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THE IMPORTANCE OF DOMESTIC RENEWAL AMID GREAT POWER COMPETITION

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Fireside Conversation:

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P R O C E E D I N G S

MR. HASS: (In progress) on the importance of domestic renewal amid great power competition, this event is a joint Brookings-CSIS event as part of the Vying for Talent project that Jude Blanchette and I are helping to lead.

Our event today will have two components. The first component will be a fireside conversation with Congressman LaHood. After that, we will have a experts dialogue with some of the most thoughtful thought leaders on domestic renewal in the United States with us.

We're honored to have Congressman LaHood with us today. He has served the 18th District of Illinois since 2015. His district spans Central and West Central Illinois. If my records are correct, it's the tenth largest corn and soybean district in the country. It also has a strong manufacturing base. In Washington, the congressman chairs the bipartisan U.S.-China working group, along with Representative Larson. He also serves on the GOP's China Task Force, in addition to the House Ways and Means Committee, and the House Permanent Select Committee on Intelligence.

So, both in terms of the people he represents and the work that he does in Washington, the congressman brings a very unique and expert perspective to the role of domestic renewal in great power competition. I will begin by asking the congressman a few questions, and then we will open the floor up to you all to pose any questions that you may have for him as well.

So, to help us get started. In your role in Congress, you have to take account of every challenge that the United States faces, domestic and abroad. Where would you rank China? How does China fit within the overall spectrum of challenges that the United States confronts?

REP. LAHOOD: Well Ryan, first of all, thank you for having me. And I want to acknowledge Brookings and CSIS for the opportunity to be here today to talk about these important topics and appreciate you moderating today and the background.

In terms of China, you know, if you go back 20 years ago, it used to be in the Congress you had different groups that were adversarial towards China. You kind of had the human rights hawks, you had the national security hawks, and you had the economic hawks, and they've all kind of found each other now. And I would say, in terms of threat, I mean I think China's threat one, two, and three in terms of how we look at competition with them on technology, on trade, on national security. And it seems like every year that gets more and more palpable.

And I would just say, you know, the relationship with China is like a roller coaster over the last 25 years. It goes up and it goes down, it goes up. And now it is down. But the constructive dialogue and discussion is important. You know, many of my colleagues and many folks in academia want to go to a cold war mentality when it comes to China. And the distinction I make is that this is not what Russia was 30 years ago.

We are intertwined economically, in so many ways with China, the fact that they have a middle class of roughly 600 million. And pick your sector of economics, whether it's insurance, whether it's corn and soybeans, whether it's manufacturing, whether it's technology, we are intertwined with China in the market there that we want to be a part of.

And so, when folks talk about a cold war mentality, they talk about decoupling and other things. Easier said than done. But I would just say, it has become much more adversarial in terms of that. And I think part of that is due to China and Xi's mentality in terms of more of a nationalistic approach and many of the things he's put in place to, again, create that divide, which is very apparent in the Congress.

MR. HASS: And so, within this competition with China, the CIA director, Bill Burns, has referred to technology as the main arena for competition and rivalry. Would you agree with that, or do you do you have a different perspective?

REP. LAHOOD: I would agree with that. You know, we lead the world in technology, and have for a long time when you think about the wonderful companies and the innovation and the creativity that we have, you know, put in place over the last 25 years in Silicon Valley and all across the country. And it is uniquely American in terms of our free-market system and the talent we have.

But there is no doubt that China wants to overcome us. They have a plan to overtake us when it comes to technology. And they are making progress. Now, I would argue that much of that progress has been made by theft of intellectual property and some of the malign activities that China has been engaged in. And those aren't new to anybody in this room or anybody that's observed and watched this. But I think it shows the level of sophistication and complexity and, you know, the push from China to do that.

And so, it is real. It is something that we watch and observe every day on the Intelligence Committee and in Congress. And the way that China treats tech companies and digital companies that is different than other rules-based systems and other democracies, I think is, you know, part of the problem. And again, we are always looking for China to show us tangible results, that they're changing things and adapting. And frankly, I think they've been deficient in that.

MR. HASS: Well, they have made pretty significant strides in recent years, whether it's 5g technology, facial recognition, financial technology, green technology. There are a lot of areas where progress is being made. And we can discuss, you know, the malign and non-malign aspects of it, but they do have some structural advantages.

They have a population that is significantly larger than ours and will be. They produce four times the number of undergraduates in STEM fields that we do, more than two times as many graduate and PhD students in STEM fields as we do. How do you think the United States should respond? How -- what do we need to be doing more of to preserve our competitive edge?

REP. LAHOOD: Well, I think to your point, education plays a big role, and that STEM here in the United States plays a big role in that. But it's also what we've been having this debate about with the new SICA bill, which we may talk about here in a little bit. But Congress currently has been debating -- we've had a number of names, right? Endless Frontiers Act, the COMPETES Act, USICA, the China bill.

But part of what we tried to address in there is investment in our country, right? In education, in innovation, what we're doing to produce more engineers, people involved in technology. And in some ways, we've been very successful in doing that. And listen, I would never bet against the United States when it comes to that. But to your point on what China is doing, obviously, they recognize that. They're trying to take the US model in many ways of what we've done over 25 years.

And so, it gets back to how we compete is making America stronger in many ways: infrastructure, investment, education. Those are things that we need to continue to double down on with our own country, as we, you know, compete in other areas. But obviously, that investment and using federal dollars to help in those areas I think is vitally important.

MR. HASS: You mentioned you USICA or the CHIPS Act, whatever you want to call it.

Can you give us a sense of where you see this going? And do you have optimism that the deal will get done this month?

REP. LAHOOD: I think some version of it will get done. As you know, the Senate got passed cloture. And so, it's going to be debated on the Senate floor next week, and then it will come over to the house. What's unfortunate is the original bill that came out of the Senate was a very bipartisan bill. I think maybe 18 or 19 Republicans voted for it came over as a way to fix the issues and the problems with the semiconductor industry. But then it kind of got hijacked in the House, a lot of stuff got added, it became very partisan. Now it's back in the Senate.

The argument that you hear from a lot of my colleague when you think about what are we going to do with roughly $52 billion dollars that's going to go into the semiconductor industry, many folks that believe in the free-market system will argue that you're giving a tax break of 25 percent or more to companies that are making billions and billions and billions of dollars, right?

Whether that's Samsung, whether that's Intel, whether that's Micron, you name them, they produce the semiconductors that go into, you know, the top military products that we produce. But also, lots of manufacturing and everything, you have to have these chips for that. And so, the argument that you get is -- and this bleeds into national security -- if we don't invest in semiconductors, China is investing heavily through state-owned enterprise through SOEs. Massive subsidies when it comes to semiconductors, and they're building that out for the future.

And so, in some ways, this bill that gives a -- it really a distortion of the tax code. I will just say that also as somebody that serves on the Ways and Means Committee and deals with tax, we're -- it's a distortion of the tax code. But is it justified here? Is this a national security threat? Is this an economic threat that would cost us? I think the Wall Street Journal this week said it's corporate welfare, right? That's what you're doing, is you're giving massive tax breaks to companies that are already making billions and billions and billions of dollars.

