



Two Roads to Economic Renewal

The GOP's recoil from activist government has little appeal in Silicon Valley.

by Ronald Brownstein

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SAN JOSE, Calif. -- No Republicans have been more vociferous in denouncing President Obama's economic stimulus agenda than the GOP governors of South Carolina, Louisiana, and Mississippi, whose states respectively rank 41st, 49th, and dead last in median income.

But here in dynamic Silicon Valley, the plan is receiving a much more enthusiastic reception. That difference speaks volumes about the two parties' shifting centers of gravity.

In Silicon Valley, the stimulus package is widely seen as complementary to the region's own ambitious plan to extend its technological leadership. Although the Valley resisted recession for months, it is now feeling its fury: Home foreclosures and commercial real estate vacancies are up, and employment and venture capital investment -- the technology industry's lifeblood -- are down.

But when 1,100 local leaders gathered at a convention center here on February 20 for the annual "State of the Valley" town hall, the mood was anything but gloomy. Speakers bubbled about the Valley's prospects of igniting another growth spurt by developing clean sources of energy that can replace the fossil fuels linked to global warming. "It is certainly an exciting time to be in this business," exulted Jonathan Pickering, a vice president at Applied Materials Inc., a top producer of solar manufacturing equipment. That's a rare sentiment in America during this bitter winter.

Silicon Valley, the seedbed of the computer, Internet, and biotechnology revolutions, is already a center of clean-energy innovation. The region hosts nearly 700 green technology businesses, including leading solar firms and start-ups like Tesla Motors, which is spearheading research into electric cars. At the town hall, a government-business-labor partnership known as "Joint Venture: Silicon Valley Network" unveiled a detailed plan to consolidate the area's lead in green technology. The "greenprint," which it developed with the Global Urban Development research organization, sets goals in workforce training, infrastructure, government procurement, and capital access intended to nurture thousands of clean-energy jobs.

Collin O'Mara, this city's clean-technology strategist, sees Obama's stimulus package as "a great opportunity" to advance all of those initiatives. The plan will not only invest in new energy infrastructure-transmission lines and a sophisticated utility "smart grid." It will also provide loans and tax credits that will unlock expansion at start-up green companies "that are ready to manufacture goods and employ people but can't get access to capital" because of the credit crunch, O'Mara said. Moreover, the push to retrofit government buildings nationwide "will create incredible demand for local energy-efficiency technology." The city, he said, is already working with local firms to pursue federal contracts and aid.

Contrast that attitude with the Southern Republican governors' public debates about which of the plan's provisions they will renounce. The criticism from regional GOP leaders such as South Carolina Gov.

Mark Sanford and Louisiana Gov. Bobby Jindal distantly echoes the conservative Dixiecrat Democrats like then-Georgia Gov. Eugene Talmadge, who decried the New Deal in the 1930s as a threat to Southern liberty (even as it economically modernized the South). Obama's opponents don't share the Dixiecrats' racism, but they uphold their conviction that a low-tax, low-service government offers the best path to growth. Their state income rankings offer one verdict on that generations-old strategy.

This Southern-flavored recoil from activist government has grown more prominent in the national GOP as the party has lost ground elsewhere. But that approach has little appeal in Silicon Valley, where voters see public and private investment as allies. That's one reason Obama won 70 percent of the vote here and why he dominated so many other high-education, high-wage counties that once voted Republican, despite his pledge to raise taxes on the affluent.

The storms battering the economy defy easy solution and will test the ties that Obama has built to these upwardly mobile voters. But Palo Alto venture capitalist Ellen Pao, founder of the Greentech Innovation Network, says that Obama has established strong roots here by connecting with the technology industry's limitless sense of possibility. "People here are much more optimistic about what can be done," she said. "And that is something President Obama tapped into." As Obama signaled in his Tuesday night address to Congress, he has also tapped into the Valley's vision of a public-private partnership to promote growth. While an increasingly Southernized GOP offers Baton Rouge and Biloxi as its models, Obama is betting that the road to renewal is more likely to run through San Jose.