

MR. ROBSON: All right. Thank you very much, and thank you for allowing me to be here, the epicenter of technology. I can tell you one thing, it took me an hour and three quarters to get here from my house in San Francisco. So, I would hope this Commission would look into the road situation.

My name is John Robson. Currently I am a senior adviser with the San Francisco headquartered investment banking firm, Robertson Stephens, which has a pre-eminent practice and reputation in technology transaction. I am proud to say that Robertson Stephens has helped secure substantial financial nourishment for many luminous names in technology, such as America Online, Sun Microsystems, Dell Computer, Gilead Sciences and Immunix Corporation, and served as financial adviser in many mergers.

My background includes public service as deputy secretary of the U.S. Treasury, Chairman of the U.S. Civil Aeronautics Board, and under Secretary of the U.S. Department of Transportation. Corporate experience as Chief Executive and Chief Operating Officer of the multinational pharmaceutical company, GD Searle. And member of several corporate boards of directors, including Monsanto Company, the bioagricultural and pharmaceutical firm, the biotechnology company Chiron, and defense contractor

Northrup Grumman. Also, I was formally a corporate lawyer and Dean of the School of Business Administration at Emory University.

My comments today rest on two axioms. First, the century we are about to conclude has been, as I am convinced it has been, the American century. This is in significant measure due to our astonishing technological accomplishments. And second, America's technology enterprises are the crown jewel of trade deficit reduction. This can continue to be the case if there is a level playing field in terms of global market access and competitive opportunity, together with the absence of unreasonable regulatory burdens and economic disincentives inflicted by our own endeavors.

So, the question becomes how can we perpetuate and maximize the economic growth and trade surplus potential of America's technological supremacy?

In my opinion, some important answers are found in identifying specific policies and actions that the U.S. government should pursue, and others that it should avoid. And it is to this subject that I shall direct my remarks today.

First, the United States must be seen and felt as the implacable foe of trade protectionism. Spawned by fear, greed, political expediency,

corruption or plain wrong headedness, protectionism is very much alive.

Among other things, we should begin by declining the hypocritical use of our own government's power to further protectionism here at home.

Next, we should fully employ our position in world power, and our economic and diplomatic leverage, to knock down protectionist barriers, open access to markets, and eliminate subtler forms of unfairly gaining competitive advantage, such as the industry subsidies. It means not taking no for an answer on market freedom.

In confronting protectionism, we should emulate the late pro football great, Walter Payton, who made sure that anyone who tackled him felt it more than Payton did.

Next, we need to insist on transparency and well-grounded science in regulatory decisions effecting trade. Unfortunately, we are seeing a lot more politics than science in many of the rulings which limit the ability to U.S. farmers, ranchers, and agricultural biotechnology firms to export perfectly safe food products and seeds to foreign markets.

Now, the U.S. government can be a powerful agent in fostering the creation and expansion of new markets, such as in the former iron curtain countries.

Here is an inchoate long-term opportunity for U.S. technology enterprises. In my view, markets grow from the bottom up, not the top down by the efforts of the domestic entrepreneurial private sector and private investment, not government bureaucrats. One U.S. action might be to insist that the International Monetary Fund and World Bank materially redirect their missions and resources towards stimulating private enterprise. Our financial contributions to these organizations might even be conditioned on their making these objectives an operating priority.

Third, the U.S. should continue and intensify its efforts relating to commercial integrity.

There is little question that U.S. business frequently finds itself competitively disadvantaged by our adherence to the strictures of the Foreign Corrupt Practices Act, while others land business through bribes, kick-backs, skimming schemes and other nefarious practices. The Commercial Integrity Compact entered into by a number of countries is a good first step, but policing mechanisms must be put in place and the political will must be marshaled if these commitments are to have substance.

Fourth, the protection of intellectual property has been a long festering for American technology firms endeavoring to do business on a global

basis. The U.S. government during recent Administrations has been relatively assertive regarding the protection of American intellectual property, but the problem persists. And there remain some nations and certainly some unscrupulous operators who are wholly indifferent to the rights of intellectual property owners. In some cases, the uncertainties about intellectual property deter U.S. technology firms from entering potentially lucrative markets.

So that the focus continues on this issue, I recommend that there be an official widely publicized periodic survey and global ranking of countries on their observance and enforcement of intellectual property rights, something like the current government ranking of other countries' anti-drug enforcement.

Fifth, technology is a brains business. And the maintenance of American competitiveness and global leadership in technology is in great part dependent on the human capital in the form of smart, creative, entrepreneurial individuals we attract to our technology enterprises. To that end we should broaden the pool of available talent to the maximum possible extent to impose a minimal barrier to immigration in obtaining work visas for non-U.S. citizens who can bring training and experience, which will enable them

to add on value almost immediately. We must make sure that any brain drain flows to this country.

Sixth, there is considerable, taxpayer funded basic research at or under the auspices of the National Institutes for Health, the various national laboratories, national security agencies and others. So long as the fruits of this basic research are made widely available, and it is my opinion that these are appropriate public expenditures and that they should be perpetuated and perhaps increased.

Finally, let me touch briefly on the difficult issue of balancing on the one hand the freedom of U.S. technology firms to freely manufacture and market their products on a global basis, and on the other hand, the protection of legitimate American national securities interests. Notwithstanding the worthy objective of sequestering security sensitive technology and the considerable paperwork and bureaucratic reviews that are required to export technology, the system does not appear to accomplish its objectives. Sometimes export is blocked with technology already available from others outside the U.S. Some U.S. firms have loftily established offshore arrangements to market non-exportable technology. The enforceability of the current restrictions and the determinations of what technology really must be

protected are uneven, and the lobbying and politicking in these cases is unseemly.

Let's pull the current system up by the roots, realistically assess what technology and the possession of commercial enterprises must be protected from export and isn't available elsewhere, what system of regulation is really enforceable, and how the process can be managed more efficiently, and then put a new system in place.

We talked about what the U.S. government can do to maintain our technology supremacy and thereby offset a trade deficit. What about the things our government should not do?

First and foremost, it should not adopt any form of industrial policy, fix or favor government selected winners in technology. Hands off. Follow Mao's advice and let 100 flowers bloom. We're doing just fine without government in the executive suite, the boardroom or in venture capitalist firms.

Second, do not further damage the economic incentives to fuel the private entrepreneurial capitalistic system. Lower income and capital gains tax rates. Don't, in the name of accounting metaphysics, inflict short sighted incentive stopping rules like taxing stock options at grant, or eliminating the write off of in process research and

technology firm mergers. Lighten and rationalize the regulatory burdens.

And third, while there is little doubt that the relative strength of a country's currency affects its trade and current account balances, government efforts to manipulate currency exchange levels by currency market intervention or talking a currency up or down have failed, and often squandered foreign exchange reserves or imposed budgetary costs. Exchange rates fundamentally reflect the soundness or unsoundness of a nation's basic economic policies and political stability. And it is to those matters government should devote its attention, not trying to outwit the currency traders.

In summary, it is evident that the millennium -- in the millennium ahead, economic leadership will be critical litmus of a nation's power and influence. America enjoys that power and influence today in considerable measure because of its overwhelming technological supremacy. For in the level competitive playing field there is no doubt that American technology enterprises will prevail. The U.S. government has vital roles to play in keeping that playing field level, some of which I have mentioned today. This Commission should make sure that our government clearly understands and takes the steps

necessary to successfully execute those roles. Thank
you.