And so, trying to get to the bottom of that, of that debate of "is this a national security threat," "is this an economic threat to the future that we need to do this?" So, to answer your question, Ryan, I think we'll have some version of that. And I think you're going to have a mix of philosophical views on that, on whether we take that approach.

In the end, I think we will pass some version of it. Because I think the pressure is been put on and I think the arguments been made. But there are going to be many people that are still skeptical of this approach in what we're doing. Because in some ways, we're being more like China and less like the free market system. And so, that's kind of the debate that it's kind of, I think, been framed around.

MR. HASS: That's very interesting. Technology, as you've identified, is really at the core of our competition with China. Innovation drives technology. What can the United States be doing more of to accelerate innovation?

REP. LAHOOD: I mean, listen, I think the free-market system of what we've had in place has worked fairly well. I think protection of intellectual property becomes important when -- you know, in this country. You know, I've been a big proponent of, you know, using the economics of trade. Going way back, I was a supporter of TPP. While not perfect, there were many changes I would make, but it was a way to use our economic power to protect intellectual property around the world.

But to your point here domestically, I think continuing to support institutions that help create the young minds and future generation that will be involved in technology, that's a big part of it, and making sure that we're not putting hurdles in place to innovation and creativity in this space. And economics has a lot to do with that, right? You know, relying on our system to let the private sector flourish and continue to do well while protecting intellectual property, and getting rid of some of those barriers and hurdles that we have there. So, again, it gets more and more complicated.

As you're well aware, Ryan, we're dependent on what happens next in Congress. There are literally hundreds of bills that deal with big tech, right, on how we rein them in. And I would say you get a lot -- you get strong liberals and strong conservatives that agree on these issues. And so, that is not going away. And so, it will be interesting to see.

If you listen to folks in tech and digital, they'll tell you, you know, let us self-regulate what we do in this industry. And that's -- I think there are many that think that's okay. But when there are, you know, egregious things that go on and examples of who's regulating free speech -- I mean, that's just one part of it -- and who's protecting privacy, who's protecting civil liberties, and it butts up against the constitution, that's why I think you have this influx of bills and legislation.

So, how you regulate the industry I think is going to affect the future and where we go. And you'll hear arguments from folks in tech that think "hey, we're going to go elsewhere, we're going to go to a more friendly country, if you regulate us." I don't necessarily think threatening Congress and that approach is the best way to go. But I think we're going to have a dialogue and a discussion that will be -- that will, I think, cause some regulation to happen. And we just have to make sure that we're not prohibiting the future of this industry.

MR. HASS: One of the one of the sources of innovation is talent, human talent. The United States historically has benefited from a brain gain from the rest of the world. Talented people from around the world have wanted to come to United States to live here, work here, study here. How are we doing on that front now? Is there is there anything more that we should be doing to continue to serve as a magnet for the best and brightest minds from around the world to want to be with us?

REP. LAHOOD: Well, we -- in the Congress, we've not done a very good job when it comes to immigration reform. And I would just say this, in my in my own congressional district, I represent the largest concentration of Caterpillar workers anywhere in the world, about 12,000. And their tech center IS located in my district, outside of Peoria, Illinois, about 5,000 engineers. And many of them have come from other places around the world.

But every copyright, every, you know, new technology that Caterpillar has built over 100 years, a lot of that's come from that technology center. And so, I've seen firsthand the ability of bringing people to the country that have lived the American dream in many ways. And so, we need legal immigration reform in this country. And we need to I think change how we do that.

So, every year we let in roughly about 1.1, 1.2 legal immigrants to the country, about -- and 8 percent of those are based on skill. Nine-two percent is chain migration and other ways how we've done immigration. I think that needs to change and that -- not only do I believe that, there's bipartisan support to do that.

So, how do we bring in more skilled labor? How do we bring in more engineers, you know, more doctors, more technicians, more people that have a skill to come here? Because there are many that want to come to this country to, again, be involved in technology for the future.

And so, I also tell people, if you've never been to an immigration ceremony, go sometime.

And you see people that come to this country that did everything we asked them to do, right? They went back to their country of origin, they go through a background check, take a constitution test, they pay a fee, they come here. They end up being our best citizens. We really never worry about them again. And it's living the American dream.

But we need to raise that level up, you know, significantly, or maybe stair-step it up over the next five years and bring more skilled labor in here. I think that will help to change things. And again, these are bipartisan ideas. The difficulty is legal immigration always gets tied to the southern border. And so, we have not been able to get that done. But it is become more and more apparent, as we want to, you know, fill the need and the vacuum for many of these technology jobs and continue to be proficient and lead the world, we're going to need talent.

MS. HASS: You mentioned earlier trade. I know that you spent a lot of time thinking about trade, working on trade related issues, given the interest of your constituents. You also mentioned the Trans-Pacific Partnership in your earlier comments. What's the mood like right now? Do you think -- looking forward in the next five to ten years, is there space for the United States to return to advancing trade agreements, or are we just sort of stuck in a rut?

REP. LAHOOD: I hope so, Ryan. You know, there are --- there's a core group of us in the Congress that want to see a robust trade agenda moving forward, and we've worked a lot on the Ways and Means Committee in that area. And again, we've talked about, you know, lots of conflict -- in the Congress, we've talked a lot about conflicts around the world and military, national security. But the economics of trade can play such an important role when it comes to American power and our footprint, particularly in the Indo-Pacific region.

You know, frankly, I think the Biden Administration has been deficient in terms of a robust trade agreement. We're a year and a half into the administration and they really haven't rolled out a robust trade agreement. And I think that's unfortunate. Trade Ambassador Tai is very capable, very smart, serve -- she served on the Ways and Means Committee before she went there. And so, I know her quite well. And I think she's got some good ideas. But the administration doesn't seem to be able to make decisions in a quick way, in a rapid way to do that.

And what worries me is -- particularly in the Indo Pacific region, which is so important, you know, China's filling that vacuum in some ways, and others are. And they're looking for American leadership on that. And so, I will say this, there are glimpses of hope on that. I would say in the digital space, we've made some progress on digital trade agreements, with some in the Indo-Pacific region and in the in the EU. So, there's some limited progress there.

I think the other thing, just from a larger perspective, if you look at the Ukraine conflict and how rapidly NATO and, you know, democracies of the world came together, it shows that, you know, when they're -- when we do need to come together, the rules-based systems, the democracies in a united way confront the evilness that is Putin and what he's done in this unjustified war, that we ought to be looking at that as a way to put pressure on China in particular and other ways. So, there's a pathway to do that.

Trade gets complicated depending on the country. I would say USMCA bipartisan agreement we passed two and a half years ago should be a model for what we do, particularly on the digital trade chapters. If you go and read those, they're really precedent setting in terms of laying out the rules of the road for digital trade for the future. And I think those are, again, examples where American ideas and American leadership have shown the way in digital trade. And so, that gives me some hope.

