# The State of Innovation in Kansas

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# **Innovation Matters**

- Increased Standard of living is due mainly to innovation
- Innovation
  - Makes existing products cheaper
  - Creates new industries and products
- States with high rates of innovation have higher income levels



#### Personal Income per Capita vs. R&D Spending per Capita, 2003



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#### Personal Income per Capita vs. Patents per Capita, 2003



### **Innovation and Kansas Economic Policy**

# • Redwood-Krider

- Identified need to diversify economic base
- Innovation is one route
- 2001 Strategic Plan
  - "Apply[ing] new technologies in every industry" is an essential element of Kansas' economic vision

# Economic Growth Act

- Promotes bioscience
- Promotes entrepreneurship

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#### The Challenge for Innovation Based Policies of Economic Development

- Innovation is geographically concentrated
- Five leading states account for
  - 46% of patents
  - 43% of R&D spending
  - But only 32% of U.S. population
- Concentration reflects spillovers



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#### Venture Capital Investments in Kansas and Selected Neighbors, 1995-2006



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#### Kansas R&D Spending as a Percentage of U.S. R&D, 1960-2003

![](_page_9_Figure_1.jpeg)

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#### Kansas Patents as a Percentage of All U.S. Patents, 1963-2003

![](_page_10_Figure_1.jpeg)

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# Conclusion

- Innovation based policies face an uphill battle
- Promoting innovation will require
  - Interactions between innovators
  - Interaction between innovators and end-users
- Efforts need to be focused where there is critical mass
- Assistance with venture funding will be important to keep benefits in the state

![](_page_11_Picture_7.jpeg)