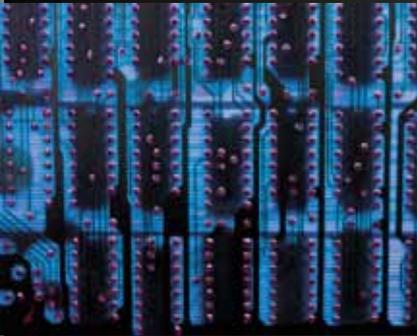


INNOVATION

The Engine for Economic Growth

Global Opportunity for Local Government

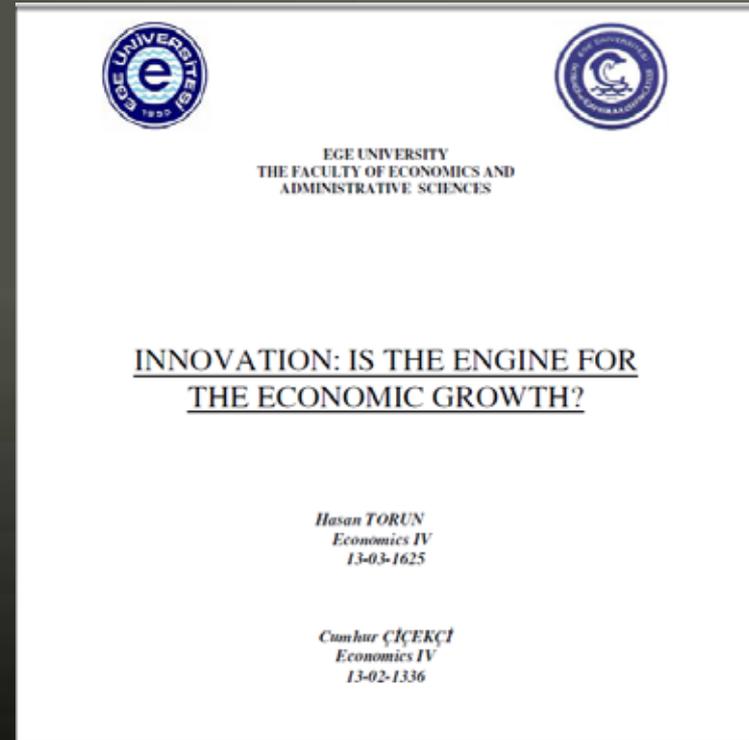


Dennis Smith, Executive Director
Maricopa Association of Governments

January 10, 2012

Link Between Innovation & Economic Growth

- § R&D spending
- § Patenting & researchers per thousand employees
- § Technological spillovers between firms, industries & countries



Pillars of the Economy

- § Institutions
- § Infrastructure
- § Macroeconomy
- § Health and primary education
- § Higher education and training
- § Market efficiency
- § Technological readiness
- § Business sophistication
- § Innovation



Importance of Innovation

- § The ninth pillar, innovation, is particularly important for countries that have reached the high-tech frontier, as it is the only self sustaining driver of growth. (Romer, P. 1987)
- § While less advanced countries can still improve their productivity by adopting existing technologies or making incremental improvements in other areas, for countries that have reached the innovation stage of development, this is no longer sufficient to increase productivity. Firms in these countries must design and develop cutting-edge products and processes to maintain a competitive advantage. This requires an environment that is conducive to innovative activity, supported by both the public and the private sectors. In particular, this means sufficient business investment in research and development, high-quality scientific research institutions, collaboration in research between universities and industry, and protection of intellectual property.

Innovation and Sophistication Factors

- Business Sophistication
- Innovation

Key for
innovation-driven
economies

Efficiency Enhancers

- Higher Education and Training
- Market Efficiency (goods, labor, financial)
- Technological Readiness