And that -- of course, USMCA, while not the perfect bill that I would have written, was passed in a bipartisan way, and set the stage for robust trade between Mexico and Canada and the United States. And we've seen some fruitful results of that. But as I look at the horizon, you know, as England goes through breadstick, they want to do a trade agreement with us. The EU, there are many opportunities to engage in trade there. India's a long ways down the road, but we ought to have engagement with them. So, there's opportunities there. It's finding the will to do that.

And the last point that I would make, as we saw on TPP, that was a long process. We never got it across the finish line. But we ought to look at what was the framework and what can work, particularly in the Indo-Pacific region, and use the economic prowess of the US, Japan, South Korea, Australia, our allies, to put pressure on China.

MR. HASS: Thank you. I want to open the floor up to questions from our audience now. We have about 10 minutes left. I'll start with a question that we received online.

This is from Robert Carr at Wayne State University. He notes that during the Cold War there was bipartisan consensus on foreign policy, that that politics stopped at the water's edge. Is it possible for that tradition to repeat itself in this era of hyper-partisanship?

REP. LAHOOD: Well, I think we've seen it with Ukraine for the most part. There are, you know, coming together, like we did -- and I'll give the Biden Administration credit on that -- and in a rapid way to consolidate NATO. I mean, remember, why was NATO put in place? To stop authoritarianism, to stop dictators from engaging in similar activity to what Putin has done. So, I think showing how we did that -- and whoever thought that Finland and Sweden would want to join NATO now, right? And so, you've had a consolidation.

And I would say this, it has been a wakeup call for China, right? I mean, I think there's -- within China, there's a lot of anxiety. There's a lot of stress on seeing how Putin has not been able to -- you know, he's, again, made very bad mistakes, but he's also shown that his military isn't what he thought it would be. And so, I guess it's just shown that America's using -- our leadership around the world can be beneficial. And I think that's the best example moving forward.

It doesn't mean that everybody in Congress is supportive of that. I supported the money to Ukraine, and I think it's completely justified. It doesn't mean that we have an endless amount of money that's going to go to Ukraine. And I think that's going to continue to be an issue. But I think what we showed is, again, the evilness, the brutality of what Putin engaged in, in a unjustified illegal invasion of a sovereign country, I think can't be tolerated. And I think we've shown the world that there will be consequences to that.

MS. HASS: Great. Another question, Rosaline in the back?

MS. REOSCHER: Hi, Rosalind Reischer from APCO Worldwide. I have a somewhat maybe tangential question regarding trade. Earlier this week, the administration convened the supply chain ministerial with several of our trading partners. Only half of our IPEF partners, with whom we're working to formalize some sort of agreement on supply chains, showed up. I'm wondering what are you thinking in terms of working with our partners and allies on supply chain securities, shoring up supply chains, and kind of friend shoring, and if you're -- kind of how you're thinking about the administration's progress so far on in this respect.

REP. LAHOOD: Well, thank you for the question. Again, I think it's been a bit frustrating to not have stronger leadership coming out of the administration when it comes to trade. I mean, you mentioned supply chains. I mean, there's obviously a lot of nightmare scenarios going on as it relates to supply chains all over the world. And I think the US, again, could play a leadership role in that, more than they have now. And that's been -- I think that's been difficulty -- difficult.

You know, the issue with tariffs with China, again, make a decision one way or another and move forward. We haven't that administration do that there. But, you know, I think we've seen through kind of vaccine diplomacy and what we've done with some of the countries around the world, I think we, you know, showed, again, our leadership and what we can do in terms of being engaged and helping and advising through vaccine distribution and that diplomacy. And I think building off that moving forward would be important.

But again, I think there has to be a person out in front that's leading on this. And I just think there isn't a clear runway on the path moving forward. And I would just -- and I've said this to the administration, be clear and concise and have a person in charge that's kind of the go to person and let's work with them to do that.

MS. HASS: I have a question here.

MR. SATO: Thank you. Thank you. My name is Dario Sato. I'm a high school student in Southern California. My question is, Congressman, you mentioned that the United States relationship with China has been a roller coaster. So, I was wondering, what do you think is unique about the (inaudible) that we're in now? And is it going to be able to create bipartisan unity in Congress, even when we haven't managed to do so in the past, not just with China, but with also other crises?

REP. LAHOOD: Well, thanks for the question. I don't think the trend of more bipartisan working on China. That's not the direction we're headed at this point, in my view. And, you know, if you if you go back -- just a little history, if you go back to 2001 when China was led into the World Trade Organization, the argument at the time was bring them into the World Trade Organization, they're going to modernize, they're going to become more westernized, they're going to reform, you know, they're going to become more democratic.

Well, I mean, there's progress that has been made economically. You know, moving a lot of people out of poverty, their system on the free markets, you know, has worked in many ways on that side. But there are clearly deficiencies and clear problems as it relates to human rights, as it relates to forced labor, as it relates to theft of intellectual property, as relates to espionage. So, you know, I always use the argument since they came into the World Trade Organization, in the agriculture space, I think the US has had 17 cases against China. We've won 16 of them. We're about ready to win another one.

And so, it just goes to show that they're not abiding by the same rules and standards that every other industrialized country in the world does. And there ought to be consequences for that, or at least China making tangible reforms and changes if they want to be on the world stage. And unfortunately, I haven't seen that. So, that's the first point.

Second point I would make is I don't think Xi and his nationalistic approach has done -- if you listen to his rhetoric when he talks about democracies, "democracies have failed, they work anymore, you can't find consensus." And so, when he uses that in Belt and Road and other initiatives, you know, in his nationalistic view, you know, he really demeans democracy. And so, you can't have it both ways in many ways.

I don't think China overnight is going to become a democracy. But you have to work with the other rules-based systems and other democracies to make progress in many of these core areas. And that's why looking at the Congress, you know, again, the hawks and the doves and the economic folks have all found each other now in terms of the adversarial approach with China.

And again, I gave the analogy to a roller coaster, I mean the outlook is, I think, grim for the immediate future on where we're, at until China make some of these changes that I think are necessary. And I would also just reference, you know, right now dialogue and discussion at the diplomatic level is very important. And many of the folks that Xi's putting in place have the wolf warrior mentality when it comes to China. And again, I don't think that's constructive.

MS. HASS: We have time for one final question. Right here.

UNDEITIFIED SPEAKER: Thank you, Congressman, I'm a student from GW. I have a question about -- as you mentioned that there has been this tax cut on semiconductors and for big tech. There's a saying in China that say those who slaughter the dragons eventually become the evil dragons. How do you think -- what's going to be the future? How do we proceed to keep that American identity of free market, enterprise, and capitalistic characteristics while still doing the strategic competition with

China, like tax code and industrial policy?

REP. LAHOOD: Yeah, great question. I'm not sure I have an easy answer on that. I mean, you know, you look at the success we've had in the country with the free-market system and industries and businesses, and creativity that we've been able to foster, those opportunities, again, are unique to America. And you've seen the benefits of that. And so, I think many of us question when you get government too involved or government putting their thumb on the scale of different industries.

