

# McCain vs. Obama: Who would be better for tech?

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*From Net Neutrality to HIB Visas to data privacy and other economic and policy issues, the next U.S. president will influence many important developments in the technology industry. See what we know about the stances of Barack Obama and John McCain on the tech issues.*

Because there is so much at stake in the direction of the United States' economy, health care system, and energy policies, technology issues have taken a back seat in the 2008 presidential election.

Nevertheless, there are currently a host of critical technology concerns on the table in Washington, and the next U.S. chief executive will have the opportunity to significantly influence these concerns, all of which will have major implications on the direction and development of the U.S. technology sector over the next decade.

Below are what I consider to be the five most important technology policy issues - ranked in order - followed by the list of positions from the two candidates.

**1. Net Neutrality** - This proposed legislation would guarantee that telecommunications providers cannot control, prioritize, or filter the types of applications and content that Internet customers use. It demands that Internet Service Providers act as good stewards of the Internet, rather than monopolists.

**2. Broadband development** - The U.S. is increasingly lagging behind other developed nations in the penetration and affordability of high-speed broadband. There are some complicated reasons for this (included the widespread geography of the U.S.), but a lot of it is due to lack of competition and over-consolidation due to current U.S. policies and regulations. Broadband Internet is a major economic enabler and it demands much more serious and proactive policies from Washington.

**3. R&D tax credits** - The U.S. research and development tax credit expired in December 2007 for the 13th time since 1981. In October, Congress finally extended the basic R&D tax credit through 2009, but lawmakers continue to resist making it permanent. The country that is home to Apple, Microsoft, Google and a host of other tech innovators that export American technologies throughout the world needs to incent these tech companies to keep their primary innovation work on these shores.

**4. HIB Visas** - While the K-12 education system in the U.S. continues to struggle to keep up with the rest of the world, the U.S. higher education systems remains a bright spot that attracts many of the world's most talented students. The HIB Visa program helps keep many of those students in the U.S. after they graduate by providing them with Visas if they land jobs here. While the execution of this program has led to employers abusing it in some cases, it remains a necessary program for high tech companies to hire the engineers and computer scientists they need.

**5. Green tech** - If the U.S. were a business run by a CEO and a board of directors, it is very likely that they would look at the current market opportunities and determine that the best places for the U.S. to innovate and invest for the future would be in energy conservation and the development of alternative energy sources to oil. This field is often referred to as "green tech" and it requires a huge investment of capital. Unfortunately, the current economic downturn will likely limit private donors and venture capitalists from investing as much money here, so tax breaks and federal government funds will be needed to stimulate growth and push the U.S. toward a global leadership position.

## John McCain on tech

### Net Neutrality

McCain is an opponent of Net Neutrality, believing that it is unnecessary government intervention. As his official campaign material states, "John McCain does not believe in prescriptive regulation like 'net-neutrality,' but rather he believes that an open marketplace with a variety of consumer choices is the best deterrent against unfair practices."

McCain's point is well taken but there currently isn't enough competition to make this work, because of the massive consolidation in telecommunications. If McCain were proposing new and specific ways to foster more competition in the ISP market then his rebuttal of Net Neutrality would be understandable, but he doesn't.

### Broadband development

One of the biggest problems in the U.S. broadband business is the lack of the kind of competition that McCain would like to see to make Net neutrality unnecessary. Unfortunately, McCain, as chair of the Senate Commerce committee, is one of the lawmakers to blame for allowing the telecommunications consolidation that is at the heart of the problem.

On the other hand, McCain sponsored the "Community Broadband Bill" that allows local governments to become ISPs when private companies fail to offer decent services in their localities. In several areas this has been very effective and it is certainly a legitimate part of the solution to stronger broadband development.

McCain has promised to identify un-served and underserved communities (especially rural areas) and offer government-backed loans, low-interest bonds, and tax credits to companies that bring broadband to these communities, as well as those that offer broadband services to low-income households. McCain has also pledged to support more telecommuting in the federal government.

### R&D tax credits

McCain's materials say, "A top priority needs to be putting private capital to work in research and development. As President, John McCain will establish a permanent Research and Development (R&D) tax credit equal to 10 percent of wages spent on R&D. Offering a tax credit for R&D wages will encourage the creation of innovation-driven jobs in the United States."

However, the current (temporary) R&D tax credit is 14% so McCain's proposal would be a decrease.

### HIB Visas

McCain would make the big U.S. tech companies very happy by potentially growing the number of HIB Visas that the U.S. has to offer. Here's his official line: "John McCain will expand the number of H-1B visas to allow our companies to keep top-notch talent — often trained in our graduate schools — in the United States. The Department of Labor should be allowed to set visa levels appropriate for market conditions. Hiring skilled foreign workers to fill critical shortages benefits not only innovative companies, but also our economy."

McCain has been a co-sponsor of supportive HIB legislation in the past and has voted to raise the cap on HIBs multiple times.

### Green tech

Unlike many members of his party, McCain is a strong believer in global warming and climate change. In August he said, "The fact is climate change is real. The debate



should have been over.” He has made energy independence one his top priorities, although some of his energy proposals are environmentally friendly and others are not.

He supports off-shore drilling and an increase in nuclear power - both of which can have a negative environmental impact. On the other hand, he disagrees with his own running mate about drilling for oil in the Alaskan Wildlife Refuge because he doesn't think it can be done in an ecological manner.

As far as Green tech specifically, McCain has stated, “Green jobs and green technology will be vital to our economic future. There is no reason that the U.S. should not be a leader in developing and deploying these new technologies.” However, McCain has not allocated a significant chunk of his potential energy budget to green tech.