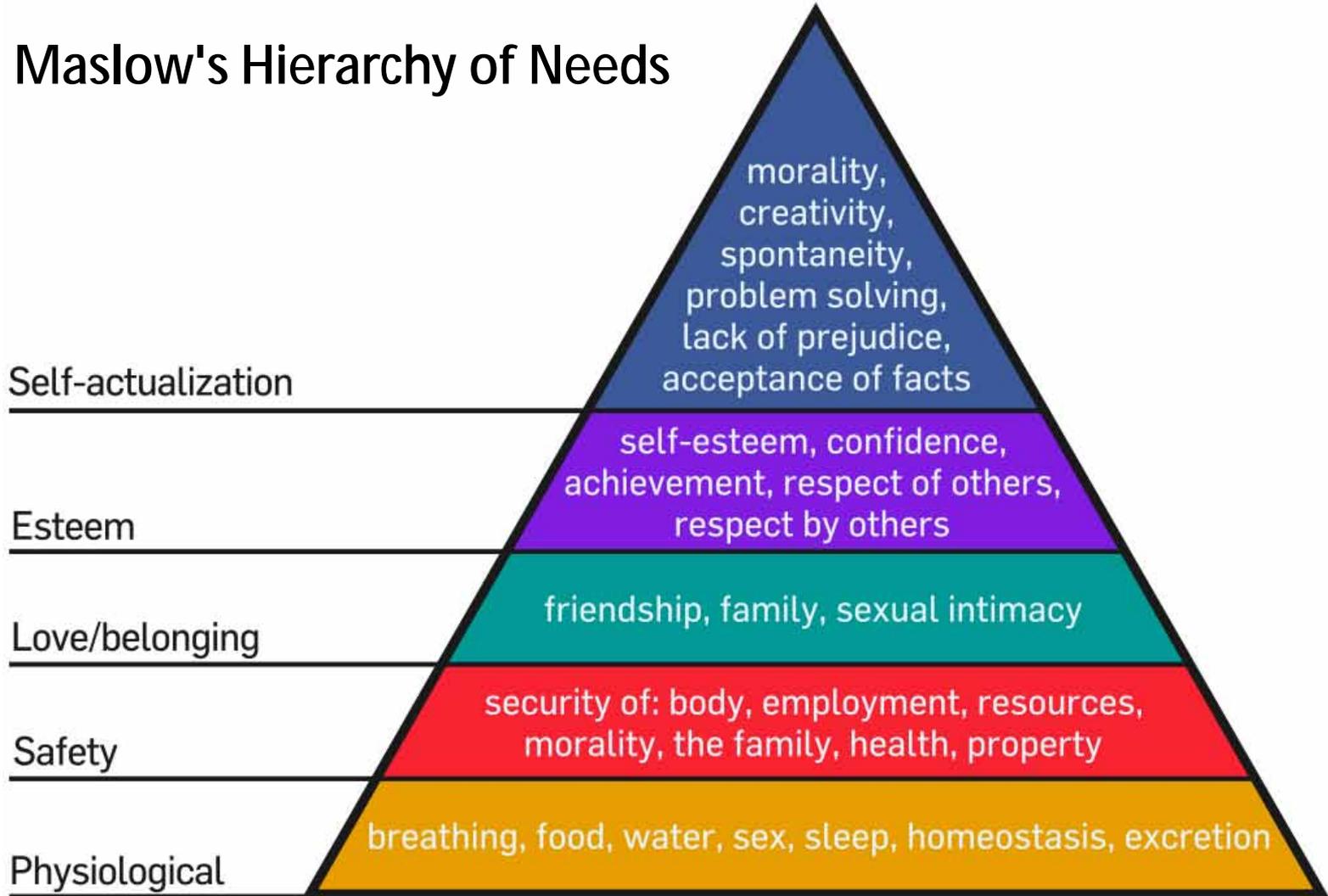
Key for
efficiency-driven
economies

Basic Requirements

- Institutions
- Infrastructure
- Macroeconomy
