Statement of Carolyn Maloney
"Fueling Local Economies: Research, Innovation and Jobs"
Tuesday, June 29, 2010 at 10 am
106 Dirksen Senate Office Building

"I am pleased to hold today's hearing on the role that innovation has on fueling employment and growth in local communities. This Congress is continuing an Innovation Agenda in order to rekindle growth and prosperity in the US.

One important part of this agenda is the reauthorization of the America COMPETES Act, which passed the House just one month ago, on May 28th. This legislation will help fund investments aimed at insuring U.S. competitiveness in the global economy.

Recently, the JEC issued a report on the importance of federally-funded basic research. The report shows that basic research - research which contributes to our fundamental stock of knowledge – is an important component of R&D, and can have a large impact on productivity.

The private sector underinvests in basic research because the returns from these investments are often smaller than the returns to the economy as a whole. Yet this basic research is critical to the private sector. Investment in basic research is a mechanism for spurring precisely the innovation that business leaders, academics, and policy makers have identified as critical for our nation's economic growth.

The federal government funds almost 60 percent of basic research in the United States.

The innovations that have improved the country's productivity and quality of life flow directly from these investments. The technology improvements created from basic research have played a singular role in enhancing the productivity of businesses and workers, and has spurred new job-creating industries, such as the biotechnology sector. Most basic research occurs at universities across the U.S. This partnership between the federal government and universities helps to form an entrepreneurial ecosystem that benefits the local economy by creating jobs and spurring economic growth.

The Science Coalition recently released a report that shows the tremendous return on the federal investment in university-based basic research. Their report is a dramatic demonstration of the economic impact that these research universities have on the local community and highlights a key fact: companies that grow out of university research often locate very close to that university. These universities are often the biggest employers in the community and serve as business incubators that drive new companies.

And equally important, university communities foster creativity, talent and ideas which lead to the next generation of businesses and innovations that will drive the new economy.

I am pleased that this partnership between universities and businesses is represented by two New York witnesses, Dr. Stanley and Mr. Shulman, who can demonstrate how these synergies are working across New York. As our economy starts its recovery from the tremendous blow of the "Great Recession," it is important to remember the role that entrepreneurs and innovation has in spurring growth.

I am sorry that Dr. Litan is ill and thus unable to deliver his oral testimony. I was especially eager to continue our conversation on strategies to promote the next generation of innovation in the U.S.   As some of my colleagues may recall, when Dr. Litan testified before us last December on financial regulatory reform, he also mentioned that a job creators' visa should be considered by Congress as a way of creating jobs without any additional costs to the federal government.

A few months later, Senators Kerry and Lugar crafted legislation that addressed this issue –the Start Up Visa Act of 2010.   Inspired by Dr. Litan's testimony, I recently introduced the Kerry-Lugar bill into the House. I am happy, however, that Dr. Litan's co-author, Mr. Stangler, is here in his stead.

I am eager to discuss with our panel additional ways that Congress can make sure that we regain the innovative and dynamic economy that we once had.

I welcome each of you this morning and look forward to your testimony. "

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