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## INNOVATION HIGHER EDUCATION

# Technological breakthroughs the key to our future prosperity

Australia should seize  
the opportunity to  
lead the world

ROBERT ATKINSON

AUSTRALIA'S productivity performance has been mediocre. In an Information Technology & Innovation Foundation study, *The Atlantic Century*, Australia ranked just 30th of 44 nations in the rate of productivity growth over the past decade.

According to the Australian Bureau of Statistics, Australian market sector multifactor productivity actually fell 0.3 per cent a year from 2003 to 2007.

Even if Australia can end its productivity decline, its children face a fall in their real standard of living. For while today about 10 workers support two Australians over 65, by 2050, 10 workers will be supporting four retirees.

Without a focused national productivity strategy, the market alone will not get you there, for there are a host of "market failures" when it comes to driving productivity advance. And policy makers need to focus on the key

drivers of productivity. Economists have been studying this question for more than a generation and the consensus is increasingly clear: innovation drives productivity.

Organisations don't get more productivity by adding more machines, they get better by inventing and using new machines in new ways. But not all innovation is equal. The innovation with the biggest impact is information and communications technology.

Australia has an opportunity to lead the world by crafting a national strategy focused on driving productivity through IT-innovation. Australia's national science agency, CSIRO, is already doing leading-edge work to develop an IT-based digital technology strategy. But if these and related efforts are to be successful, they'll need to be fully supported by government.

While technology is important, it's not enough. All too often companies seek government protection from innovative competitors. In the US this "middlemen protection" is rampant with industries as diverse as car dealers, lawyers, optometrists, wine and beer sellers, pharmacists and travel agents

lobbying to enact laws or regulations to hobble more nimble digital competitors.

It's not just business that fights innovation. Organised labour often does to save jobs, even though this raises prices for consumers. So-called "public interest" groups routinely oppose new technology: some privacy groups oppose internet innovation and some environmental groups oppose biotechnology innovation.

And all too often "thought leaders" fan these flames, claiming falsely that technology kills jobs. With examples all around us of how technology has improved efficiency (when was the last time you went to a bank teller?) this story sounds convincing.

If the next generation of Australians is to enjoy a better life than their parents, Australia needs to push for more technology and innovation, not less.

*Robert Atkinson is president of the ITIF, a Washington, DC-based technology policy think tank. He is visiting Australia to speak on Friday at a Melbourne forum: Productivity, Innovation and Prosperity. For details see [www.atse.org.au](http://www.atse.org.au).*

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