- Health and Primary Education

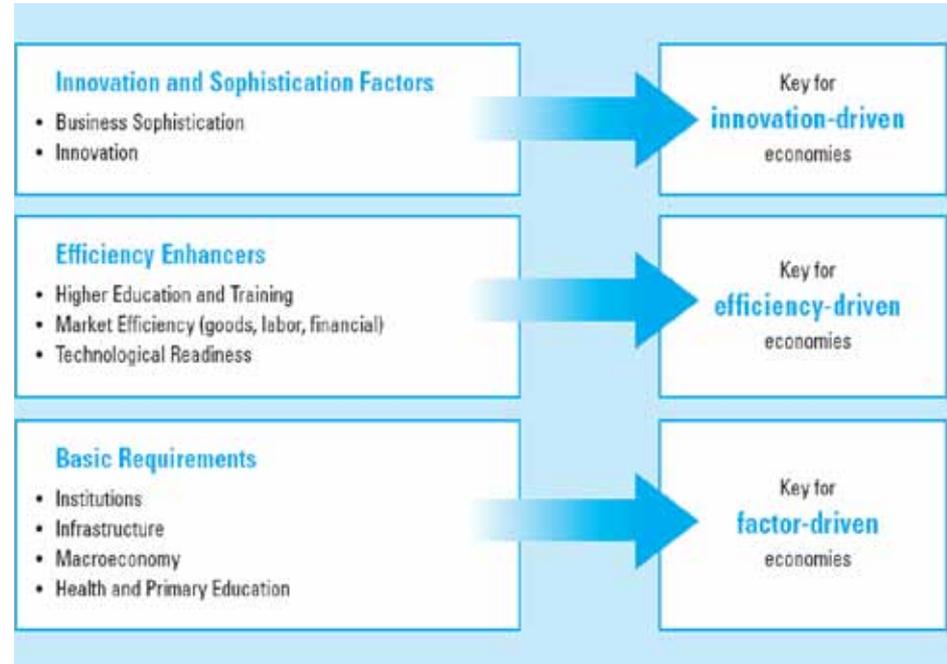
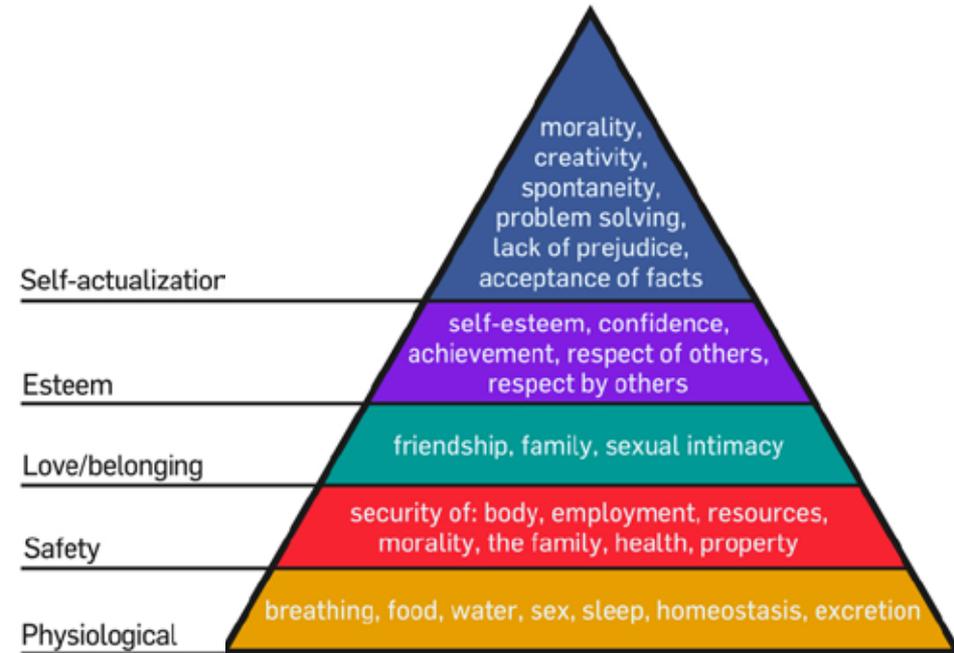
Key for
factor-driven
economies

