

Macro Roundup Article

Headline: [The National Economic Council Gets It Wrong on the Roles of Big and Small Firms in U.S. Innovation](#)

Article Link: <https://itif.org/publications/2023/07/20/nec-gets-it-wrong-on-roles-of-big-and-small-firms-in-us-innovation/>

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Summary: While small firms account for 49% of U.S. employment, they account for just 16% of business spending on R&D, while firms of more than 25,000 workers account for 36%. Likewise, small firms account for 18.8% of patents issued, while the largest firms account for 37.4% of patents. When ITIF surveyed almost 1,000 U.S. scientists and engineers involved in filing triadic patents (patents filed in the United States, Europe, and Japan), they found that approximately 75% of materials science and IT patents and 60% of life science patents were filed by firms with more than 500 employees. Countering the popular narrative that large firms are sluggish copiers and small firms the true innovators, firms with 500 or fewer workers in the sample accounted for only around 30% of patents, yet they employed 48.4% of workers. Related: [Mega Firms and Recent Trends in the U.S. Innovation: Empirical Evidence from the U.S. Patent Data](#) and [The Economics of Inequality in High-Wage Economies](#)

Primary Topic: Innovation/Research

Topics: Innovation/Research, Institutional Capabilities, Investment, Op-Ed/Blog Post, Productivity

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