

Issue 1: Investing in knowledge, the engine of prosperity

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BY LUIS M. PROENZA

In September, I testified before the Delivering Results Committee of Gov. Bob Taft's Commission on Higher Education and the Economy. Taft has convened that group of education, business and state government leaders to develop recommendations for enhancing the role that higher education plays in driving economic activity.

The commission is now considering, and would be well-advised to recommend, policy options linked to the governor's Third Frontier Project, the largest economic development initiative ever undertaken in Ohio.

The \$1.6 billion Third Frontier Project is a bold and far-reaching initiative that acknowledges, and seeks to capitalize on, the role that knowledge creation, advanced research and technological innovation play in building competitive advantage and spurring economic growth. The Third Frontier Project will achieve that objective *without raising taxes*, by activating an investment strategy designed to create thousands of new high-wage jobs in research, information technology, advanced manufacturing, biomedical products, fuel-cell research and other high-growth industries throughout Ohio.

Two of the Third Frontier Project's four major components are grant funds:

\$500 million to build world-class research facilities, and \$500 million to support early-stage capital formation and commercialization.

A third component consists of \$100 million in low-interest loans to support advanced technologies that will help existing industries become more productive.

The final component is a \$500 million bond program that will be on the Nov. 4 ballot as state Issue 1. Issue 1 would authorize the state to issue \$500 million in general obligation bonds to raise funds (not taxes) for expanding world-class research capabilities in our state and supporting the commercialization of new technologies.

Let me tell you why the Third Frontier Project makes sense for Ohio and why Issue 1 merits your support.

Human capital, resident in the skills and innovative capacity of people, increasingly is the fuel that propels economic growth in the 21st century.

Economic growth also requires progressive innovations that will improve the competitiveness of existing business and lead to the creation of new industries.

Successful economic development strategies, then, should foster the production of the human capital and innovation.

Economists agree that the creation

of new technological knowledge through research is our most direct economic avenue for acquiring added value. When that new knowledge is applied in market environments, it creates jobs, capital formation, profits and surpluses for reinvestment.

In other words, it is from research that new companies are born and new jobs are created; it is from research that new wealth is created and the economy expands.

Indeed, it was knowledge creation and its transfer to commercial applications that enabled the agricultural and manufacturing revolutions at the turn of the last century. And during World War II, research — including the Northeast Ohio-based synthetic rubber initiative — was vital to the Allied victory.

Such research laid the groundwork for technological leaps in medicine, aviation, energy and electronics that today affect virtually every realm of our human endeavors.

Research conducted as part of the "space race" not only resulted in Americans walking on the moon, but also gave rise to the space industry and enabled new technologies in satellite communications, computer science and miniaturization.

As recently as 1970, a single discov-

ery in molecular biology initiated the new industry of biotechnology and resulted in dramatic advances in medical science.

Those few examples of research as an engine for economic development effectively demonstrate that our past investments in education and research have built very real assets and have yielded strong returns on those investments.

Universities excel at the creation of new knowledge. They are powerful engines for driving economic development by creating new knowledge through research and by commercializing the resulting innovations through intellectual property transfer, such as the licensing of patents and the startup of new companies.

At The University of Akron, for example, research provided the intellectual property that served to fuel and diversify the industrial base of Akron, transforming it from the rubber capital into the polymer capital of the world — and helping to reinvent our region through its discoveries.

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Success in the new Knowledge Economy will belong to those regions that create and nurture the human resources of intellectual capital — the people who create new knowledge and new technologies and quickly translate research discoveries into marketable products and services.

Gov. Taft's Third Frontier Project represents a major acknowledgement of the role of higher education in such endeavors — and a major commitment to more fully capitalizing on higher education as an economic development asset.

As voters we, too, can do our part. The Third Frontier Project is critical to Ohio's economic future. A "yes" vote for Issue 1 on Nov. 4 will — without raising taxes — support research under way at universities throughout Ohio that we can reasonably and optimistically expect to lead to new high-wage jobs and a healthier economic climate.

I urge you to vote "yes" on Issue 1. It is not about taxes; it is about progress.
