9. The economy determines the future

Almost all analyses agree that the coming years will see a far-reaching shift in the global economic balance of power. Whereas in past decades the US and Europe were the most powerful economies, it is clear that Asia, led by China, will outstrip the two old power blocks. It is also clear that South America, and perhaps also Africa, will play a meaningful role on the global economic stage. Throughout their long history, universities have been deeply dependent upon the level of prosperity. A rise would often mean that the university expanded, whereas economic decline would result in contraction, particularly in higher education. The global knowledge landscape will thus change radically in the coming decades as a result of these shifts.

The relationship between prosperity and rising demand for higher education is not a simple one. On the one hand, it is often the result of targeted government policies that see a well-educated professional population as essential for economic growth. On the other hand, there is a strong societal effect: parents encourage their children to get a university education so that they can have what they themselves never had, namely a good job and a high income. In today’s rapidly growing Asian economies in particular, for example, upward social mobility over the generations is still possible, whereas it has become much more difficult in the US and Europe. Given the high level of education among Western populations, there will have to be an acceptance that downward social mobility will be more common than in the past, with all the problems this brings. Moreover, this also implies a revaluation of the
professions, whereby graduates will not necessarily get the best-paid jobs, simply because there will be a large supply of graduates and scarcity in other occupational groups.

The global rise in demand for higher education requires enormous investment. China and India are facing the mammoth task of expanding the number of universities and colleges of professional education in their countries by what may be a factor of 100 in order to be able to meet this demand. However, these countries – especially China and other increasingly affluent countries – are able to do this due to their level of economic growth, which is set to continue in the coming years. By comparison, the level of economic growth in Europe is likely to be much lower: predictions suggest that in the coming years, we should not count on having the same level of growth that we saw in the first years of this millennium, let alone growth such as that in Asia. In both the US and Europe, the combination of relatively limited economic growth plus the significant ageing of the population will perpetuate the trend towards governments that have to make tricky choices and that need increasing sums of money for public health, and thus have less and less money available for education. In the coming years in Asia, by contrast, there will be far-reaching investment in the expansion of education, which means that expanding university education will also be high on the agenda. Global power relations between the universities will change fundamentally as a result: if, until now, Western universities have automatically played a leading role, in future, this will no longer be the case. Economic growth in Asian countries, in particular, will rapidly lead to these university systems enjoying greater power.

In countries where government is on the retreat, this will initially take the form of less investment in tertiary education: the notion that both primary and secondary education are among a government’s core tasks is such a deeply-rooted conviction around the world that this is not likely to change any time soon. In the US and England, history has shown that the government can indeed withdraw from the university education sector easily and quickly. This is always legitimized with reference to the profit principle: tuition fees are simply increased with reference to the argument that students with a university education will be able to find better jobs, which will make it possible to earn back the rising cost of education. But university education is thereby no longer seen as something that is in the interests of the nation, but something that is more in the interests of the individual, who purchases a good future for himself and has to pay for it himself. Steps have also been taken down this path in the Netherlands, and it will be difficult to turn back: what were until now general student grants will shortly be abolished altogether. They will be replaced by what is admittedly an excellent loans system, but this cannot be interpreted as anything other than a clear indication of a retreating government.

This privatization will undoubtedly lead to falling participation in higher education: the US’s sharp fall in the OECD rankings of higher education graduates as part of the total labour force is revealing in this respect. When it comes to illustrating the gravity of government withdrawal on economic or political grounds, it is sufficient to quote Sexton:

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I worry about American higher education, not only as the president of a university but also as a citizen. I worry that too many people – from pundits to politicians to philanthropists – are pressing policies that sound attractive but will do great harm to the quality of what our colleges and universities do and to the equality of meaningful access for talented citizens born in the wrong zip code. I worry that higher education, long the instrument of upward mobility, will become the tool of social stratification. I worry that leaders who avidly seek seats for their own children in the nation’s best (and often most expensive) schools, colleges and universities (from $30,000 kindergartens to $60,000 colleges) will rest easily having unintentionally relegated the children of the poor, the middle class, the uninformed, and the unconnected to colleges or universities to which they would never send their own progeny.

If we add to this that education is increasingly becoming a characteristic of social class,³ it is clear that a dichotomy in the higher education system will leave deep scars in society. The sense of a growing divide, not only in the US but also in Europe, is supported by statistics. There exists an educated elite which benefits from the increasing prosperity, but a growing proportion of the population is faced with a decline in opportunities on the labour market and does not have access to the quality education that is essential to compete in this increasingly-international market. The negative sentiment of the ‘angry white man’ who is losing out, or feels he is losing out, to globalisation and the open borders that promote international trade, has grown over the past few years. This resulted in the disaffection that coloured the elections in the US, brought about the shift in the British electorate, and dominated polls, referendums and elections in the Netherlands, Italy, France
and Germany. Here an increasing rift has become, and will continue to be, apparent between an elite which benefits from the effects of globalisation and sets the national political agenda, and which predominantly lives in the major cities, and the populations in the rural or industrial areas who feel increasingly as if they are not heard and cannot actively take part in the political process.