Now, the argument in this case would be this as an exception. This is about national security and less about making money in economics and industry. And so, you know, part of what we have an obligation or responsibility to do as members of Congress, representing our districts back home, is figure out, you know, whether that's right or whether that's wrong, and obviously cast our votes accordingly on that.

And so, again, it makes it harder when you have companies that are very, very successful, that, you know, say that we're going to lose out because of that. So, my sense is that there's somewhere in the middle to meet on that in terms of the investment that governments make on that. But I would just say, overall, I don't think -- I look at the inefficiencies of SOEs and government subsidies, those are industries that are going to fail if they have proper competition.

And that's part of the criticism we've had with China over the years is, you know, their economic policy is predicated in many sectors on government spending and government subsidies on that. So, again, I would never trade our system. I think it works well. I think we've seen the benefits from it.

In this case, there may be some justification for national security. And as I mentioned to Ryan earlier, I think they'll -- I think some version will pass to prop up the industry from a national security standpoint.

MR. HASS: Well, Congressman, I promised your staff that I will let you get back to the affairs of the country at this time. We have many more questions, I'm sorry that we didn't get to the rest of the audience. But please thank me -- join me in thanking Congressman LaHood for his time and his insights today. Thank you very much.

REP. LAHOOD: (Applause). Thank you very much.

MR. HASS: We will now turn the discussion over to Jude Blanchette, the CSIS Freeman9 Chair who will lead a moderated discussion with a panel of experts.

MR. BLANCHETTE: Well, I'm glad everyone stuck around. This was where we decide who's here for the real meat of the discussion and who's here just for a celebrity sighting. So, thanks to all you for being here.

I just wanted to provide 15 more seconds of context on the project that Ryan and I are leading because it will get into the meat of the discussion today, which is as we think about us relationship with China, but especially the substance of great power competition -- long-term competition, whatever you want to call it -- it seems one of the domains of this, which has been insufficiently appreciated, is this role of human capital. And we often focus on the outputs of innovation in the foreign policy discussion, but not enough, Ryan and I think, on the inputs of this.

So, this gets us to our substance of our discussion today, which is what's the software side of this, so to speak? What are the things, the policy steps, the United States needs to be taking to cultivate a very rich, thick foundation of human capital, of talent? What's the scaffolding of institutions and policies that will help nurture that question?

A question I'll ask Mike, what are some of the what are some of the cultural elements or traits that may be helpful for the United States to cultivate or recultivate or strengthen? So, that's really why we're here today. And I'm delighted to have three fantastic colleagues to help us think through this issue of domestic renewal and how we can support it.

In order of my left, I have Mike Mazarr who's a Senior Political Scientist at the RAND Corporation. Mike has just been doing fantastic multidomain work on everything, from deterrent strategy to his most recent report, which we're going to talk today -- about today, which is on what are the characteristics of national competitiveness.

I've got Tara to his left, Tara Watson, who's the David M. Rubenstein Fellow in Economic Studies here at the Brookings Institution. She's also Professor at Williams College and a Research Associate at the National Bureau for Economic Research, whose papers I always want to read but are gated, so I always have to ask someone with an edu address to send it to me. And she's co-editor of the Journal of Human Resources. And Sujai Shivakumar who's on the far left, who's my comrade and colleague at CSIS, where he is the Director and Senior Fellow for our project on renewing American innovation.

So, three people who are particularly well positioned to help us think through this. What I'll try to do is get through some initial questions to them. And if we have some moments at the end, sometime at the end, I'd like to see if anyone has any questions to add. What I'm going to do though, there's questions which they know I'm going to ask them, but I'm going to -- on top of that, I've got three specific questions to them, drawing on the conversation that we just heard between Ryan and Congressman LaHood.

And, Mike, I'd like to start with you. China's challenges number one, two, and three, where does that sit with you in terms of thinking about how the United States should be thinking about this, the 21st century and the challenges we're dealing with?

MR. MAZARR: Well, I think climates got to be on there somewhere. I mean, the question was about China. So, you know, I think that it makes sense the Congressman's answer. But, you know, climate would be, to me, you know, an equal one. But I think in terms of the topic of sort of the panel, that to me -- one of the most interesting aspects of that question and one of the motivations for our study was when we think about competition with China, the things that immediately come to mind are army divisions, hypersonic weapons, you know, base access in the Indo-Pacific.

But the lesson of history I think is that if you're engaged in a long-term rivalry or long-term competition, it is the essential qualities or characteristics of your country, society, that make the decisive difference. You can lose battles. You can even lose whole wars. Britain reached the peak of its imperial power long after it had lost this part of the world, you know, in the colonial rebellion. So, that was kind of the origins of our study and what we wanted to focus on, it was the way you approach it. And then of course, you get, you know, double bang for your buck because you're addressing domestic issues and re-energizing and giving a new sense of dynamism and hope at home, and you are feeding the engine of dynamism that makes you most competitive anyway.

MR. BLANCHETTE: While we're there actually, why don't I just ask you to drill down a bit on this. So, you've -- I ordered a physical copy, so doorstop 400-page report arrived, an extra, extra-large 8 x 11.

MR. MAZAAR: Thank you for during reading it (laughs).

MR. BLANCHETTE: Thankfully though, it is I think a really fascinating and important read, and one where I just found myself nodding my head in agreement. Can you talk about this? So, of course, you were talking about sort of looking at unpacking previous competitive societies and looking at what are the essential characteristics. What were the top-line findings of this?

MR. MAZARR: Yeah. So, we ended up with -- you know, I won't go through them all, but it's sort of seven leading characteristics of the most competitive societies. I mean, we looked starting at ancient Rome, all the way to the President of the United States. So, these are dramatically different periods in history. And the way in which Rome reflects shared opportunity, one of them is extraordinarily different from the way the United States is today. But in terms of their competitors, in terms of identifying characteristics, we found those. And then some, some other overarching findings.

For example, the idea that the most competitive societies tend to have a public spirited elite or establishment, a significant proportion of their sort of aristocratic establishment, elite class, has a sense of public service and public duty and wanting to -- and it's when elite classes lose that and become self-interested in rent seeking that you have that often associated with the climate. So, those are some of the findings.

I think in terms of the talent issue, it both doubly emphasizes that in his idea of kind of shared opportunity. Human Capital, embracing talent from everywhere in a society, is a critical competitive advantage and indicates -- our research indicates that that has to be nested in a larger set of initiatives. One of the critical findings was all this stuff is interdependent, that all of these characteristics depend on the others to achieve their full effect. So, it strongly endorses that emphasis on talent.

MR. BLANCHETTE: Can I just ask as a follow up? One of the things it's hard to get right from a distance is accurate perceptions about China's -- the state of China's resilience and national competitiveness. Again, we see a lot of the outputs of this, and I think that's why our conception of China is 10 feet tall.

