about value added trade? What other alternatives are there?**

GDP (as well as per capita and growth rates) offer a tradeoff of simplicity for accuracy. Formulaically, GDP is easy to calculate and objective. However, in terms of trade balances there is a recent discussion in measuring value-added metrics instead of gross trade to better capture nations’ contributions to the world economy and comparative advantage. Recently, New Zealand officially adopted a “Happiness and Wellbeing Index” to inform their budgetary decisions over GDP growth. This is rather consistent with what Senator Robert F. Kennedy once said,

“Gross National Product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It counts napalm and counts nuclear warheads and armored cars for the police to fight the riots in our cities. It counts Whitman's rifle and Speck's knife, and the television programs which glorify violence in order to sell toys to our children. Yet the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile. And it can tell us everything about America except why we are proud that we are Americans.”

**Readings**

SCUSA 74 Roundtable Topic: Ensuring National and Global Economic Growth Through Innovation


**TOPIC**: What implications does the onset and focus of ensuring resilient supply chains, particularly in securing access to global supply chains, have on a country's approach to enabling the ideal conditions for innovation and economic expansion?

In recent years, concerns about supply chain security have grown, especially with increasing awareness of how concentrated some supply chains are (e.g., rare earth minerals in China or semiconductor manufacturing in Taiwan and South Korea). The COVID-19 pandemic further underscored vulnerabilities when disruptions in the supply of medical equipment and other goods occurred. As a result, many countries, including the United States and members of the European Union, are emphasizing policies to bolster supply chain resilience, especially for strategically important sectors.

Policies that focus on the protection and resilience of global supply chains, particularly for critical manufacturing materials, are often referred to under the umbrella of "supply chain security" or "supply chain resilience" policies. These policies are designed to ensure the uninterrupted availability of essential goods and materials, safeguard the integrity and reliability of supply chain processes, and protect against various vulnerabilities, including geopolitical risks, natural disasters, and other disruptions. However, Government interventions, like subsidies or incentives aimed at domesticating certain critical supply chains, might distort market dynamics, potentially leading to inefficiencies or an overemphasis on certain sectors at the expense of others. This also puts governments in the business of predicting future supply chain vulnerabilities. Consequently, there's a risk of resources being allocated to areas based on political motivations rather than actual market needs.

**Readings**


SCUSA 74 Roundtable Topic: Ensuring National and Global Economic Growth Through Innovation


**TOPIC:** What are the potential social costs and perhaps political dangers of technological innovation, such as AI, that is considered crucial to economic growth and productivity? To what extent (and how) should such technology be regulated, by private or public entities, or by public-private partnerships? Without regulation, some observers argue that unfettered technological innovation could upend traditional industries and exacerbate social inequality. Other observers maintain this development would further deepen the socio-economic inequality that is already a significant problem in the United States. This inequality generates powerful socio-economic and political grievances – ones that fuel populism and its threat to stable economic and political institutions.

**Readings**

