A NATIONAL COMPETITIVENESS STRATEGY:

THE SEVEN PILLARS

BY JOHN RAIDT
Throughout a long and contentious election season, fractious campaign messaging has focused on highlighting the “differences” between the political parties and their candidates. Amid the partisan fray, however, the party platforms reveal refreshing accord on a top national priority: improving the global competitiveness of the American economy. National consensus on this objective is an encouraging first step. Now comes the more difficult part—achieving our aim.

There’s no better time than a presidential inauguration and the start of a new Congress to launch a future-defining national project, provided that after the oaths of office are sworn the parties elect to unite for action, rather than retreat to their political corners to regroup for the next electoral scrum. A mission of such magnitude is best commenced with a presidential declaration of commitment that inspires public enthusiasm and marshals our national energies, akin to President Kennedy’s pledge to land an American on the moon.

Even the noblest goal without a realistic plan to achieve them, however, is just vanity. The quest for a more competitive and successful national economy, like any major undertaking, demands a well-conceived strategy. For many years the United States has deftly strategized to advance our physical security. We possess a comprehensive, regularly updated battery of plans superintending the nation’s defense, military, and homeland security policies and programs. Yet, at a time when our ability to compete is definitional, we have no equivalent “national competitiveness strategy” in service to our nation’s economic security.

If such a strategy is to be successful it must be realistic, comprehensive, disciplined, and adaptable. It must energize and inspire the nation by its common sense and practicality. It must empower America to earn its place of global leadership and influence in the 21st century. Each of these musts will be well-served by a strategic campaign featuring seven essential pillars.

**ONE – A cogent definition of purpose.** Our purpose, simply stated, is achieving unmatched competitive excellence. The road to success needs a clear understanding of what it means for us to be an economically competitive nation. Fundamentally, it’s defined by the country’s ability to foster vibrant commercial enterprise and to excel in bringing desirable goods and services to market, at home and abroad, in the face of relentless international competition. It means that when job creators decide where to take risks, invest capital, and employ people, they will choose the United States. It means that when consumers abroad are purchasing products and services, we give them every reason to buy American. Competitiveness, at its core, is not a zero sum game of capturing value that would otherwise go to another. It’s about creating value, pushing the limits of human achievement, meeting needs, and harnessing the power of freedom.

**TWO – Clearly understood stakes.** A global economy isn’t a choice—it’s a reality. America’s competitive excellence will produce stronger economic growth, more well-paying jobs, healthier public treasuries, greater security, continuing global leadership, and a better place for our kids to live and grow. It means that the United States will remain a nation of great consequence and leadership that is able to advance our values and principles by example and practice. Flagging competitiveness means a declining America of unfulfilled potential, hobbling our ability to provide a higher quality of life at home and necessary leadership abroad. Either we compete or retreat. What’s needed is a whole-of-society drive alerting America to this reality.

**THREE – Better organization.** We must organize ourselves properly for action. By all accounts, the
primary engine of U.S. global competitiveness is our private sector, but as Jeffery Macher of Georgetown and David Mowery of Berkeley observe, “Nations matter.” Our policymakers will either foster a competitive national economy or foil it. Government mustn’t just “get out of the way.” It needs to participate in creating the way and, often, take the lead in clearing the way. Good governance engenders the trust and confidence of risk takers through wise and consistent policy instrumental to sound business planning.

Currently, no senior U.S. official is responsible for overseeing national competitiveness per se and no executive apparatus is chartered to coordinate across the interagency the development and implementation of competitiveness-related policy. We need both assets. This does not presuppose the creation of new “czars” or additional layers of bureaucracy. Instead, it demands that we vest accountability for this portfolio in longstanding but modernized seats of authority.

Similarly, Congress must be organized to address issues bearing on U.S. competitiveness holistically, rather than through jurisdictionally stove-piped committees deft at churning out discombobulated and confusing policy. Improved national-level coordination must be accompanied by greater synchronicity between federal, state, tribal, and municipal governments that will cultivate a more fertile American business environment and by teaming between the public and private sector.

**FOUR – Sound foundational planning.** Our strategy must be structured with well-conceived national plans to promote trade, innovation, infrastructure, manufacturing, and other prerequisites for competitive success. We have no such set of comprehensive blueprints. This isn’t to suggest the failed approach of economic central planning. Rather, it recognizes that government plays a central role in creating the conditions for success. A strong business environment is created by vision, thoughtful planning, and the execution of enlightened laws, policies, and programs that elevate national performance in the fundamentals.

**FIVE – Strong fundamentals.** National competitiveness policy and planning must laser in on eight widely recognized factors that attract job creators and investors:

**Access to customers.** Without access to customers businesses fail, jobs aren’t created, and economies flounder. Achieving market access requires the pursuit and ratification of mutually beneficial international trade pacts. Without them we can’t tap demand for our goods and services in the fastest growing consumer markets abroad, thereby spurring employment growth and prosperity at home. While China and Europe are
vigorously pursuing trade agreements spanning the globe, the United States is negotiating only one—albeit a sizeable one in the form of the Trans-Pacific Partnership.

