

The Silicon story

by *The San Diego Union-Tribune*

Democratic presidential candidate John Edwards is right when he says there are "Two Americas." But the divide isn't the class-war chimera the former North Carolina senator talks about.

Instead, there's the America that is more broadly prosperous than ever, with relatively low unemployment, but which is understandably anxious about rapid changes in the economy.

Then there's the America that Edwards, pundits Lou Dobbs and Pat Buchanan, and even GOP presidential candidate Mike Huckabee depict: one in which the middle class is shrinking, jobs are disappearing and the future is bleak, all due to free trade and globalization.

The first America is the real one. This is evident not just in the dry statistics that show inflation-adjusted personal wealth is higher than ever or document that the standard of living of present working-class families equals or surpasses that of middle-class families of the 1950s and 1960s. It is evident in the plentiful stories about how many U.S. industries are doing as well or better than ever. One example: a recent series by the San Jose Mercury-News detailing how Silicon Valley has fared in this new era of global competition.

Four years ago, after the tech crash led to a staggering 200,000 layoffs in Silicon Valley, the pessimists were everywhere. There was a very real fear that the glory days were gone for good, thanks to the emergence of high-tech business centers in low-cost nations such as India and China and government-protected and government-subsidized tech centers in Taiwan, Singapore and elsewhere. That fear looks silly now. As the Mercury-News reported, "the region is riding high," its "status as the world's pre-eminent tech center (having been) strengthened by the evolving global market, not weakened." Giant local firms Cisco Systems and Hewlett-Packard report soaring revenue on international sales. Many Silicon Valley-based software, computer chip and Internet companies have further cemented their places among the globe's leading firms in their fields.

What's responsible for this striking renaissance? Silicon Valley's constant emphasis on innovation and entrepreneurship, with venture capitalists eager to provide backing to bright young scientists with new ideas.

These qualities also explain the U.S. lead in biotechnology and nanotechnology, both soon to be enormous industries, as well as in telecommunications and medical technology. Meanwhile, innovative U.S. firms continue to excel in the global aviation, energy, entertainment, defense and financial sectors.

Against this impressive picture, the best Edwards, Dobbs and the other America doubters can offer is gripes about the fact there are now 14 million U.S. manufacturing jobs compared with 19 million in 1979. What they

never mention is that those jobs were largely lost because U.S. manufacturers become more efficient, not because they had lost ground to foreign rivals. (They haven't.)

Disparaging these populist demagogues, however, doesn't mean we don't think something should be done to assuage the economic unease felt by many Americans. We agree with Federal Reserve Board Chairman Ben Bernanke's call to make it much easier for people to keep health and pension benefits when changing jobs and to provide easier access to education and training for adults of any age.

Having a safety net and making career changes seem less daunting is crucial to reassuring displaced workers and the millions more who fear displacement. Without such reforms, the demagogues who would destroy the U.S. economy in order to save it will continue to find an audience.

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