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# Silicon Wadi in New York

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Israel can help America out of its economic crisis.



Photo by: Eduardo Munoz/ Reuters

America's massive governmental aid to Israel, which began in 1949, is, I believe, underappreciated. According to the Congressional Research Service, from 1949 to 2010, official aid totaled over \$150 billion, with more than half comprising military grants. That amounts to about two-thirds of Israel's current annual Gross Domestic Product. At present, Israel receives \$2.8 b. yearly in US foreign aid, all of it military.

Right now, it would be just and logical if the direction of the aid were reversed. While America struggles with deficits, joblessness and weak economic growth, Israel's October unemployment rate was five percent, lowest since 1978, and nearly four percent lower than America's. But how could Israel possibly help America?

Why not bring "Silicon Wadi," the nickname given to Israel's hightech start-ups, derived from America's Silicon Valley, to "Silicon City" – which is what New York City, under Mayor Michael Bloomberg, aspires to become? Why not bring "start-up nation" to help create "start-up city"? Bloomberg made a stunning announcement at a December 19 press conference. "Thanks to this outstanding partnership and groundbreaking proposal from Cornell and the Technion," Bloomberg declared, "New York City's goal of becoming the global leader in technological innovation is now within sight."

The partnership Bloomberg referred to was the creation of a new applied sciences and engineering campus on Roosevelt Island, between Manhattan and Queens, to be called NYCTech Campus. Against all odds, and in the face of fierce competition, the Haifa Technion – Israel Institute of Technology and Cornell University together had won a highly competitive bidding contest to build the campus, defeating such giants as Stanford University, the heart and brains of Silicon Valley.

"Of all the applications we received," Bloomberg said, "Cornell and Technion's was the boldest and most ambitious. In a word, this project will be transformative."

Last March, led by Deputy Mayor Robert Steel, New York City called for bids to build a new graduate school of applied sciences. The City of New York would provide 11 acres of land and \$100 m. for infrastructure. In return, the winner would create a two million square-foot science campus that would generate new technology, and start-ups and jobs based on it. Some 18 universities tossed their hats into the ring. Technion was specifically invited to participate.

Bloomberg, now in his third mayoral term, had a vision. He saw NYCTech Campus creating 600 spinoff companies and \$23 b. in economic activity, generating \$1.4 b. in added tax revenue along with 20,000 construction jobs and 8,000 permanent jobs. New York City badly needs those jobs, with 8.8 percent unemployment, well above the New York State's overall 7.9 percent, and with Wall St. rapidly shedding workers.

Eventually NYCTech will have 2,500 students and 280 professors. It will offer a dual Technion-Cornell Master of Applied Science degree, ultimately boosting the number of full-time graduate engineering students in NYC by 70 percent. The new campus will not have old-fashioned faculties but rather "hubs," built around three interdisciplinary areas: Connective Media, Healthier Life and the Built Environment.

How did Technion and Cornell win the project? Some serious cloak-and-dagger was employed. Cornell and Technion leaders met secretly in March, in Beijing, and then in Manhattan, in July. The alliance was announced publicly only on October 18, 10 days before the deadline for submitting proposals.

From the start, there were major synergies between the two universities and between their presidents, Cornell's David Skorton and Technion's Peretz Lavie. Both Skorton and Lavie have medical backgrounds. Lavie is a world-famous expert in sleep disorders. Skorton, an electrical engineer, is an expert in medical imaging. Cornell brings deep financial resources, a top-10 engineering school, and a strong New York presence. Technion brings, in Lavie's words, "our experience in educating generations of engineers who are also entrepreneurs and have changed the Israeli economy." At his press conference, Bloomberg mentioned that Israel has 121 companies listed on the NASDAQ stock exchange, more than all of Europe combined, half of them founded and/or led by Technion graduates.

On December 3, when the five competing teams presented their proposals to Bloomberg and his team, Technion-Cornell presented last. Skorton ended the presentation with a surprise. "We have a \$350 m. gift," he announced, to fund the project. The gift came from billionaire Cornell alumnus Charles Feeney, founder of Duty Free Shoppers.

Bloomberg is now completing his third and last term as NYC Mayor. He is America's 12th wealthiest person, with a fortune estimated at \$19.5 b. Most of his wealth came from the namesake company he founded, after being fired by investment bank Salomon Bros., to supply high-quality business information. He still owns 88 percent of its shares. Unlike most politicians, Bloomberg is eager to create visionary long-term programs like NYCTech whose fruits will ripen long after he leaves office.

IF NYCTech is transformative for New York, it is equally for Technion a game-changer, instantly changing it from an Israeli university to a global one. But there is a nagging question. If NYCTech is so positive for New York City – why in the world is it not equally appealing to create a similar new campus in Israel to remedy a growing shortage of electronics and software engineers?

If a new "start-up nation" campus is so attractive for the world's greatest city, why not build a new one in Israel, too?

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