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Richard M. Freeland

April 30, 2003

Remarks before the Massachusetts House of Representatives

Richard M. Freeland (1941-)
Northeastern University

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Speeches of Richard M. Freeland

President Richard M. Freeland's remarks before the Massachusetts House of Representatives regarding the Appleseed Report.

April 30, 2003

I thank Speaker (Thomas) Finneran for his generous introduction. Northeastern is proud to have an alumnus providing such able leadership for the House of Representatives, and, indeed, for state government more broadly. I thank the Speaker for bringing us together to discuss the economic impact of higher education, and I thank each of you for being here.

There is a sense, among some, that colleges and universities are rich, snobbish “ivory towers,” catering to the educational needs of 18- to 22-year-olds, and that we have little connection to, or concern for, what happens in the communities beyond our campuses. I am sure you have heard such views expressed by some of your constituents. We are here today to offer a different perspective.

Undergraduate education is, of course, a vital part of what we do, but we contribute to the vitality of the region and state in many other ways as well. We work with schools, with hospitals, with government agencies, with private businesses and nonprofit organizations and with communities in multiple ways that make Massachusetts a better place. Above all, we are major contributors to the economic vitality of the region, and in the few minutes I have with you, I shall focus on that aspect of our work.

Three years ago, in order to better understand our economic role, especially our significance for the Greater Boston region, eight research universities — Boston College, Boston University, Brandeis, Harvard, MIT, Northeastern, Tufts and UMass-Boston — launched an effort to document our impact. This report is the result of that effort, and its title — “Engines of Economic Growth” — captures the findings well.

Consider first our immediate economic impact. The eight universities discussed in the report — taken together — represent one of the largest industries in the Greater Boston region. When we look at the number of people we employ, at what we pay in payroll taxes and at how much we spend on goods and services, it is clear that the direct economic effects

are critically important to regional vitality.

In the context of the recent recession and resultant fiscal crisis, it is important to note that our contributions to the economy and to tax revenues have been largely sustained, despite the weakening capabilities of other sectors. In fact, during the past two years, as the state has been losing jobs, we have together increased our payrolls by more than 2,000 positions. If the full range of economic contributions were to be calculated for all colleges and universities in the state, the impacts would obviously be very much greater.

Our contributions to the region's long-term economic vitality are even more important than our immediate economic effect. Collectively, our institutions play principal roles — arguably the principal roles — in sustaining the two factors that represent the primary competitive advantages of Massachusetts: the presence of a highly educated workforce and the ability to grow new enterprises and add jobs through innovation. Through our educational activities, we produce many of the talented professionals who make our economy go. Through our research, development and entrepreneurial activities, we are leading contributors to the technological and commercial creativity that has driven economic growth since World War II.

Let me say a bit more about each of these essential functions.

I spoke earlier about our educational activities. Today, our eight universities enroll nearly 120,000 undergraduate and graduate degree students, a great many of whom will end up living, working and paying taxes in Boston or other parts of Massachusetts. Many of these talented students come to us from other parts of the country. They would not be in Massachusetts were it not for our colleges and universities. More than 310,000 of our graduates currently live in the Greater Boston area alone. These individuals constitute 30 percent of the college-educated population of the region.

Let me also highlight two less obvious ways in which we contribute to the regional work force. The first is adult education and training. We maintain a huge collective enterprise in continuing education for working adults. These individuals come to us to enhance their skills as their careers progress and to develop new skills as the needs of the economy evolve. We enroll today over 100,000 adult continuing education students who would be less effective workers, and in some cases, economically marginal without our programs.

I also want to emphasize our international reach. Many of our top students come to us from other countries. Four of our institutions consistently rank in or near the top 30 universities nationally in the size of our international student bodies. Many of our international students stay here and add value to the economy. In fact, during the 1990s, when Massachusetts experienced severe shortages of skilled workers, the state work force would actually have declined in numbers were it not for the presence of immigrants, many of whom are highly educated professionals

who first came to Boston as college students.

So the institutions represented here today, together with the broad private and public academic industry of the state, constitute Massachusetts' single most important source of trained professionals. It is our colleges and universities that produce the scientists, the engineers, the physicians, the managers and the other professionals who are essential to our economic strength.

