



CONGRESS OF THE UNITED STATES

*JOINT ECONOMIC COMMITTEE*

CONGRESSMAN KEVIN BRADY

RANKING REPUBLICAN HOUSE MEMBER



NEWS RELEASE

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**STATEMENT OF  
CONGRESSMAN KEVIN BRADY**

**Fueling Local Economies: Research,  
Innovation, and Jobs**

I am pleased to join in welcoming the witnesses before the Committee this morning.

Since its founding, the Republican Party has been committed to support higher education and scientific research. On May 15, 1862, President Abraham Lincoln signed legislation creating the Department of Agriculture to conduct agricultural research and disseminate its findings to farmers. On July 2, 1862, President Lincoln signed the *Morrill Land-Grant College Act*. Sponsored by U.S. Representative Justin Morrill, this act endowed public colleges in each state with the proceeds of federal land sales. These land-grant colleges grew into great state universities that have educated millions of Americans and conducted a majority of our basic scientific research over the decades.

On July 28, 1958, President Dwight Eisenhower signed the *National Aeronautics and Space Act*, creating NASA. In his 1970 *State of the Union Address*, President Richard Nixon committed this country to a "war against cancer" to find treatments and cures for this dread disease. And federal funding for the National Institutes of Health grew by 181 percent from fiscal years 1996 to 2007 under Republican Congresses.

By definition, basic scientific research does not have an expected commercial application. However, the *Sparking Economic Growth* report from the Science Coalition provides empirical support that federal funding of basic scientific research generates real economic benefits.

Basic scientific research leads to new discoveries and technological breakthroughs. Entrepreneurs can commercialize these discoveries and breakthroughs by establishing new companies, creating new products and services, and employing thousands of workers in highly-skilled, well-paying jobs. This scientific and technological entrepreneurship keeps American firms at the "cutting edge" of the global economy. In turn, these new companies and their workers pay millions of dollars in federal income and payroll taxes.

Supporting basic scientific research is an appropriate role for the federal government. Unlike so much of federal spending that proponents mislabel as an "investment," supporting basic scientific research is a real investment that produces substantial returns for American taxpayers over time.

In this context, I am troubled by President Obama's short-sighted decision to cancel the Constellation Program designed to develop new launch vehicles and spacecraft capable of reaching the moon and Mars. Human space exploration drives technology that makes the United States more economically competitive. Life science research with astronauts has spurred breakthroughs in the detection and prevention of cancer, heart disease, and osteoporosis. Defunding the Constellation Program will harm the U.S. economy.

I am also troubled that this Congress has allowed the research and development tax credit to expire. Congress enacted the R&D tax credit in 1981. Seeing the benefits of our R&D tax credit, other countries have mimicked us by enacting more generous R&D tax credits. By 2004, the U.S. had fallen to 17th place in R&D tax benefits among OECD member-countries. The United States competes with other developed countries for R&D spending by multinationals. Corporate R&D creates some of the highest-skilled, best-paid jobs. We want corporations to conduct their R&D in the United States to strengthen the long-term competitiveness of the U.S. economy. We should be enhancing the R&D tax credit and making it permanent. This congressional inaction is incomprehensible.

Turning to today's testimony, Dr. Litan, you cite a number of bureaucratic difficulties that inhibit the commercialization of discoveries and technological breakthroughs from basic scientific research at universities. First, you describe a major weakness of the peer review system; that is, some established academics abuse peer review to squash the research that is contrary to their own views or that is viewed as "outside of the box." The most recent example of peer review abuse is the scandal at East Anglia University when some climatologists tried to suppress research that contradicted their notions of man-made global warming. I am interested in your views on how to prevent peer review from becoming a closed "old boys' club" that suppresses innovative thinking.

Second, you raise the issue of the centralization of licensing at universities. No single university bureaucracy is likely to have all of the necessary knowledge to commercialize the varied discoveries and technological breakthroughs that may occur at a major research university. I am interested in your suggestions for introducing competition into the licensing process to speed commercialization.

Third, I am also interested in your idea of prizes to incentivize the development of innovative ways of commercializing university research.

I look forward to hearing today's testimony.

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