MR. MAZARR: Yeah.

MR. BLANCHETTE: But benchmarking, you know, the outcomes of your study to China, what does that tell you about where you see China's national competitiveness?

MR. MAZAAR: So, we did -- in the study, we applied the characteristics to the United States to get sort of a current snapshot of where the United States stands. And you can all imagine sort of, you know, a lot of resilient -- or a lot of kind of resident strengths and a lot of current negative trends.

In terms of applying it to China, there's two of them. One of one of the characteristics is a sense of national ambition and willpower, which can easily go wrong, but is kind of essential to national competitive position and unified national identity, which is of course an issue for the United States right now. In both of those areas, it seems to me at the moment that China has significant areas of strength.

There are others as well. But when we look across some of the others, I mean shared opportunity, effective and efficient institutions. One of them is an active state, this issue of does the state get involved in promoting national competitiveness and how much. But if it goes too far, it becomes over bureaucratic, over controlling. And China I think, especially under Xi, will in that direction. So, there's a little bit of both.

And I think -- but to me, it provides a reason for significant optimism, that if the United States can address some of the barriers and kind of quicksand that's dragging us down right now in these areas, the overall portrait we paint is one in which a free, open tolerant immigration-attracting, capital-attracting network hub society, like the United States and many of our friends and allies, is inherently more competitive than the nature of the Chinese system. But we have some big problems to solve, obviously.

MR. BLANCHETTE: Just a final question, anecdotally, oftentimes the -- it's an exogenous factor, like the rise of a competitor or rival, that provokes Sputnik-like moments. But on the flipside, it's precisely in the aftermath of those Sputnik attack moments you oftentimes have polities take actions, which move against openness, move it -- move more towards a model of -- and we're seeing elements of this now, sort of becoming a little bit like China to compete with China.

So, just trying to build on what your last comment of optimism, do we know anything about wat are the provocations for really taking serious the core elements of national competitiveness, aside from an external threat?

MR. MAZARR: You know, so there's a historian named Walter Scheidel who wrote a book called The Great Levelling (sic). And his argument is that societies tend to become more unequal, more bureaucratically constrained, more sclerotic over time. And the only thing that breaks that trajectory is a major disaster, like a loss in a war or plague, or something else. I'm not trying entirely agree with him. But it's hard to find a lot of historical examples of countries that simply sat up and said, "You know, we have a lot of problems to solve, let's get about solving them" and then move themselves to a different kind of place.

So, it is a dilemma because the threat is needed maybe to generate action that can -- it generate too much action and action of the wrong kinds. At least I think -- or the work that all the folks, you know, and you guys and many others are doing can hopefully point us in the direction of where the effective places are to make action.

MR. BLANCHETTE: Tame the passion that comes from sensing arrival --

MR. MAZARR: a great title for a future report, yeah.

MR. BLANCHETTE: People might think it's something different if it's called "tame the passion."

MR. MAZARR: I can sell more copies.

MR. BLANCHETTE: Tara, can I ask you the -- I move on to ask you a bit about specific -- of where our immigration system is. But I wanted to ask just for a topline reaction to -- the Congressman mentioned that there was surprisingly to me bipartisan support for at least the narrow issue of loosening or extending some of the caps on STEM immigration. Does -- do you see that bipartisan consensus on this issue?

MS. WATSON: I was really glad to hear to that from him. I do think there's a strong business case and a strong economic case for employment-based migration, a legal migration. And I do think there's a lot of consensus about that. And so, what would be great to see is for Congress to actually take some action. We have employment-based migration systems that have been in place since 1990. And the raw numbers haven't changed in terms of who's legally allowed to migrate through an employment visa.

We have relied a lot on temporary rather than permanent migration for the employment vias. And that creates problems when, for example, people come in on the H-1B visa, work for a company, wud wish to be permanent residents, and they are legally allowed to petition at the same time for permanent residents. But then on the back end, we have caps on the number, the total number, as well as on the per country limits. So, for example, no more than 7 percent of employment visas, green cards can come from any single country. So, that means we have huge backlogs from India, China, and some other countries.

So, thinking about employment-based migration really seriously, I totally agree with the Congressman that we could radically increase the numbers, that we probably shouldn't do it all at once, but step up over the next five to ten years makes a ton of sense.

MR. BLANCHETTE: Just as maybe a higher elevation question, in almost any discussion that I'm in with policymakers thinking about China and the challenge it presents, there's a complete unity on the statement that the United States needs to be bringing in more talent. I've yet to hear someone say that's not an important part of -- action doesn't seem to be matching that.

And so, I wanted to ask you, if you could stock take on where our immigration system is right now in terms of how well are we doing in facilitating inflows of talent, given the demand for coming to the United States. I think everyone has a sense that there are problems in the immigration system, but can you grade it? And then tell me tell me specifically why are we at that grade? You can grade at on a curve too.

MS. WATSON: I want to I want to leave some room because it couldn't be worse. Let's call it a C minus.

MR. BLANCHETTE: So, it's passing. That was my benchmark in college.

MS. WATSON: Yeah. We have -- you know, as I mentioned, the numbers are too low, especially on the employment base, but I would argue also on other forms of migration. And then the structure, as I mentioned, isn't working well. We have a lot of people who want to come to the US We have these limits. At the moment, we're not even processing the number of people that we say we wud legally allow.

So, especially during COVID times there are these bureaucratic backlogs, staffing shortages, and so on. We're "wasting green cards." We're not giving out green cards that Congress has approved. And they expire after a certain point, so they're sort of lost forever unless Congress acts.

I think it's really important we think about innovation. It's well known that a disproportionate number of entrepreneurs are immigrants or children of immigrants. I read an interesting paper recently that showed that not only are immigrants inventors particularly productive on average, in terms of the number of patents that they produce, but when they work with US-born entrepreneurs, those entrepreneurs are also more productive. So, there are important spillovers that we're just not taking advantage of by keeping this low cap on the number of people that we allow in on the employment-based system, and then not processing the people that we ostensibly have allowed in quickly enough.

MR. BLANCHETTE: This is Maybe more of a political tactics question. But the Congressman was mentioning that even where there's bipartisan agreement on the STEM immigration issue, it immediately gets tied to the southern border. Do you have any thoughts on the practicability or strategies for disambiguating those such that we're not -- we don't have a lumpy conception of immigration, but we're able to make progress on areas of bipartisan consensus without sort of tanking the whole thing by tying it to broader, in many ways, cultural issues?

MS. WATSON: It's a tough question. I think the employment-based migration that we have right now is very focused on highly skilled or highly-educated workers. And it doesn't necessarily need to be they're employment sectors where we need more people, we have shortages.

For example, elderly caregiving is something I've worked on. There are disproportionate immigrant representation in that occupation. There is no way that someone can come in and say I want to get a green card to be an elderly caregiver. People who come in through a family pathway could work in that role, but we don't have an employment pathway for that.