Now let's look at the other half of the economic equation: job creation. Over the past half century, the key force driving economic growth in Massachusetts has been innovation. As the state has lost competitive advantage in older industrial sectors, like manufacturing, we have been sustained by our ability to find new sources of enterprise and new technologies with commercial potential.

Much of the energy and creativity that has generated this pattern has come from our universities. In the 1950s and 1960s, university-based research related to defense and space exploration was the driver; in the second half of the 1970s, it was civilian high-tech manufacturing; in the 1980s, it was the big surge in high-tech defense; in the 1990s, it was high-tech services — software development, the creation of the Internet and a wide array of ancillary high-tech services.

This pattern continues, as we look to academic work in biotechnology and nanotechnology to generate new commercial activity in the coming decade. Consider this one critical fact: Between October 2001 and September 2002, of the 50 early-stage Boston-area start-ups that attracted the most outside investment, 25 — including seven of the top 10 firms — had some connection to one or more of our eight universities. That is, they were engaged in the commercialization of technologies first developed at one of our universities; founded by a faculty member or graduate; born in a university incubator; and/or had a CEO who had graduated from one of our universities.

It is entrepreneurship — the energy released by combining innovative research with a well-educated work force — that creates the EMCs, the Raytheons and the Biogens that are the foundation of our economy. This is the source to which we look for hope that the Commonwealth's economy will get moving again. In Massachusetts, innovation is synonymous with economic opportunity, and innovation is born in the laboratories and libraries and classrooms of our colleges and universities.

The ability of our institutions of higher education to continue being engines of economic growth depends, of course, on our success in maintaining the paths of institutional development that have brought us to our current strength. This brings me to my final observation on the economic role of higher education. While it is true that over the past half century colleges and universities have represented a large part of our state's competitive advantage, it is not true that this advantage is guaranteed forever.

Other states and regions have learned from our example and have made investments in their own academic institutions and in technological innovation in ways that challenge our preeminence. Other regions of the country, which are growing more rapidly than are we, are claiming larger and larger shares of the federal dollars that drive academic research. Massachusetts is, in fact, engaged in an intense regional competition for talent. It is not written in the stars that the next big scientific idea that will drive economic growth will come from our community or produce enterprises and jobs in our region.

Our universities have been able to anchor and drive economic growth for half a century because we have ourselves been able to flourish in Massachusetts. The state's academic enterprise is larger and stronger today in both education and research than it was 50 or 30 or 15 years ago. The question before our academic institutions today is whether we will be able to sustain this pattern of progress.

We worry, for example, about space. Many of us are bumping up against physical limitations that can imperil our development, and unlike other enterprises, we are unable to pick up and move to less densely developed regions. That's a good thing, in many ways, because it brings stability to our communities. But our rootedness in Massachusetts can also foster a sense of complacency, an assumption that we can continue to play the roles we have played historically without any particular efforts by the public agencies and private enterprises with whom we interact. I believe such an assumption would be ill-considered given the competition we face around the country.

So we come today in a spirit of partnership. We are proud institutional citizens of Massachusetts, and we want to continue contributing to regional vitality. We believe that the key to technological innovation, and therefore to economic growth, is the three-way partnership between business, government and academia that, with each contributing resources and ideas, can most effectively produce scientific progress in today's conditions.

Against that background, I would respectfully conclude with the request that when you think about higher education, you remember that we are strongly interested in a wide range of issues that come before the Legislature. We are, of course, attentive to state-funded student aid, and we deeply appreciate the efforts of the Speaker and members of the General Court in support of such aid.

But we are also deeply interested in this body's deliberations on economic development, research support, transportation, education at all levels, work force development, public safety and a host of other policy areas. The issue of high housing costs is of particular concern to us when we think about recruiting talent and retaining well-educated, highly skilled professionals in Massachusetts. Your policies in these areas will have a significant impact on the extent to which we can continue contributing to economic growth in the years ahead.

So I hope we can work together to foster a greater understanding across the Commonwealth of the breadth and the depth of the impact of higher education on the economy. And I also hope that we can work together in seeking and finding and nurturing to scale “the next big thing” that will drive the Massachusetts economy in the years ahead.

Thank you.