



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committees on
Economic Development and Business Concerns
and
Higher Education

March 15, 2007
by
David McClain, President, University of Hawai'i

S.B. 1365 S.D. 2 Relating to the Innovation Economy

Chairs Yamashita, Chang, Vice Chairs Wakai, Bertram, and Members of the Committees:

S.B. NO. 1365, S.D. 2 proposes a number of measures aimed at supporting innovation and the sustainability of Hawai'i's economy.

Larry Foster, former dean of UH's Richardson School of Law and the current president of the East-West Center Alumni Association, opened their recent conference in Hanoi by recalling that Copernicus was criticized for asserting the world is round, when the conventional wisdom was that it is flat.

Ironically today, 500 years later, Tom Friedman, the messenger of globalization, is being taken to task for asserting that, in a competitiveness sense, the world is indeed flat.

It's not time to shoot the messenger, however uncomfortable his message might be. These United States, all 50 of them, are facing a crisis of competitiveness, unlike any seen in a couple of generations.

In my youth, the Cold War threat of a Soviet launch of Sputnik in 1957 galvanized a competitive American response that culminated with placing a man on the moon in 1969.

Today, the challenge to our economy is much more subtle. Creeping globalization has slowly eroded America's competitive advantage.

Our predicament today, as compared with the Sputnik era, reminds us of the old story about the frog thrown into a pot of boiling water knowing to jump out, but the frog sitting in a pot where the temperature rises slowly learning too late, and being cooked.

The temperature of the global competitive challenge is rising, and we need to respond before it's too late for America, and too late for Hawai'i, that is, before we're cooked.

We support the aspects of the bill that relate specifically to the University, provided that if any funds are appropriated, they not displace the priorities of the Board of Regent's budget request. More specifically:

Part III – A public private partnership for technology transfer

Invention disclosures at UH in 2005-2006 were at an all-time high (61, up from an average of 22 in 1995-2000), and licensing revenues quadrupled between 2001 and 2005 to more than \$1 million, before receding to \$900 thousand in 2006. Still, translating new inventions into the formation of new companies has been notably less frequent.

UH success in this effort would be enhanced by collaboration with private sector entities which are more expert in this highly specialized and competitive area.