So, there's scope for broadening what we think of when we think of employment-based migration. And then I think the challenge is, can we get to a political point where we can say we're going to expand legal migration, reduce some of the pressure for undocumented migration, and come to a compromise that way?

MR. BLANCHETTE: Sujai, if I can just turn to you, and this is going to be a leading question. In the conversation with the Congressman, we were setting up this almost dichotomy between the free market, which produced everything in the United States, and command and control systems. And I think the intuition is American innovation is a free market outcome. I think that's probably broadly right. But I wanted to ask you where the gray space is on that.

Is that the right story we should be telling ourselves about what drives innovation? Is it's a market phenomenon?

MR. SHIVAKUMAR: Yeah, I'm suddenly reminded of a commercial that aired about maybe more than a decade ago. So, this was I think light beer. And the half the people in the bar said it tastes great and the other said it was less filling. And sometimes I think that our debate on this issue really doesn't even come up to that bar in terms of intellectual rigor.

So, you know, is it state or is it market? Well, the people who say that, you know, it's the market solution point to the failures of the state and present the market and its ideal, and vice versa. So, if -- but if you actually look at -- stop and look at history, you know, our innovation system has been built on a series of hybrid institutions. And what you actually have is you need to think of the innovation system as complex network. You have a variety of different actors, entrepreneurs, university, administrators, venture capitalists, banks, you know, local governments, state governments, et cetera. And all of these different actors have to have to cooperate in different ways in order for the innovation system to function well.

But there are a lot of challenges in cooperation. There are gaps in information, the gaps in trust. And institutions had to be positioned at various nodes in this complex network in order for that type of cooperation that enhances innovation to move forward. So, if you look -- just to take one example, if you're an entrepreneur and you have a great idea and you want to attract venture capital, that's great. But the venture capitalist doesn't know whether your idea is technologically sound or commercially feasible.

So, to the extent that you can have a public-private partnership that generates information for the market about the technological promise and the commercial potential off of new technology, then you are able to grow the -- you crowd an investment, you create more information for the market. And as we all know, markets work best when there's more information.

So, it's not a question of state or market. But there are a variety of different types of public-private partnerships. And each has to be tailored to the particular type of challenge, in connection across this node, across these nodes. And so, if you look at the US history, you see, you know, case after case example of -- for example, of different types of public-private partnerships, solving a variety of different types of collective action problems.

And so, when we start looking at how do we regenerate, how to renew the US innovation system, we start -- we need to start looking at a more granular levels. So, you know, where these connections are challenging, what sort of what sort of institutions do we need to craft to -- that focus on that particular issue? And so, that's the -- that's really the challenge, rather than looking at, you know, the bar room debate.

MR. BLANCHETTE: I think when discussions come up on public-private partnerships, at least in the China space or when you begin to be thinking about the CHIPS Act, for example, the discussion immediately reverts to heuristics of industrial policy that we've seen in the past, you know, failed attempts here in the United States, or what China's doing.

I wondered if you could just give us what are some principles of state private interaction engagement, broad principles that differentiate productive, innovative enhancing and generating partnerships between the state and the market? And what are some of the elements where we'd want to steer well clear of?

MR. SHIVAKUMAR: So, what do you want to clear off are sort of top-down solutions that are purely top-down. You also want to steer clear of purely bottom-up solutions because they tend to be very amorphous, and they tend not to be coherent. You know, whole idea of federalism is this dance between the top-down and the bottom-up. And if it's structured well, it's a very creative dance. And that's really the secret of our society's technological capability our progress as a society.

And I think a lot of that understanding of what it means to problem solve, to work together, has sort of fallen apart as we become much more, you know, top-down in the way in which we think about these problems, the way in which we address these problems.

I think you also mentioned this idea of industrial policy. Well, you know, there is a -- for a long time, there's been a department that -- the Department of Defense focused on industrial policy because, you know, they needed very specialized equipment to carry out national missions. But the -- you know, a more distributed, more innovation-friendly type of model is to look at the innovation ecosystem, so to speak, look at the various challenges within that ecosystem. Generate local solutions that have encouragement, policy encouragement from the top-down as well.

And so, that's how you, you regenerate the system. It's not -- if there's no solution from the top, there's no solution from the bottom. It's a lot of hard work, and it has to be done by the participants in the system.

MR. BLANCHETTE: One of the other areas you've been working on a lot is thinking about workforce structure and composition. And a few years ago, you led a very large study that was looking at how do we build a skilled technical workforce. I wonder if you can save us having to read the entire study and just give us the cliff notes version of what are the big areas -- you know, what are your findings on where the United States is in terms of workforce composition and what are some of the recommendations?

MR. SHIVAKUMAR: Well, before I do that, just to -- as a preface, you know, we've heard about the need for immigration reform and so forth as a way of addressing a lot of the workforce challenges that we have in our innovation system. And I think it's somewhat unfortunate that it has been caused as an immigration issue. I think we need to basically reframe the argument as a human resource strategy for the United States to be competitive in the new twenty-first century.

That has aspects of immigration where we do need to draw in and circulate the high-skilled workforce. Remember, of course, that, you know, a lot of the immigration debate on high skill is still predicated on a very decade's old mental construct, where we were the number one, you know, in terms of science and technology. It's much more multipolar in the world. And so, these skilled people have more options today, including going -- staying in their own countries and contributing there. So, we need to be much more competitive and think of it as -- in those terms.

And we also need to think in terms of the work -- the skilled workforce. If you talk to firms that are looking for -- making locational decisions, it's no longer a question of low wage. It's a question of where the skills are. And for decades, again, we have done two things. One is we have allowed manufacturing to offshore. And we've severely under invested in our workforce, particularly our workforce training.

And again, when you look at the workforce, it's a -- you know, it's mostly a state and local issue. And there's a lot of examples of state and local state and localities that have really figured out how to connect the different parts of the local economy in terms of connecting, you know, students and workers, community colleges, vocational schools with firms and industry to make that triangle really work in a positive sense. But there are a lot of cases where this has just not been forthcoming.

So, if you look at students and workers, you know, in this particular segment of the of the skilled workforce continuum, you know, many of them are single parents. They are -- they have daycare issues. They probably working part time. And so, our community colleges have to work around their schedule, and not the other way around. There needs to be social services that help them deal with taking care of their kids, taking care of their parents, and so forth.

On the community college side, many of them are incentivized to just fill seats. So, they're not communicating with the industry in their region in terms of what does the industry need. And so, there's, you know, those kinds of gaps in the connection across the system. So, unless you have local initiative but also top-down encouragement to connect these gaps in the ecosystem, these nodes, it's going to be a very difficult challenge to do what we're trying to do here, which is, you know, how do we renew our workforce.

And the issue of renewing our workforce is, you know, again, really essential job. Because, you know, for the past three decades and more, there has been a significant slide towards offshoring. There has been significant disinvestment in our workforce. And the benefits of the innovation economy have largely been concentrated in a few -- relatively few localities. I think 15 percent of our counties are -- benefit from 85 percent of the benefits from our innovation economy.

