

## COMMENTARY

# The high-tech industry comes down to earth

*Warning signals are there: Is Massachusetts listening?*

By Kenneth Geiser  
and Bennett Harrison

**I**n the last two months, headlines in the Massachusetts business press have announced some novel news: High tech has come down to earth. We hear about problems with the delivery of new products, loss of markets to the Japanese, declining stock prices and corporate profits, hiring freezes and even outright layoffs.

The most remarkable thing about these setbacks is that anyone could really have believed that the boom would never end. Yet, just such an assumption has pervaded state economic-policy circles for years. As a result, we have all been inundated with high-tech hype.

Boosterism has never stood well as a substitute for sound economic policy. But that is precisely what we've been getting for a very long time. Calling the Massachusetts of a decade ago "The Appalachia of the North," Evelyn Murphy, the secretary of economic affairs for the Commonwealth, has praised high tech for "providing hope for the future." "We are the envy of most of the country," she claims, "and in some significant proportion, it is because of the vitality of high tech." Last year, James Howell, vice president and chief economist of the Bank of Boston, claimed: "Of the 225,000 jobs created between 1975 and 1980 in New England, half were in high tech." And back in January, The Boston Globe asserted: "High tech is the most important factor responsible for Massachusetts' booming economy." Even our remarkably low state unemployment rate has been attributed to the expansion of high-technology industry.

No one can - or would want to - deny high tech's significant role in the revitalization of Massachusetts' economy. But high tech represents only one sector of growth in the Commonwealth, and high-tech firms only provide specific kinds of jobs that go primarily to a rather limited segment of the labor force. It is one thing to praise high-tech industry. It is quite another to blow its importance all out of proportion, let alone to base economic policy so overwhelmingly on its particular needs.

It is just this limited view that dominates the recently released "New Agenda" from the Massachusetts High Tech Council, the industry's local trade association. In this new document, the council puts forward its political program for the next five years. The "New Agenda" offers recommenda-

tions that would reshape fiscal, tax and regulatory policies and redirect the public-education system, mainly to meet the human-resource needs of the high-tech companies. Before seriously considering the recommendations of this new plan for state economic policy, one would do well to carefully analyze the past record of high-tech industry and the potential for its future here in Massachusetts. Such a stock-taking seems long overdue.

## What is "high tech?"

The very name "high tech" implies something grand, and, of course, something "technical," or complex - in ways that, for example, the knitting of a blouse or the driving of a bus are not especially complex.

In fact, the set of activities commonly included

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A remarkable thing about Massachusetts' romance with the high-technology industry is that anyone could have believed that the boom would never end. Yet, such an assumption has pervaded state economic policy making circles for years. And boosterism is not a sound substitute for sound economic policy.

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in most lists of high-tech industries is remarkably diverse.

The definition of high tech used by the Massachusetts Department of Manpower Development  
HIGH TECH, Page A18

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