

Chairman Miller, Ranking Member McKeon, Members of the Committee, good morning. My name is Chris Hansen, and I am the President and CEO of AeA, which is the nation's largest high-tech trade association. I know you are both very familiar with AeA, and I would like to thank you for this opportunity to testify before your Committee to provide our perspective on your efforts to lay the groundwork for a comprehensive economic recovery and job creation program. This subject is important to us in the high-tech industry, which currently employs nearly six million people in the United States. And the average wage for those US workers is 87% higher than the average private sector wage. In other words, high tech in the US is providing the kind of good, high-paying jobs that America wants to keep.

I have three recommendations for any stimulus program that Congress might consider. First, under the category of infrastructure, we need even greater deployment of high-speed broadband networks in the United States. Advanced networks will allow increased opportunities for the creation of even more highly skilled technology jobs to invent new products and improve existing ones in the vital areas of energy, health care, education, public safety and services. These are the jobs of the future.

AeA research shows that the United States now trails 15 other major countries in terms of broadband connectivity. Internet speed is the determinative factor in promoting technology-based economic growth. The median download speed in Japan is 30 times faster than it is here, while Japanese pay about the same as we do for their significantly faster Internet connection. Telemedicine, telework, rural development and job creation

are all predicated on having large numbers of people in disparate regions having access to fast, secure Internet service. We do not want to lose any more jobs or economic growth possibilities to overseas economies that have faster, more developed networks. And the government has a critical role to play. Just one example: it was government research 40 years ago that ultimately led to the development of the Internet. That development created a major industry in this country and created incredible benefit to Americans and populations worldwide.

My second recommendation will be very familiar to you, Mr. Chairman, since it was included in the Democratic Innovation Agenda and was also highlighted in President Bush's American Competitiveness Initiative. America must continue to invest in government-funded research in the physical sciences. The goal of the America Competes Act was to honor the commitment of both political parties to double funding for the National Science Foundation, the Department of Energy's Office of Science, and the National Institute of Standards and Technology. I would note that both presidential candidates support a funding increase. For many reasons, the funding level for these organizations has remained relatively flat for the last two years. The current Continuing Resolution calls for no increase in funding. America needs the vital research that these government agencies promote. The economy and the American people need the kinds of breakthroughs that these agencies provide in environmental technologies, alternative energy sources, and communications technologies that will enable wider use of medical health records, e-prescriptions, and remote diagnostic procedures.

This recommendation, Mr. Chairman, is not just about future jobs. R&D funding is about the job pipeline now and into the future. Our best and brightest need to know that cutting-edge jobs are waiting for them and that they're available now. We cannot afford to see these high-end research jobs disappear. We need our best people working now to create the technologies and innovations for the future.

My third recommendation for crafting a new economic recovery package is to quickly increase liquidity and stabilize the US economy by temporarily reducing the effective corporate tax rate for foreign earnings repatriated back to the United States. The United States' corporate tax system discourages companies from reinvesting their foreign earnings in the United States, and enacting such a provision would encourage companies to bring back overseas capital at a time when companies are facing a difficult credit crunch. This would infuse the US economy with the funds needed to create new jobs and spur new investments. As the Wall Street Journal has pointed out (7/1/2008), the capital infusion that resulted from the 2004 repatriation provision may be the reason why US investment rose 9.6% in 2005.

When such a policy was enacted in 2004, at least \$360 billion was brought back into the United States, generating billions of dollars in federal tax revenues. This far exceeded the government's expectations. Instead of receiving 35% of nothing, since companies are now incentivized to keep their cash abroad, the US Treasury received 5.25% of the billions of dollars brought back to the United States. This benefited our companies, our economy, and the US Treasury, and it is precisely the type of provision we need today.

Mr. Chairman, congratulations on conducting a hearing of this kind. It's very important to the future of American jobs and the economy. I'm grateful for the opportunity to testify today, and I look forward to any questions you might have.