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Congress of the United States

joint economic committee — minority

OPENING STATEMENT

CONGRESSMAN PETE STARK, RANKING MEMBER
HIGH TECHNOLOGY NATIONAL SUMMIT

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I want to welcome the impressive list of witnesses to the Committee. The speed at which new technologies have become part of our daily lives is incredible. We are constantly amazed by the development of new products and capabilities in the high tech industry. I hope this hearing will provide us with an opportunity to move beyond this infatuation and enable us to talk about what role the high tech industry can play in meeting the many important challenges facing our society.

The US economy is experiencing an impressive performance -- it is the envy of the world. Economic growth is strong, and in contrast to the predictions of many experts, the US economy is into its third year of record low unemployment and inflation.

But this is not the full picture. Although most American workers are experiencing some improvement in wages, they are far from recovering from the declines in living standards they experienced during the 1980s. The income gap continues to widen -- not just between the rich and the poor, but between the rich and the rest of Americans. Although every income group has enjoyed some improvement, the real increase in the income gap has been between the top 20 percent of Americans and the rest of the population.

The advent of the technologies being discussed today and tomorrow have contributed to both of these phenomena. According to the Commerce Department, about a third of the record economic growth we have been experiencing is due to the growth of the high tech sector. Sales of computers and software have pushed up total investment in the United States to its highest level in recent history. This investment has helped double productivity growth, which in turn has enabled the economy to continue experiencing low unemployment without stimulating inflation, allowing workers' wages to grow.

However, the high tech industry continues to comprise less than 10 percent of our national output and only 3 percent of our workforce. As a result, economic advances in the high tech industry have initially only benefitted a few -- particularly those who are already well-off.

We must be mindful that despite their far-reaching benefits, these new technologies have the potential to divide our society into a new breed of have and have-nots and to exacerbate our already troublesome income gap. The challenge for policymakers is to insure that we take full advantage of the benefits of technology and minimize the costs wherever possible.

With all the success in the high tech industry, I often get the impression that its corporate leaders hold the egotistical opinion that the government is an unfortunate holdover from a different era that is ill-suited to the high tech world they are creating. However, the entire high tech industry, as we know it today, is based on technologies which were conceived in federally-funded national labs and university research programs. The US government provided the original venture capital needed to develop the computer and the Internet. Debate over the actual parentage may go on forever, but one thing is clear -- US taxpayers financed the original research.

Over the next couple of days, I fully expect representatives from the high tech industry to use this summit as an opportunity to lobby for increased copyright and patent protections, prevention against piracy, and the need to open foreign markets to increase sales abroad. There will be calls for the removal of regulatory barriers, lowering taxes and raising the number of temporary foreigners allowed to work in the United States. But as we consider these requests, I would hope that the industry would also look beyond their own self-serving interests and address some of the broader concerns facing the nation as a whole.

I strongly believe that US companies should stand for something more than just profits. I believe that corporate leaders should help this country develop social values and a vision for this nation beyond their own self-interest.

Don't worry, I am not planning to ask the high tech industry to repay the government for its initial investment in developing the computer and the Internet - although it would be a sure way to finance comprehensive health insurance with a serious prescription drug component for every American. Instead, I ask for several things.

First, the industry - both as an industry and as individual firms - needs to publicly acknowledge the government's role in creating and developing the technology which is at the foundation of their success. We are constantly hearing that the government is in the way. The development of the high tech industry is a case where the government did something right, and it would be nice if the industry would be willing to acknowledge that fact. Hopefully this acknowledgment will turn into a broader effort to restore confidence in our government.

Beyond this though, I believe that the high tech companies must give the American taxpayers some return on their original investment. One example would be for the high tech community to become leaders in providing health and pension benefits to all its workers and

their families, raising the minimum wage, aiding the government to create a first class education system and helping to create strong medical and Internet privacy laws.

In particular, I would like to see representatives of this industry take a strong public stand on closing the income gap in America. I suggest that as a tangible product of these hearings, that you and the rest of your colleagues in the industry make a commitment today to insure that all people associated with the industry - full-time, part-time and temporary workers, as well as workers of firms doing business with the high tech industry - receive some form of employer-provided health insurance.

The high tech industry has created an enormous amount of wealth over the last decade and has been a leader in our new economy. It should also be a leader in providing first-rate health care and retirement programs for all their employees. If your industry can't "afford" to provide all its workers with basic needs, such as health care and pensions, how can we expect other industries to do so? The industry needs to take a leadership role in working with the government to provide health insurance for all Americans, regardless of where or if they work.

The high tech industry may not hire many workers at the minimum wage, but you and your employees come in contact with people who earn the minimum wage every day - at the coffee houses, the food stores, and the restaurants they and you frequent. At its current level, the minimum wage is not enough to enable a family of four to live above the poverty rate. How can we as a society allow this injustice to continue? I ask you to join us in raising the minimum wage.

Although new technology has increased the ease of communication between companies and individuals, the public is deeply concerned about their privacy and the treatment of any information they provide willingly or unwillingly. I am particularly concerned about the importance of privacy in the area of health care. I would like to hear from our witnesses how we can address these privacy concerns -- taking advantage of the available technology without infringing on the rights of individuals.

It has become fashionable to "bash" our education system. I remember 15 years ago, when we were concerned that Japan was going to eat our lunch, that our education system was at the core of all our problems - the same education system which produced the likes of Andy Grove, Bill Gates and Carly Fiorina, in addition to all the others testifying before the Committee, as well as the thousands of young, bright, talented, and creative kids launching and running high tech start-ups every day.

Although our education system has contributed to helping many talented people become successful entrepreneurs, it has been less successful in helping raise people out of poverty. Poverty is the number one indicator of student academic underachievement. Unfortunately, many in the Majority would reduce federal funding for education in poorer

communities by allowing states the flexibility to use these funds for other purposes. I call on the high tech community to support increased funding for all schools and to continue the practice of targeting funds for poorer communities.

There is something wrong when some students have access to the newest computers available while students in the next community do not even have basic text books. Given your deep concern about education, I call on the high tech community to go beyond their own self-interest of simply providing schools with computers and work with Congress to insure that all students have the basic educational materials of text books, pencils, papers good teachers and adequate school facilities. All of these basic materials are needed to learn.

Instead of bashing our education system, we need to make sure it serves all of our students, not just the well-off and the fortunate few.

The achievements of the high tech industry are not only impressive, but also historic. If used properly, these new technologies can continue to improve the quality of our lives and contribute to the ongoing health of the economy. We can be very proud that this technological revolution is the result of the hard work and endless energy of thousands of talented and creative Americans. The industry has achieved much over the last decade, and I certainly wish for its continued success. Just think what we can achieve if this creative energy is also put to work in addressing the economic and social challenges still facing the nation.