So, we have a large population that's descent disenfranchised. And we have, as a result, some of the social and political turbulence that we see today. So, unless we figure out particularly how to reintegrate, reeducate reengage with the population that has been disenfranchised, we are not going to be in a downward spiral. And I think, you know, we can talk about a lot of issues at the conceptual level, but we have to get this right. And that's -- it's fundamental, not only to our integration system, but to our life as a republic.

MR. BLANCHETTE: Tara, can I go to you? And actually, I'd like to open this question to everyone. So, we have the issue of immigration, so that's supplementing an existing human capital stock. Any thoughts on ways to increase efficiencies and/or boost innovative capacity through institutional policy changes with the capital stock we have here already in the United States? And I'm thinking, of course, even native-born Americans.

A lot of the talent discussion that Ryan and I have been in immediately goes to immigration, and that makes sense. But are there other things that we can be doing to improve the efficiencies and output, whether that's facilitating mobility of human capital? You know, COVID, may have done that in a way by freeing you up from necessarily being in one office. But are there other institutional redesigns or policy changes that you can think of, just on the capital stock we have?

MS. WATSON: Yeah. I mean, it's interesting that you mentioned the mobility. Over the past decades, the propensity for people to move around the country has fallen significantly. And it's a bit of a puzzle why that is. But to some degree, immigrants have been filling that in by going to places where there are more jobs and smoothing things out more than they would be otherwise.

I mean, the obvious area for investment in human capital is going to be education training, and we could do a lot more on the college front. There's a big student loan discussion right now. And I think addressing the college affordability challenges that people face is going to be a crucial part of this.

MR. BLANCHETTE: Mike or Sujai, any thoughts drawn from your own work on -- in this area of non-immigration improvements to human capital?

MR. MAZARR: Right. Yeah. I mean, I would just say two things. One is, from a historical perspective, I think one of the challenges we have is that we're maybe in an era of diminishing returns on that. When you look at some of the historical cases, some of the big levers that countries had to pull were sort of, you know, letting women into the workforce, in a broad sense, gender equality and an equality of different groups and societies. Not that that is a journey that is complete by any means. But legally and in some other ways, we've sort of -- we've captured some of the advantage.

And now the trick is -- I mean, I do think there's, you know, hundreds of examples of the kinds of more discrete programs to create channels of opportunity for people throughout society. But it's -- I think it's a little, you know, kind of trickier.

And then the second thing I would say is one flavor that emerges from our work is -- and this sort of gets to your earlier question, the need to think big rather than think small. You know, the education one is a good example. It may be that when a society gets to the point of kind of stalling and beginning of a movement into sclerosis, what's needed is not tweaking at the edges, but for people to come along and be willing to do very significant reforms.

And I'm not sure that in a number of these areas, education being a leading one, that we're necessarily -- there will be the occasional article that comes out of we have to break up our prototype education. And then 50 years later, it looks exactly the same. So, I think part of it is a mindset change. And those things go together. You know, we're sort of the stuff we have to do is more complicated and requires a lot of little actions as opposed to big choices. And we have to -- we have to be determined to be willing to make some big change.

MR. SHIVAKUNMAR: Yeah. So, you know, unfortunately, the big argument, which is I think, you know, state of market, the corollary one is an apprenticeship or free community college for all. You know, again, think about the context. If you're a dominant employer in the market, then it makes sense for you to offer apprenticeship training because you can -- the man or woman that you train, you will employ and you'll recapture that.

If you're in a market where there are lots of small firms, then it's really important that the film's then partner with the local government, with the local university and community college to provide sort of, you know, a platform of education on which they can add their 5 percent, which is, you know, from specific training.

Similarly, you know, with community college making that universally free and available, great idea. But, you know, the -- what employers are looking for are signals that distinguish one potential employee from another. If all of them have the same qualification, then it's difficult for them to make those decisions. So, again, you need to have mechanisms that allow students and workers to highlight their own particular competencies.

We -- again, this is like -- again, we have a construct that was built in the post-war era. And we're still struggling with a lot of these because a lot of them have to be reinvented. You know, how do we think about policymaking, really, fundamentally? So, at least in the labor market, you have data collected. It's analyzed, it's -- you know, some conclusions are teased out it as an economic analysis.

And finally, there is -- you know, the information is then transferred to a thoughtful public policymakers, like Representative LaHood. And hopefully, he can get the consensus in our legislator to make the make the policy difference, policy -- you know, pass new laws to make -- to address the problems that you've seen in the in the data.

But there's -- today we have a technology. There are ways in which citizens can be more directly engaged in their own solutions to these kinds of problems. So, we're all familiar with, you know, turn by turn directions when we travel. We type in the address. In fact, a few of us -- the art of reading a map has been lost. We just follow saying -- you know, it even tells you which lane to be in so that you can make the correct turn.

So, there are opportunities to combine aggregated data with user data to provide students and workers with almost turn by turn directions in terms of, you know, what sort of courses should they take, where should they go, how should they build their credentials, you know, how can they communicate with and find out what the local -- needs of local industry are those? Those kind of solutions.

So, this is what I mean by there has to be much more of a balance between -- you know, we're in Washington, we want to think of Washington solutions. But there are -- the technology, particularly today, has really enabled a much more, you know, democratic ability to sort out and associate and form the solutions.

Ultimately, when we talk about, you know, the great power competition -- and we were talking about the, you know, the Chinese being somewhat dismissive of the power of democracies -- we have to -- what is the power of a democracy? It's our power to self-associate. It's our power to, you know, communicate with others, get a community of understanding of how we solve our problems together.

And that's done formally through a legislature. But it's also done through -- you know, at the workplace, among your colleagues. It's done at the state, local level. It's done with your neighbors, et cetera. And so, we need to reengage with a lot of that. The technology makes that makes a lot of that possible.

And so, we really do need to reengage our democracy in a sense. It is an ideological battle, I think we all want to live in a society where we communicate with our neighbors, we figure things out with them. And that's basically looking much more deeply perhaps than you intended in this discussion. But that's where we need to be.

MR. MAZARR: If I can just say quickly on that, just you just described -- you know, from all of our historical research, that's a really nice summary of a critically important part of the core form of competitive advantage that has distinguished more dynamic and competitive from (inaudible) societies. That kind of interactive -- you know, self-generating, interactive, supported by good institutions and everything like that. So, you know, from a historical perspective, everything you're saying sounds -- it sounds like it could come right out of our report?

MR. SHIVAKUMAR: Well, that's always a good thing.

MR. BLANCHETTE: Well, let's put that democratic spirit into action here, and let's open up the floor for some communication for the next nine minutes. So, because we have such a short amount of time, I would -- a brief single questions would be appreciated. I think I saw a hand in the back there first. Yes, you, red tie.

MR. STEWART: Hello, everyone. I'm Isaac Stewart, a student at the United States Air Force Academy, and currently an intern at the Chinese Aerospace Studies Institute. So, right now we're tracking about a 40,000 recruits short for the army alone, and rapidly increasing mental health issues and retirement among service members. And there's a huge pilot shortage as well, right? And personally, it seems like more and more of my buddies are wanting to get out of the academy, right?

