

# Recent Developments in U.S. Science and Technology Policy

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# In a Nutshell

- The economic recovery is anemic and, for many, non-existent
- Frustration with political leaders is extreme
- President strongly supports S&T
- Budgetary politics emphasize deficit reduction
- Program and budgetary decisions in the House are driven neither by merit nor metrics
- Situation is chaotic and unpredictable

# Weak Economy

Effects of the financial crisis are still being felt

- Unemployment falling very slowly / many no longer looking
- Jittery stock market, even before Japanese triple crisis
- Tight credit, especially for small firms
- Venture capital market is moribund
- No one held to account for financial crisis
- Globalization continues to displace firms/jobs

# Political Effects of the Financial Crisis

- Obama's 2008 victory
- Insufficient 2009 stimulus package
- Rise of a sense of frustration and victimhood
- Frustration fed by conservative media and by wealthy interests, reflecting genuine pain
- Successful (and incorrect) framing of the main U.S. economic problem as too much current government spending and deficits too large
- 2010 victories by the small-government Tea Party

# Obama's Positions on S&T

- Consistent rhetorical support for S&T/STEM
- Major temporary boost to R&D funding via Recovery Act
- 2011 State of the Union address focused on S&T/STEM as key to economic recovery and long-term prosperity
- Emphasis on using “good science” for policy
- Focus on needs-driven determination of R&D investments
- First two years
  - “Technology” generally means only “Information Technology”
  - “Industry” generally means IT, biotech and clean energy, with a focus on small firms and entrepreneurs
- More recent embrace of large firms in diverse sectors including manufacturing

# Effects of the Economic and Political Crises on S&T Policies

- After Nov. 2010, national mood on federal spending shifted dramatically toward cuts
- Many new members of Congress are much more concerned with spending cuts than with meeting national needs or protecting important programs
- Partisan division in Congress along with intra-party battles over both substance and strategy hinders action
- Dependence on continuing resolutions starves new programs and blocks reforms of existing programs, while threatening all programs
- Climate change skeptics and deniers have taken power in the House of Representatives
- State budgets are in crisis owing to reduced tax revenues, loss of stimulus funding, growth in health care spending, and formal links of state to federal taxes, which is causing huge cuts to state support for higher education
- Termination of federal appropriations earmarks affects many S&T projects, especially in universities

# Obama's Vision Meets Budget and Political Realities

- Obama's FY12 budget proposes modest growth in R&D/STEM expenditures, up 6.5% in non-defense R&D
- But, these depend on big cuts elsewhere (e.g., down 3.9% in defense R&D)
- We are half-way through FY11 with budgets not yet set and "CRs" embedding cuts
- ARPA-E will get no FY11 \$ under CR funding
- No chance of additional stimulus funding to help states; in fact, budget cuts will be "anti-stimulus"
- Rejection of infrastructure funds by some conservative state governors undercuts remaining stimulus spending

# I don't think I mentioned:

- Events in Japan may derail emerging interest in nuclear power to address climate change
- DOD Secretary Gates' proposed five-year spending cuts
- Potential costs of war and recovery in Libya
- Possibility of a Federal government shut-down in FY11
- Huge uncertainty about the 2012 elections, from
  - Tea Party take over and Obama defeat.....to
  - Tea Party melt-down and Obama/Democratic wins
- Entitlement spending's inexorable growth
- Rapid ascendance of effectively competing countries



# In Summary

- At a time when the U.S. needs:
  - Continued Keynesian stimulus
  - Real reform of entitlement spending
  - Sustained attention to economic challenges from strong emerging nations
- We have instead:
  - A misguided focus on fiscal contraction
  - A national politics focused on the wrong questions
  - Near chaos within and between our political parties
  - Reaction against globalization rather than embrace of its possibilities

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