WHY DID SILICON VALLEY GROW UP AROUND STANFORD UNIVERSITY RATHER THAN AROUND UC BERKELEY? (SUMMARY)

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SUMMARY

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Principal Topic

What makes one research university a more effective anchor of an entrepreneurial high-tech region than another? Those who seek to understand how entrepreneurial high-tech regions come into being need to understand the historical factors and critical paths that have led to success. Therefore, this paper explores why Silicon Valley grew up around Stanford University after World War II rather than around UC Berkeley.

Method

Using data gathered from Stanford University and from UC Berkeley, this paper explores programs of outreach to local high-tech industry developed at the universities’ respective engineering schools during the 1950s. Stanford developed the Honors Cooperative Program, which allowed employees of local high-tech firms to earn masters degrees and Ph.D.s in engineering or the sciences, and Affiliates Programs, which gave local firms first shot at hiring Stanford grads and superior access to Stanford-developed research. At the same time, Berkeley’s engineering school set out to establish some competition for Stanford’s two programs with an extension program in Santa Clara County.

Results and Implications

Stanford’s programs of outreach in the Valley succeeded, while Cal’s did not. At the outset of the Valley’s formative years (1945-1965), the two universities employed strikingly different models. Stanford aimed at development of the West, while UC Berkeley had more of a national and international focus. Cal emphasized relations with small companies, while Stanford helped the Valley attain critical mass of high-tech talent through attracting branches of large firms. Meanwhile, Cal’s leadership team (president and dean of engineering) in 1950 was in eclipse, while Stanford’s was on the rise.

The paper’s findings also suggest that the public institution operated at a disadvantage in such an enterprise. As a private institution, Stanford could act more nimbly, seizing opportunities provided by the federal government and by local high-tech industry. Berkeley, by contrast, was hamstrung by a governance structure that extended to the university president, to the board of regents, to the state legislature and governor. These findings have tremendous policy implications: public universities are expected to foster the economic development of local areas but private institutions (with their leaner governance structure and independence from state control) may be in a better position to deliver the goods.

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