So, in the conversation about human capital productivity and ops turnover, how do you think we can better be prepared for a near peer or peer-level conflict with Russia or China? Thank you.

MR. BLANCHETTE: Mike, I think that goes to you.

MR. MAZARR: a huge issue. And you saw just today, the Secretary and Chief of Staff of the Army issued a paper, a three-page letter, indicating that -- you know, trying to indicate a recognition of this. There's a million issues involved there. It's been an accumulating and an enormous issue.

As a former naval reservist, I'm well acquainted with military bureaucracy and the pains thereof. All I will say is -- without getting into the details -- that, to me, is a perfect example of this problem of the need for more transformative change. Because we've been talking for 10 years about it. They were talking about a pilot shortage years ago, right?

And the institutions and bureaucracies putz along and, you know, have a study group and do this and commissioned a RAND study. But I think it's a great example of unless the services decide we are willing to significantly transform career paths, you know, maybe pay a lot of the bureaucracy, other aspects that folks are having issues with -- be able to take people in mid-career, all those issues -- I don't think this is going to go away.

And it is -- it's like, you know, the perennial problem within institutions and then at the national level, you get to a point of power and supremacy, and it is very difficult to cultivate that mindset that says, "unless we do something radical, we're in big trouble." Well, I think they're starting to get the message. But anyway, that's -- you know, I'm more optimistic than I was five years ago, that they're going to do something really significant. But that optimism is still only about 30 percent.

MR. SHIVAKUMAR: So, yeah, I'm reminded of, you know, when I was last at Dallas Airport, I was on this people mover, and there was an announcement at the end of it saying, you know, the moving walkway is ending. And it kept saying that. And I think a lot of -- we transition about a million of our service members into the civilian economy every year, and the moving walkway is ending for them.

So, unless we're able to use -- you know, attract them with the training that they have during their service, and that positions them into something meaningful in civilian life, this sort of recruitment issue is going to be -- continue to be a challenge.

MR. BLANCHETTE: I think center, white shirt.

UNIDENTIFIER SPEAKER: Hi, I'm a high school senior in California. And I was just wondering, since we're rethinking the ideas of like immigration and employment, is there anything we could do on a policy level to curb the trend of corporate and technological espionage by China?

MR. BLANCHETTE: There's a disproportionate number of high school students from California in this audience. So, I'm assuming you're here together. Otherwise, the odds of that are -- anyone have any thoughts on -- Mike, do you have any thoughts on curbing espionage?

MR. MAZAAR: Not -- no. You probably should ask answer that question.

MR. BLANCHETTE: We probably have no idea. What do I know? I don't know.

MR. SHIVAKUMAR: We have a number of -- one of our strengths is our Small Business Innovation, small business entrepreneurs. And unfortunately, many of them are not really aware of the level and sophistication of the spying that's going on of their activities. So, I think, you know, one area that we need to be focused on is giving them some amount of cybersecurity training so they're more aware and they're able to protect their IP.

The Chinese are also focusing on issues of standards and patents and trying to dominate their -- you know, the dialogue on setting standards, particularly as a way of taking leadership in high technology areas. And so, these are issues that we need to be given -- like the proverbial hare and the tortoise story, we've been asleep because we've taken a long lead, and0 we've sort of taken a nap on some of these issues. We need to wake up and be a little bit more proactive, understanding what the nature of the threat is.

MR. BLANCHETTE: In the back there, yeah, white shirt.

MR. SHELL: Thank you. Hello, my name is Christopher shell, and I'm coming from the Carnegie Endowment for International Peace. And you all made really good points about domestic renewal. And my mind went to what the US-born population? And more specifically, thinking about the African American population. And to kind of add on to the education point about thinking about historically black colleges and how we can partner with STEM, like Google and IBM and things of that sort.

So, I guess my question also goes to, what can we do to kind of tap into domestic population, especially minority groups, more so African American population -- which is generationally US-born -- and kind of tap into that, I guess, human capital?

MR. BLANCHETTE: Tara, Sujai?

MS. WATSON: I guess one thought I have, a point that didn't come up yet is our sort of more fundamental infrastructure for human development in this country is very unequally distributed. And that's especially true by race, but on third dimensions as well. And investing in communities that can support people to thrive so that talent can emerge from, you know, every neighborhood is something that I think is an important component of this as well.

MS. SHIVAKUMAR: So, I think this is another area where, you know, top-down and bottom-up have to engage. So, if you look at a number of immigrant groups, you know, the Chinese immigrants, immigrants from India and other countries, they have mutual support organizations that they develop. And I think that number of the HBCUs could also help to sponsor, mentor networks that can help younger people who are in this in this linear studies to understand what entrepreneurship is.

For example, it is very -- unless you are in a in a, in a familiar situation or have exposure to entrepreneurship to high technology, to the industry, it's very difficult for you to understand and participate in that ecosystem. So, these sorts of bottom-up approaches are also an important part of this.

And I think, you know, our human resource strategy should be encouraging, you know, these types of networks among our native-born populations as well and our minority native-born populations as well, particularly.

MR. BLANCHETTE: We're at time. But sir, if you had a -- sir, right here, if you had a very quick question, we can sneak it in.

MR. HURWITZ: Yes. Hello, I'm Elliot Hurwitz (phonetic). I'm a retired person. I want to thank the panel for a very good presentation, as well as Congressman LaHood. You discussed a great deal of public-private cooperation and the role of civic society and local society. Democracy in America in 1835 described --

MR. BLANCHETTE: Just to say, we're at time, so if you could --

MR. HURWITZ: I'll ask quickly, (inaudible) discussed these exact same points. Where have we come since then?

MR. BLANCHETTE: That's a philosophical question as much as a --

MR. SHIVAKUMAR: I have to put on my political science hat, and I'll try to keep it short. But I think there was a sort of a switch in the way in which our system of governance was conceptualized, starting maybe the Wilson Administration, less from constitutional governance to more administrative governance. And I think the -- we are now at a point where that model is become too top heavy and we've become -- so we need to perhaps we calibrate ourselves so that we need to -- as a colleague as saying, you know, periodically we need to renew our democracy.

And the terms in which we have been growing ourselves perhaps is not sustainable anymore. And rather than, you know, look to war and destruction and to rise again from the ashes, we do have an opportunity, particularly in a democracy -- democracies afford this -- to reinvent ourselves. And I think, you know, that's perhaps a hopeful note to leave this discussion.

MR. BLANCHETTE: Well, it's an optimistic note to end on. So, I want to thank everyone for coming today. Thanks to our comrades at the Brookings Institution. (Applause).

Thank you, of course, to our panelists for I think a really excellent and nuanced discussion. And so, please stay tuned to the Vying for Talen project on podcast streams near you. And then Ryan and I will have a future series of events that we're coming out. So, hope folks can continue to pay attention. So, thank you. (Applause)

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