## Barack Obama on tech

### Net Neutrality

This is the one issue where Senator Obama offers the biggest contrast to Senator McCain. Obama has been a repeated and unequivocal supporter of Net Neutrality. Here's his official line: “A key reason the Internet has been such a success is because it is the most open network in history. It needs to stay that way. Barack Obama strongly supports the principle of network neutrality to preserve the benefits of open competition on the Internet.”

Obama is very unlikely to change his stance on this subject. He's even been on the Google campus to tout his Net Neutrality position.

### Broadband development

Obama talks intelligently and says all the right things about this issue - like he does on most issues - but he does not have an extensive legislative record on broadband policy and it's unclear how much of a priority championing broadband development would be in a potential Obama administration.

His official statement is “As a country, we have ensured that every American has access to telephone service and electricity, regardless of economic status, and I will do likewise for broadband Internet access. Full broadband penetration can enrich democratic discourse, enhance competition, provide economic growth, and bring significant consumer benefits. Moreover, improving our infrastructure will foster competitive markets for Internet access and services that ride on that infrastructure. Market forces will drive the deployment of broadband in many parts of the country, but not all. To get true broadband deployed in every community in America, we need to reform the Universal Service Fund, make better use of the nation's wireless spectrum, promote next-generation facilities, technologies, and applications, and provide new tax and loan incentives.”

Again, that sounds great. But would it be a priority, and would it be affordable? I'm not quite sure where he's going with the proposal to improve federal infrastructure to support universal broadband. His principal of making broadband the next utility to join phone and power is a great idea, but it would likely need to be a long-term vision since the U.S. will certainly be faced with short-term budget challenges in the next administration.

### R&D tax credits

Obama's campaign material states, “Barack Obama wants investments in a skilled research and development workforce and technology infrastructure to be supported here in America so that American workers and communities will benefit. Obama and Biden want to make the Research and Development tax credit permanent so that firms can rely on it when making decisions to invest in domestic R&D over multi-year timeframes.” Unlike McCain, Obama doesn't say the percentage he would set for the R&D tax credit.

However, there could be political pressure that would work against Obama keeping this promise. The opponents of R&D tax cuts demonize the program as federal handouts to big business. On the campaign trail, Obama has railed against Republican tax policies giving out tax breaks to the wealthy and big corporations. It could be politically difficult for Obama to justify R&D tax cuts unless he can find a way to sell it as something that benefits the average American worker.

### H1B Visas

Obama does not put emphasis on his H1B Visa policy as part of his technology plan, but in an interview he stated, “I will support a temporary increase in the H-1B visa program as a stopgap measure until we can reform our immigration system comprehensively. I support comprehensive immigration reform that includes improvement in our visa programs, including our legal permanent resident visa programs and temporary programs including the H-1B program, to attract some of the world's most talented people to America. We should allow immigrants who earn their degrees in the U.S. to stay, work, and become Americans over time.”

This is minimal support for the H1B Visa program and that fits with the kind of protectionist rhetoric that Obama has been using on the campaign trail as he has talked about creating more jobs for American workers here at home.

### Green tech

Obama has repeatedly stated that energy independence would be his top priority, if elected. His plan is to create five million new “green collar” jobs in a new alternative energy industry that he would fund with a \$150 billion investment over 10 years to stimulate private investment in a future powered by clean energy and driven by American innovation. He also makes to make energy efficiency and conservation a national priority.

Although McCain talks about a lot of the same goals, he's not proposing anywhere near the amount of investment that Obama wants to put into his clean energy crusade.

## Final verdict

In terms of rating the candidates on my top five issues, I would give John McCain the nod for being the stronger candidate in R&D tax cuts and H1B Visas, while I think Barack Obama would be better when it comes to Net Neutrality and Green tech. That leaves Broadband development as the tie breaker.

Obama has a broader vision for broadband by thinking of it as the next standard utility, like electricity and the telephone, but McCain has a track record of smaller legislative victories that have helped drive progress. Ultimately, I think this issue hinges on which candidate will better foster an atmosphere of true competition in the broadband business, and neither of these two inspire a lot of confidence there.

McCain thinks the free market alone will solve most of the problems and Obama relies too heavily on government regulation and intervention, when what's needed is just-enough government regulation to ensure free market competition.

However, since McCain has presided over massive consolidation in the broadband market, and Obama is more likely to bring back and enforce the Clinton-era 1996 Telecommunications Act, which forced the telecoms to open up their lines to smaller resellers, Obama wins this one by a nose and that also gives him the overall nod as the candidate that could potentially have a stronger impact on the technology industry.

There are also a few other secondary factors that help tilt this in Obama's direction:

If elected he plans to appoint the nation's first Chief Technology Officer (CTO)

His first sponsored bill that became law was “Google for Government,” which shows his interest in technology

In a recent interview Obama said he'd like to take what he and his team have learned about using technology in the campaign and apply it to government. He was primarily referring to electronic communications.

The fact that he's talked about making electronic medical records a key part of his health care plan (as a way to drive efficiency) shows that he generally views technology as a powerful enabler

This is not an official TechRepublic endorsement of Senator Obama. I would not expect anyone — even techies — to base their vote on the next U.S. leader solely on these



issues. However, for those of us who make a living in the technology space and have so much invested in its future development, we should all be well-informed about where the candidates stand on the legislative, regulatory, and investment issues that will dramatically affect the technology industry in the critical years ahead.

## Further reading

John McCain's technology platform ([johnmccain.com](http://johnmccain.com))  
 Barack Obama's technology platform ([barackobama.com](http://barackobama.com))  
 Obama vs. McCain: The Wired.com Scorecard (Wired)  
 Obama's and McCain's Technology Policies Examined (ScienceDaily)  
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 Science & Technology: McCain & Obama (Scientists & Engineers for America)  
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