

HIGHER EDUCATION DRIVES ECONOMIC GROWTH

Michael Benson

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As reconstruction of I-15 begins next month, the rehabilitation of some of our state's physical infrastructure will be readily evident and widely felt.

While neither as visible nor as massive as this much-needed interstate project, the funding, maintenance and support of our higher education institutions are just as vital to our economic future. Indeed, as former British Prime Minister Benjamin Disraeli once observed, "Upon the education of the people of this country the fate of this country depends." It is significant, perhaps even a bit ironic, that the day after the 1997 legislative session came to a close, *The Wall Street Journal* reported a very interesting finding that suggested increased investment in education as a means for continued economic growth. Two-thirds of academic economists surveyed believe the "right government policies can boost the American growth rate by a substantial one-half percentage point a year, a profoundly optimistic view."

While this group of academics from faculties of 100 leading U.S. economics departments and 10 major business schools disagreed on exactly what these government policies should be, 43 percent said more government spending on education and research and development (R&D) would deliver the biggest bang for the buck. Nothing else even came close.

Lest anyone think the surveyed academics were all tax-and-spend liberals, nearly one in five took the conservative view that reducing government spending (measured as a fraction of the overall economy) would have a major favorable impact on the growth rate. These economist-practitioners of the "dismal science," as historian Thomas Carlyle put it - were given 10 choices for government action to spur economic growth. Among the policy options, 5 percent chose balancing the budget, 6 percent favored government deregulation, 7 percent advocated increased spending on infrastructure and 10 percent espoused reducing government spending as a share of gross domestic product. Nearly half agreed that increasing funding for education and R&D would result in the greatest upturn of economic growth.

What does this mean for the state of Utah? A few weeks ago, the Utah system of higher education was facing \$4 million in budget cuts. As the gavel fell on this year's session, higher education had a \$7 million increase. The \$610 million appropriation was \$4 million short of what Gov. Mike Leavitt suggested and \$20 million less than requested by the state Board of Regents.

Left unresolved by the Legislature, however, was the future of higher education funding. Other state agencies will have to rely on economic growth for budget increases given that general fund resources will be channeled into highway construction for the next several years.

Utah System of Higher Education Commissioner Cecilia Foxley has noted that if economic growth continues, then perhaps these needs can be met. However, if there is an economic downturn, higher education will undoubtedly suffer. To voluntarily cripple the engine that drives our state's economy for short-term budgetary gain will most certainly result in grave long-term consequences.