



THE CONFERENCE BOARD

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May 17, 2007

Ms. Elizabeth "E.R." Anderson
Room 4836 U.S. Department of Commerce
Economic and Statistics Administration
14th Street & Pennsylvania Avenue, NW
Washington, D.C. 20230

Dear Ms. Anderson,

We wish to lend our support and encouragement to the Department of Commerce's initiative on "Measuring Innovation in the 21st Century" and to endorse Charles Hulten's recommendations to the Advisory Committee.

The Conference Board has initiated a broad program in innovation which includes understanding the role of innovation in economic growth, developing innovation metrics, and extending the knowledge developed in the United States and Europe to other parts of the world, especially emerging markets. Professor Hulten acts as a Senior Fellow and leading adviser to this project.

Globalization is creating huge economic efficiencies but also increasing competition for providing value to businesses and consumers. Innovation is a key tool for achieving these efficiencies and an imperative for increasing economic value delivered. The Conference Board's recent research, which will be available publicly this summer, shows that economic growth in the United States is likely to slow, and possibly slow significantly, unless innovation increases labor productivity and total output.

A central challenge in understanding and fostering innovation is measurement. Government and businesses alike have many definitions for innovation and few metrics – and even fewer tools that link innovation to economic growth and/or business economic value added. The Conference Board, with Professor Hulten's help, is at work in developing useful measures both in the United States and in Europe.

Innovation leads the always substantial challenge of measurement squarely into the world of "intangibles" where market metrics are difficult to find and definitions often require significant imputation. We applaud the Commerce Department's effort to venture into this difficult but rewarding territory and are happy to support in any way we can.

Sincerely,



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