**Reasonable costs.** The cost and complexity of our tax and regulatory systems must stack up well against other countries. Yet, we have the highest business tax rates in the OECD. The U.S. internal revenue code is a tangle of quantum complexity and gamesmanship. The Code of Federal Regulations is a fast-accreting mass of duplication, confusion, and inefficiency. Both codes are major liabilities and must be modernized. Reasonableness in the cost of universal inputs such as health care, energy, labor, and liability can contribute mightily to a national economy able to sustain strong purchasing power, employment, and productivity; it will make our offerings more attractive abroad. International market access will produce little benefit if we can’t compete vigorously on the bases of both cost and quality.

**Affordable and accessible capital.** Entrepreneurs must have the financial resources necessary to hire, build, and grow. Access to affordable capital is being impaired by new and contradictory financial and tax rules, economic and policy uncertainty, and the threat of higher interest rates from outsized public debt that rivals the biggest deadbeats in Europe. Each of these obstacles needs immediate attention so that financial lifeblood can flow to our entrepreneurs and enterprises, big and small.

**A highly-skilled and mobile workforce.** Our employers require access to the world’s most skilled workers if we are to excel in today’s technology-based economy. America’s student body is lagging in the disciplines of the future: science, technology, engineering, and mathematics (STEM). Our workforce is aging, relatively immobile, and ill-prepared to fill the better-paying jobs in the modern economy.
World-class infrastructure and reliable energy. America’s prospects depend on having modern networks and ample, affordable power to keep our people and goods on the go and operations humming. Other countries are investing heavily in state-of-the-art transportation, communications, and public utility systems. U.S. infrastructure is aging, underfunded, and falling behind. Retooling America’s infrastructure will take time and resources, and the time to begin is now.

Even the most elaborate systems, however, can’t compensate for an economy that doesn’t have sufficient energy. America has a wealth of resources and know-how to meet the growing domestic and global need for clean, abundant energy and energy-efficient goods and services. Harnessing these assets wisely to meet our national economic, security, and environmental needs is essential to achieving competitive success.

A responsible fiscal environment. Explosive levels of government debt impair economic growth, repel job creators, and undermine national competitiveness. America’s swelling tidal wave of red ink portends higher taxes, rising interest rates, and inflation. Debt service continues to gobble up a growing portion of a nation’s annual budget, siphoning resources that would otherwise be available for purposes that support a healthy and competitive economy, such as education, training, and infrastructure. Rather than leaping over “fiscal cliffs,” our way to a more prosperous future is through a sensible glide path to a more balanced national ledger.

Good governance, rule of law, justice, and civil society. Job creators wish to locate where public institutions are dependable, honest, and effective, where legal rights are protected, and where a safe and stable civil society supports a high quality of life. The United States is an economic and political safe haven precisely because of our comparative advantage in many of these areas. America’s numerous strengths, though, are undermined by significant weaknesses, including poor public-sector efficiency and productivity, slow and cumbersome permitting and approval processes, a tort system that leads the world in cost and excess, significant cyber-vulnerabilities, and an unacceptable rate of violent crime and social division.

A fertile culture of innovation. No economy can remain vibrant without a fertile ecosystem for spawning the advanced goods, services, and solutions that fuel prosperity. Other countries are rapidly enhancing their creative capacity. Strengthening innovation, long the engine of U.S. economic achievement, requires a national commitment to academic and professional excellence in STEM, intensive cross-disciplinary collaboration, ample public and private R&D investment, a strong patent system, and the vigorous
protection of intellectual property. In each of these categories the United States is performing well below our potential and swiftly losing ground to competitors.

SIX – Benchmarks and measures. As important as each of the above fundamentals are, we can’t expect to excel in any of them without honestly benchmarking our competitive performance and continuously measuring progress. The United States tracks a multitude of economic indicators; none, however, are designed specifically to assess our comparative global competitiveness—a richer and deeper evaluation than traditional economic barometers.

Charting our position and progress will enable us compare our standing with the competitive performance of other economies. The important task of analyzing U.S. global competitiveness shouldn’t be relegated to the World Economic Forum, World Bank, OECD, or United Nations. Achieving national excellence is our responsibility. It’s incumbent upon us to chart our own course, establish our own benchmarks, and measure our own headway.

SEVEN – Leadership. The indispensable element that pulls it all together is leadership. America must prosper in order to lead and we must lead in order to prosper.

A trade-based global economy can’t function fruitfully without principled norms, rules, and best practices that guide international economic, political, and security relations. Evolving challenges such as terrorism, corrupt trade practices, and state capitalism won’t fix themselves. They require an America at its best and at the fore in a world where nations are necessarily vested in one another’s prosperity, stability, and success.

U.S. leadership abroad, however, is unsustainable without excellent leadership at home. Whether in government offices, business suites, union halls, or other seats of civic responsibility, we need our leaders to embrace a longer-term vision and keener sense of teamwork. Too many of our institutions and those who lead them are fixated on short term gratification—looking to the next election, the next quarterly earnings report, or the next negotiation—rather than on building solid fundamentals for success that will stand the test of time.

The essence of good leadership is keeping faith with lasting principles—political and economic freedom, the rule of law, the sanctity of human rights, the dignity of the individual, civic responsibility and the values undergirding the document that begins with “We the people.” If we match our fidelity to this code with adroit strategy to right the nation’s economic ship and remain on course, America will surely set the pace for progress in a challenging yet opportunity-filled 21st century and beyond.

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