

small high-tech companies may not be due to a lack of funds in the financial markets but to a lack of experience on the part of lenders and investors in assessing the needs of technological entrepreneurs. A related concern is the high level of interest rates, which has a direct impact on business investment decisions. In periods of high interest rates, many potentially worthwhile innovations are abandoned because of the high cost of capital. This is not restricted to individual investors but affects small and large corporations alike. Without these investments, the country cannot develop high-value products for export.

31. In light of the numerous problems that technology companies face in raising venture capital, the Committee recommends that the federal government undertake a study of the venture capital market to determine ways of improving access to this market for new technology companies.