



Innovation Is Our Story

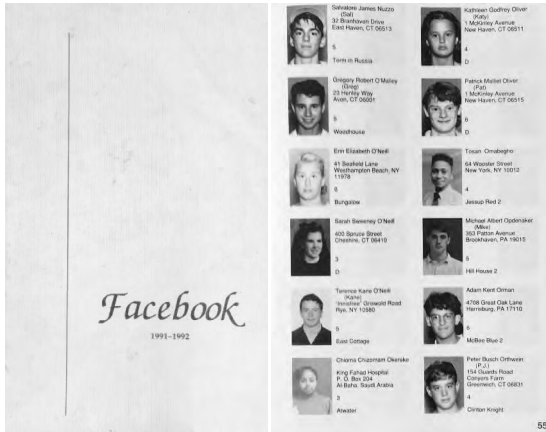
Sal Nuzzo VICE PRESIDENT OF POLICY

I have the privilege of getting to travel across the country for JMI, speaking to groups small and large about how conservative economic principles ultimately are the best policy course for states to achieve the greatest amount of prosperity for all citizens. No matter the subject – healthcare, education, entrepreneurialism, criminal justice, environment, etc. – the common thread across all policy areas is that of innovation. The idea that the way things are now will inevitably be surpassed by the way

things will be five, ten, or 20 years from now.

I was a high school freshman at a boarding school in Wallingford, Connecticut in 1989. On the first day of orientation each year I stood in front of a clunky black and white 35mm camera to take a snapshot for a book that was circulated to all students as a quick way of getting acquainted with kids who came from all corners of the globe. The name of the book was, I kid not, the “Facebook.” Almost 30 years later, my high school classmates continue to share memories,

including our Facebook portraits, in our private group, yes...on Facebook.



Thank you, Frank Parent, for the reminder of how I never exited the “geek phase”

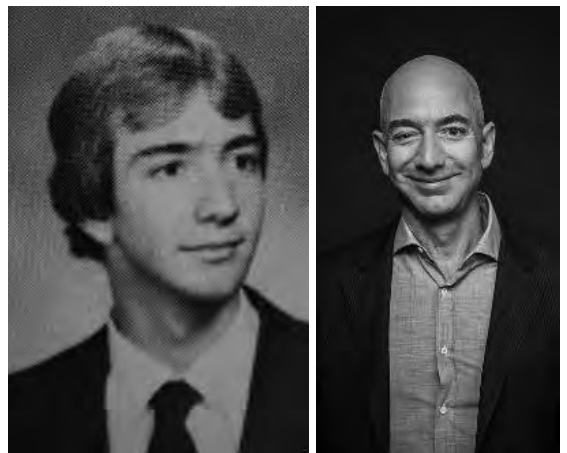
There is a running joke that “10 years ago the rules were don’t meet a stranger off the Internet, and don’t get in a car with someone you don’t know. Today you order yourself a stranger to get in the car with off the Internet.” Technology and innovation expand at exponential, rather than linear, rates. The phone I use to watch videos commemorating the 50th anniversary of the first moon launch contains 100,000 times more power than the computers that actually sent the first rocket to the moon. And it fits in my pocket.

Technology and innovation do not know a political party, a philosophical ideology, or an ethnicity. Individually and collectively, it is imperative for us to leverage both technology and innovation for our benefit. Or run the inevitable risk of getting left behind.

Florida is currently recognizing this, but that hasn’t always been the case. In

my many talks around the country, I often discuss the case of the 1982 graduating class at Miami’s Palmetto High School. On graduation day, the class valedictorian gave a relatively typical graduation speech. However, toward the end of that speech he made a bold claim – that he would change the world. Not that his class would, not that his generation would, but that he would change the world. And like so many other graduates of Florida high schools in the early ‘80s, he promptly left the state to seek out his path in life. He eventually landed, of all places, in Washington State.

Florida lost him, and so many others like him. We lost him because of the lack of economic opportunity at the time and a (valid) perception that Florida was not the beacon for technology and innovation. But what is so spectacular about this one Miami high school grad? Only that 12 years after his graduation speech, that Palmetto High valedictorian founded a small book shop using a relatively new innovation called the Internet, named it after a river in South America, and today Jeff Bezos is currently worth north of \$165 BILLION depending



on market fluctuations. And Florida lost him. To Washington State.

We didn't have to. And we don't have to lose the next one.

Fiscal conservatives, among which I count myself, often point to the past 20 years of our state's economic trajectory, in which Florida consistently has one of the best business climates in the United States. Our education system is improving through public school reforms and the expansion of school choice, our state government has one of the most efficient and effective operations in the entire country, and over the past 20 years – more than \$185 billion in annual income has migrated from states like Illinois, New Jersey, and Connecticut to Florida.

So, where does all of this intersect with innovation? Innovation is capital-intensive, and risk requires investment. Capital and investment flows tend to follow the path of greatest efficiency and where the markets lead them. While we often try to juxtapose Florida to California by way of regulations, taxes, and quality of life, there is a telling statistic that illustrates the road ahead for Florida. In 2017, Florida had its greatest year ever for venture capital investment – more than \$2 billion for the year. California captured more than that by the end of January, alone. In the first quarter of 2017, California attracted more venture capital than Florida had in the previous five years. That venture capital drives risk – it is the fertilizer of innovation. And despite all the challenges and roadblocks in its business climate, California is still light years ahead of Florida in this metric.

We now find ourselves at the launchpad. Our climate is ripe to create a state in which capital, risk, and innovation set the tone for global advances. We have done this in small business development, in agricultural production, in tourism, in international trade, in military infrastructure, and across the horizon of industries. The question we now must answer is, 50 years from now – what will our story of this century be? Will innovation be our story? Will we lead the way, or watch as progress passes us by?

It is against this setting that we seek to propel Florida forward. With all of this on the horizon, we are pleased to present to you this issue of The Journal.

In the Spirit of Liberty and Freedom,



Sal Nuzzo
Vice President of Policy
The James Madison Institute