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The Economist

September 10, 2005, U.S. Edition

SECTION: SURVEY

HEADLINE: The brains business

Mass higher education is forcing universities to become more diverse, more global and much more competitive, says Adrian Wooldridge

FOR those of a certain age and educational background, it is hard to think of higher education without thinking of ancient institutions. Some universities are of a venerable age: the University of Bologna was founded in 1088, the University of Oxford in 1096 and many of them have a strong sense of tradition. The truly old ones make the most of their pedigrees, and those of a more recent vintage work hard to create an aura of antiquity.

And yet these tradition-loving (or -creating) institutions are currently enduring a thunderstorm of changes so fundamental that some say the very idea of the university is being challenged. Universities are experimenting with new ways of funding (most notably through student fees), forging partnerships with private companies and engaging in mergers and acquisitions. Such changes are tugging at the ivy's roots.

This is happening for four reasons. The first is the democratisation of higher education "massification", in the language of the educational profession. In the rich world, massification has been going on for some time. The proportion of adults with higher educational qualifications in the OECD countries almost doubled between 1975 and 2000, from 22% to 41%. But most of the rich countries are still struggling to digest this huge growth in numbers. And now massification is spreading to the developing world. China doubled its student population in the late 1990s, and India is trying to follow suit.

The second reason is the rise of the knowledge economy. The world is in the grips of a "soft revolution" in which knowledge is replacing physical resources as the main driver of economic growth. The OECD calculates that between 1985 and 1997 the contribution of knowledge-based industries to total value added increased from 51% to 59% in Germany and from 45% to 51% in Britain. The best companies are now devoting at least a third of their investment to knowledge-intensive intangibles such as R&D, licensing and marketing. Universities are among the most important engines of the knowledge economy. Not only do they produce the brain workers who man it, they also provide much of its backbone, from laboratories to libraries to computer networks.

The third factor is globalisation. The death of distance is transforming academia just as radically as it is transforming business. The number of people from OECD countries studying abroad has doubled over the past 20 years, to 1.9m; universities are opening campuses all around the world; and a growing number of countries are trying to turn higher education into an export industry.

The fourth is competition. Traditional universities are being forced to compete for students and research grants, and private companies are trying to break into a sector which they regard as "the new health care". The World Bank calculates that global spending on higher education amounts to \$300 billion a year, or 1% of global economic output. There are more than 80m students worldwide, and 3.5m people are employed to teach them or look after them.

All this sounds as though a golden age for universities has arrived. But inside academia, particularly in Europe, it does not feel like it. Academics complain about "the decline of the donnish dominion" (the title of a book by A.H. Halsey, a sociologist), and administrators are locked in bad-tempered exchanges with the politicians who fund them. What has gone wrong?

The biggest problem is the role of the state. If more and more governments are embracing massification, few of them are willing to draw the appropriate conclusion from their enthusiasm: that they should either provide the requisite funds (as the Scandinavian countries do) or allow universities to charge realistic fees. Many governments have tried to square the circle through tighter management, but management cannot make up for lack of resources.

So in all too much of the academic world, the writer Kingsley Amis's famous dictum that more means worse is coming to pass. Academic salaries are declining when measured against similar jobs elsewhere, and buildings and libraries are deteriorating. In mega-institutions such as the University of Rome (180,000 students), the National University of Mexico (200,000-plus), and Turkey's Anadolu University (530,000), individual attention to students is bound to take a back seat.

The innate conservatism of the academic profession does not help. The modern university was born in a very different world from the current one, a world where only a tiny minority of the population went into higher education, yet many academics have been reluctant to make any allowances for massification. Italian universities, for instance, still insist that all students undergo a viva voce examination by a full professor, lasting an average of about five minutes.

What, if anything, can be done? Techno-utopians believe that higher education is ripe for revolution. The university, they say, is a hopelessly antiquated institution, wedded to outdated practices such as tenure and lectures, and incapable of serving a new world of mass audiences and just-in-time information.

"Thirty years from now the big university campuses will be relics," says Peter Drucker, a veteran management guru. "I consider the American research university of the past 40 years to be a failure." Fortunately, in his view, help is on the way in the form of internet tuition and for-profit universities.

Cultural conservatives, on the other hand, believe that the best way forward is backward. The two ruling principles of modern higher-education policy democracy and utility are "degradations of the academic dogma", to borrow a phrase from the late Robert Nisbet, another sociologist. They think it is foolish to waste higher education on people who would rather study "Seinfeld" than Socrates, and disingenuous to confuse the pursuit of truth with the pursuit of profit.

The conservative argument falls at the first hurdle: practicality. Higher education is rapidly going the way of secondary education: it is becoming a universal aspiration. The techno-utopian position is superficially more attractive. The internet will surely influence teaching, and for-profit companies are bound to shake up a moribund marketplace. But there are limits.

A few years ago a report by Coopers & Lybrand crowed that online education could eliminate the two biggest costs from higher education: "The first is the need for bricks and mortar; traditional campuses are not necessary. The second is full-time faculty. [Online] learning involves only a small number of professors, but has the potential to reach a huge market of students." That is nonsense. The human touch is much more vital to higher education than is high technology. Education is not just about transmitting a body of facts, which the internet does pretty well. It is about learning to argue and reason, which is best done in a community of scholars.

This survey will argue that the most significant development in higher education is the emergence of a super-league of global universities. This is revolutionary in the sense that these institutions regard the whole world as their stage, but also evolutionary in that they are still wedded to the ideal of a community of scholars who combine teaching with research.

The problem for policymakers is how to create a system of higher education that balances the twin demands of excellence and mass access, that makes room for global elite universities while also catering for large numbers of average students, that exploits the opportunities provided by new technology while also recognising that education requires a human touch.

As it happens, we already possess a successful model of how to organise higher education: America's. That country has almost a monopoly on the world's best universities (see table 1), but also provides access to higher education for the bulk of those who deserve it. The success of American higher education is not just a result of money (though that helps); it is the result of

organisation. American universities are much less dependent on the state than are their competitors abroad. They derive their income from a wide variety of sources, from fee-paying students to nostalgic alumni, from hard-headed businessmen to generous philanthropists. And they come in a wide variety of shapes and sizes, from Princeton and Yale to Kalamazoo community college.

This survey will offer two pieces of advice for countries that are trying to create successful higher-education systems, be they newcomers such as India and China or failed old hands such as Germany and Italy. First: diversify your sources of income. The bargain with the state has turned out to be a pact with the devil. Second: let a thousand academic flowers bloom. Universities, including for-profit ones, should have to compete for customers. A sophisticated economy needs a wide variety of universities pursuing a wide variety of missions. These two principles reinforce each other: the more that the state's role contracts, the more educational variety will flourish.