

President's Perspective



Colleges and universities are the wellspring for the intellectual talent that will forge the Texas economy of the future.

I love to brag on Texas. There is more to say in grace over in the Lone Star State than most anywhere else: We are blessed with a rich history, hardworking people, abundant resources, beautiful landscapes and a vibrant culture.

One thing I wish I could do more bragging about is the quality of Texas' universities. They are good. But they are not good enough. They need to be much better to secure our economic future in the Knowledge Age.

U.S. News & World Report's latest survey on overall educational excellence ranks the University of Texas at Austin 47th in the nation. Texas A&M places 60th. Southern Methodist University is 70th, Baylor 81st and Texas Christian University 105th. Rice ranks 17th, making it the only truly "elite" university in Texas.

If we broaden our aperture to look at the Association of American Universities, whose 62 members most scholars regard as the cream of the crop of research institutions,

we find that Texas lags behind. Research at these schools often spills out into their local economies, leading to cutting-edge commercial applications and fast-growing new enterprises. California is home to nine AAU schools. New York has six. Texas has only three: Rice, UT Austin and Texas A&M—less than the number of AAU schools in the Los Angeles area alone.

An irrefutable link between education and income can be seen between individuals, across countries and over time. We even see it within the United States. Massachusetts and California, for example, place third and 11th, respectively, in college graduates per capita, and first and 10th in per capita income. Texas ranks 29th in college graduates and 29th in per capita income—in the bottom half of the nation. You really do earn what you learn.

The brain is to the Knowledge Age what the motor was to the Industrial Age. In an economy driven primarily by high-value-added services, education is the fuel that propels prosperity.

How can Texas compete with overseas workers who can produce goods and services much more cheaply? How can we stay ahead of them as they move up the value-added ladder into services, engineering, technology and health sciences? The answer: by incessantly honing our stock of human capital. Colleges and universities are the wellspring for the intellectual talent that will forge the Texas economy of the future. We Texans must do better.

A handwritten signature in dark ink that reads "Richard W. Fisher". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Richard W. Fisher
President and CEO
Federal Reserve Bank of Dallas