

ABSTRACT: In 1997, the US public and private sectors invested \$205.7 billion in R&D. Private sector investments in R&D increased 34% between 1990 and 1997; over the same period the federal government decreased its expenditures by 15% in real terms. Projections of outyear federal budgets indicate the federal government will continue to reduce its investments in R&D for the foreseeable future. Defense R&D continues to be the largest area of concentration for federal government's R&D investments, with defense R&D accounting for 54% of all federal R&D outlays in 1998. Defense R&D is funded at a level which is three times higher than health R&D. Health R&D has experienced the largest inflation-adjusted increases of any federal R&D program, up 21% in real terms since 1990.

US national (i.e., public and private) investments in energy R&D currently stand at a 23-year low of \$4.4 billion in 1996. Federal support for energy R&D has declined 22% in real terms between 1990 and 1996. Federal energy R&D investments are also undergoing changes in priority. Fossil energy R&D programs are at the beginning of a potentially significant change away from "clean coal" technology development programs and towards more fundamental research on ways to decarbonize fossil fuels and sequester carbon dioxide. The federal nuclear energy R&D program has restarted (at a modest level) research to develop new reactor concepts after many years of no federal research in this area. The United States has withdrawn from the ITER project, calling into question the viability of this international fusion energy program. Renewable energy and energy efficiency R&D programs continue to be the only consistent areas of growth in the federal energy R&D budget.