



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

**Hearing on Assessing China's Efforts to Become an Innovation Society—
A Progress Report
Opening Statement of Commissioner Carte Goodwin
May 10, 2012
Washington, DC**

Good morning. I'd like to thank our witnesses for their willingness to share their research and their expertise with the Commission. And I'd like to point out that this hearing is being webcast and a transcript will eventually be posted on our website, uscc.gov. The written testimony being submitted for the record is also being posted on our website this morning.

China and the United States have taken different approaches to developing a capacity for innovation. China relies on central government planning, passed down to the provinces and to China's large state-owned and state-controlled enterprises. The major actors are government-funded institutions, such as the Chinese Academy of Sciences.

The United States has traditionally relied more on the efforts of individual scientists, engineers, inventors, and entrepreneurs, supplemented by government funding, particularly for basic research. When the United States created a government program, such as our manned space flight program, it drew heavily on the work of publicly owned corporations. The history of American innovation was written as collaboration between government and private industry. Some technologies we take for granted today—radio broadcasts, naval and aircraft radar, the global positioning system or GPS, the interstate highway system--were government creations. But those government creations have today been melded with private enterprise.

We will be looking at some areas where the Chinese government has been a direct participant: supercomputers, cloud computing, and weapons systems. In the case of supercomputers, which have both commercial and military applications, we will see that the United States is still dominate in quantity while the Chinese have built the faster machines, using western microprocessors and indigenous Chinese software. China has recognized the value of cloud computing and its government programs to advance this technology are being adopted by state-owned and controlled corporations. In the area of weapons systems, much of China's innovation is incremental and duplicative of Western technology. But China's anti-ship ballistic missile

program, in development, represents a potentially radical and game-changing advance in naval weaponry and strategy.

We'll now hear from our first panel, which will provide an overview of China's approach to fostering innovation. As a reminder to all the panelists, please limit your opening statement to seven minutes. This will allow plenty of time for questions and answers.

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