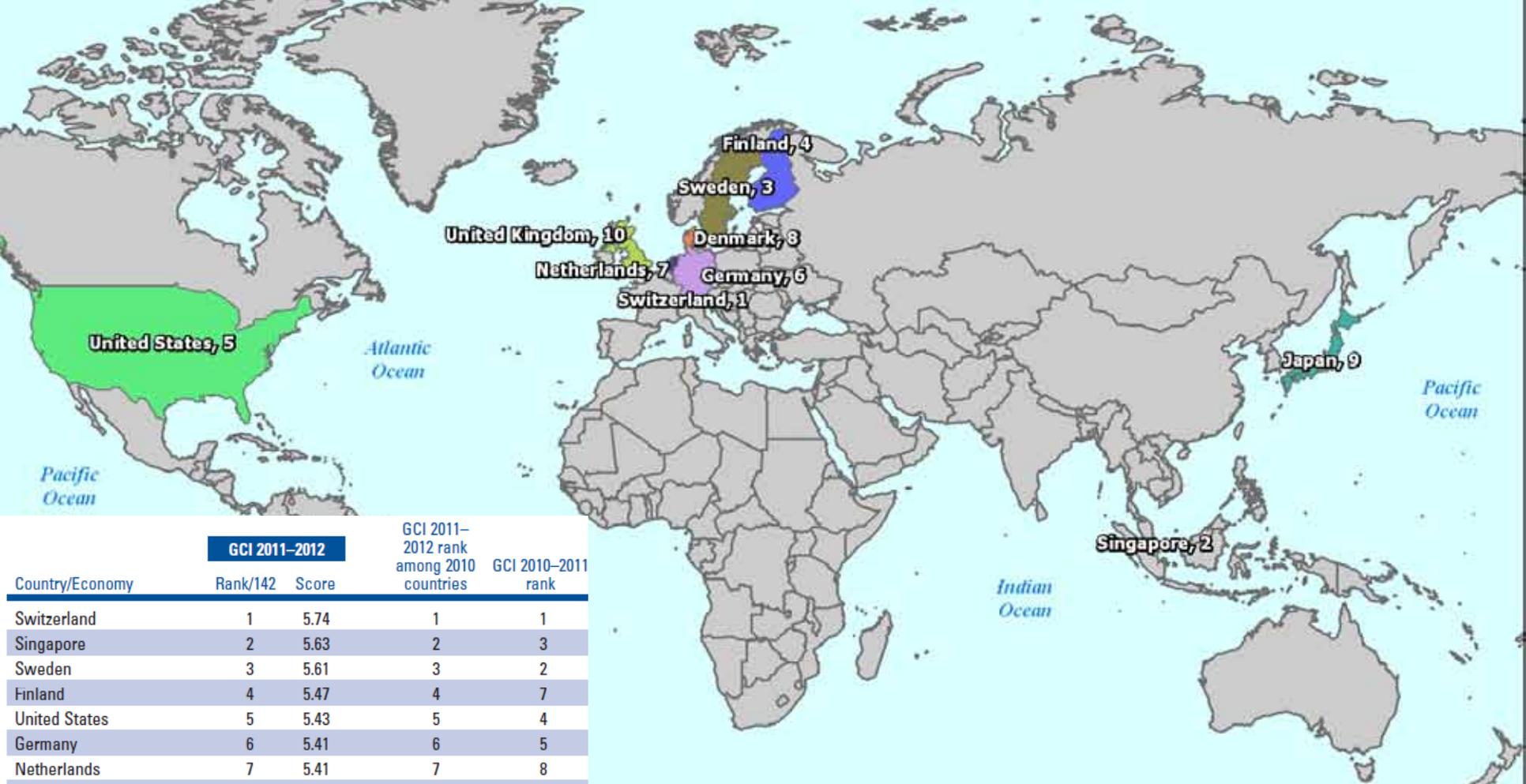
Maslow's Hierarchy of Needs



Maslow's Hierarchy of Needs

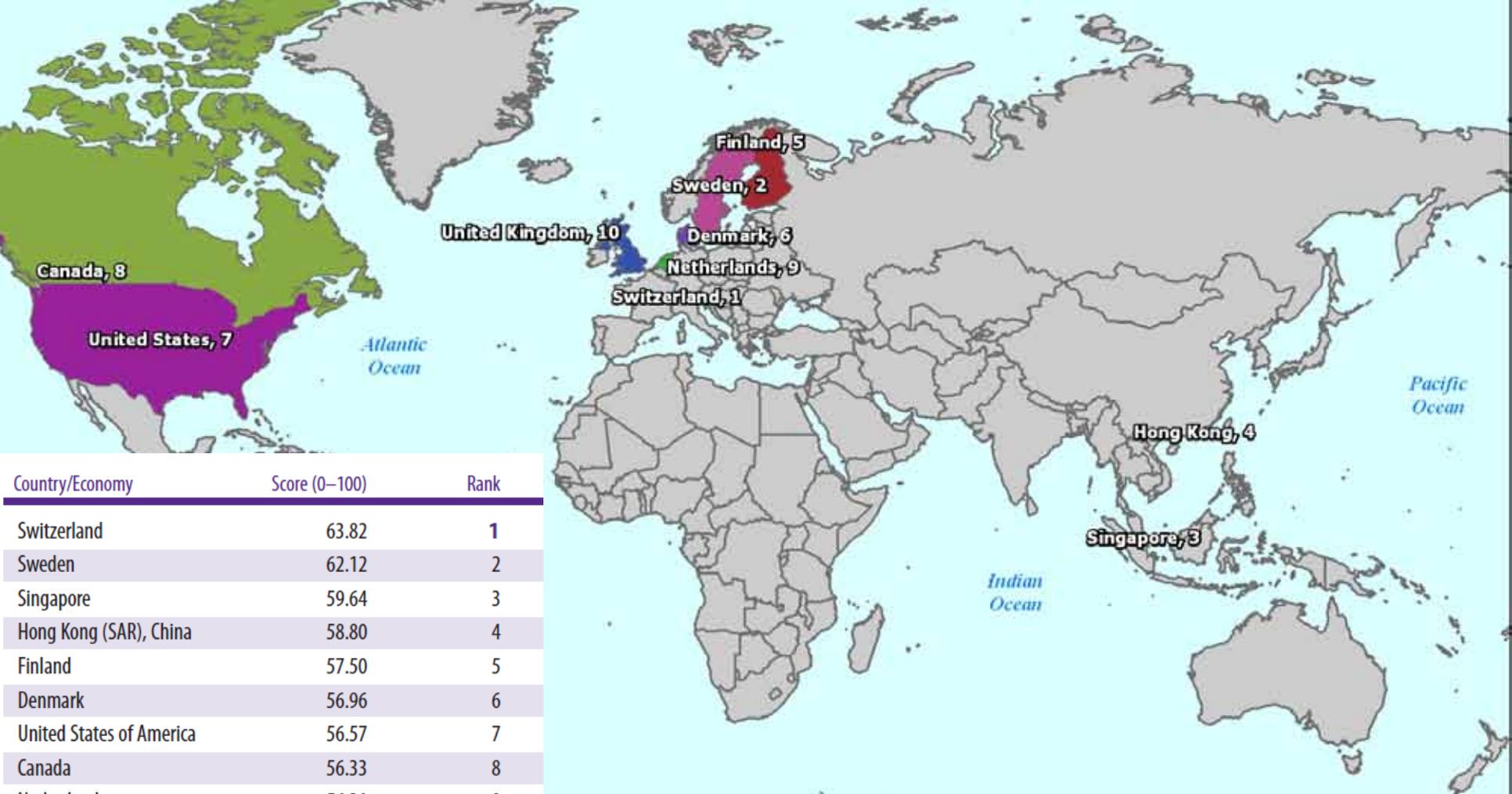
Hierarchy of Innovation





Country/Economy	GCI 2011–2012		GCI 2011–2012 rank among 2010 countries	GCI 2010–2011 rank
	Rank/142	Score		
Switzerland	1	5.74	1	1
Singapore	2	5.63	2	3
Sweden	3	5.61	3	2
Finland	4	5.47	4	7
United States	5	5.43	5	4
Germany	6	5.41	6	5
Netherlands	7	5.41	7	8
Denmark	8	5.40	8	9
Japan	9	5.40	9	6
United Kingdom	10	5.39	10	12

2011 Global Competitiveness Index–Top 10 Countries



Country/Economy	Score (0–100)	Rank
Switzerland	63.82	1
Sweden	62.12	2
Singapore	59.64	3
Hong Kong (SAR), China	58.80	4
Finland	57.50	5
Denmark	56.96	6
United States of America	56.57	7
Canada	56.33	8
Netherlands	56.31	9
United Kingdom	55.96	10

2011 Global Innovation Index–Top 10 Countries

Sister Cities International Goals



- § **Develop** municipal partnerships between U.S. cities, counties, and states and similar jurisdictions in other nations.
- § **Provide** opportunities for city officials and citizens to experience and explore other cultures through long-term community partnerships.
- § **Create** an atmosphere in which economic and community development can be implemented and strengthened.
- § **Stimulate** environments through which communities will creatively learn, work, and solve problems together through reciprocal cultural, educational, municipal, business, professional and technical exchanges and projects.
- § **Collaborate** with organizations in the United States and other countries which share similar goals.



Sister Cities

Upper
Hutt
Lower
Hutt

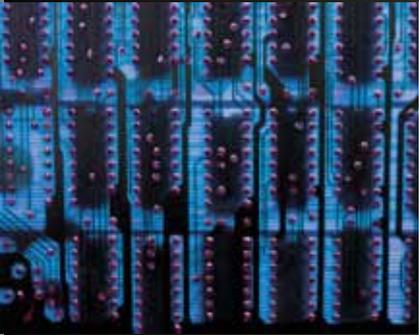


Sister Cities – in Top 10 Countries

What Local Governments Can Do to Innovate

- § Support innovation through projects such as incubators
- § Revisit Sister City Programs to add innovation as a focus
- § Invite local leaders in innovation to participate in sister cities





For Additional Information

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