The universities are undeniably on the side of the elite.\textsuperscript{4} This is evident not only from the fact that the job market for graduates remains relatively favourable, but sometimes also literally from the way the institutions present themselves as ‘elite’ universities and ‘Ivy League’. This is underlined by the high tuition fees which, despite the extensive possibilities for financial aid that exist, often remain beyond the reach of ordinary citizens. In 2014, a rather extensive study was conducted in the Netherlands that looked into the causes and consequences of the gap that exists between these two worlds.\textsuperscript{5} This research also demonstrated that an individual’s level of education is very important: it turns out that this is increasingly the factor that determines their role and position in society. The conclusion of this study is that the higher someone’s level of education, the higher the cultural capital they have at their disposal. As a result, they demonstrate less negativity toward groups in society with different repertoires of thought, feeling and behaviour. The higher educated have more social skills, social insight, and, above all, political confidence. This suggests that the differences between the two groups partly stem from

\textsuperscript{4} Hawking, S., 2016: ‘This Is the Most Dangerous Time for Our Planet’. The Guardian, 1 December.

the disparity in feelings of social vulnerability, cultural insecurity and political powerlessness. This outcome only constitutes further evidence for the conclusion that universities are almost, by definition, on the side of the elite.

The elite position of the academic world will increasingly meet with criticism. To start with, criticism such as in the US, where Trump is all too aware that globalisation is not in the interests of the ‘angry white man’, whereas universities clearly stand to benefit from it. In addition, populist parties in the US and Europe express pointed criticism of universities for being expensive and bureaucratic. But what is much more fundamental is the growing and deep distrust of an intellectual elite which feels that facts and common sense are on its side. This disregards, however, the reality that facts barely play a role and that the debate is primarily governed by emotion. This is also evident from people’s reactions on social media, where facts are no longer recognised as facts, and are instead dismissed as mere opinions. Here, too, Trump has set a new record: his statement that ‘a lot of people feel it wasn’t a proper certificate’ after President Obama had published his birth certificate is emblematic of the ‘post-fact’ era that we are entering into.6

The shifting economic balance will leave a further scar in the global university landscape in the coming 25 years. This relates to the maxim that talent always searches for optimal funding, and will therefore move to new centres of wealth. The war for talent can already be felt, owing to the fact that the flow of talented scientists is increasingly directed not towards the US, but towards Asia. Also Europe,

through programmes such as Horizon 2020, the European Commission’s programme for boosting science and innovation, has become more attractive in a number of respects than North America, which is at risk of a brain-drain in the coming years. Regions such as California and Boston will remain exceptionally competitive and attractive, of course, but scientists are leaving for Asia, especially if they have family roots there. The change is perhaps even more evident among students, among whom students from Asia currently generate large incomes for universities in the US, Australia and England. They will increasingly remain in Asia, simply because the quality of the universities there will improve. This will deal a particularly heavy blow to university incomes, especially those universities that are sometimes entirely dependent for their income upon foreign students who are both willing and able to pay the high tuition fees.

In countries where economic contraction is occurring, this will certainly have consequences for the way in which universities offer expertise. Especially those in Europe, will be compelled to operate increasingly in a private market where demand plays a more decisive role than supply. In this sense, most European universities – which receive a relatively high level of government funding – are still largely supply-driven, and this will undoubtedly have to change. But there will also be a search for other forms of education, which are cheaper and perhaps just as effective. Digitization will bring great opportunities in this respect.

The shift in the economic balance, with all the consequences it will have, will be the most fundamental factor causing the university to change. Both global competition and the need to respond more keenly to social demand from students, among others, will compel universities to reassess
their priorities and structures. They will have to operate with less money in a more market-oriented, competitive way in order to remain among the world’s leading universities. This will ask a great deal of European universities, given that they are behind in the process of internationalization, but also in view of the relatively old-fashioned form of education they offer: a coherent curriculum, and not, as is the case in the Anglo-Saxon system, based on a range of what are largely separate courses. In view of the sharply rising cost of following a whole programme of study, demand for partial programmes, or even courses, will increase significantly. This process of fragmentation or ‘unbundling’ – increasingly offering separate ‘knowledge packages’ instead of complete programmes – will have a deep impact on the university.

Not only universities, but also governments will respond to the changing economic balance of power. When contraction occurs, the first reflex will be to focus on increasing economic returns, as happened in the Netherlands when the government steered research in the direction of the top sector agreements. It would be a mark of vision if, in the coming years, governments were able to resist following their first instinct, but instead reflect more deeply on how to realize an affordable and future-proof system. When it comes to research, this could mean breaking up the uniform landscape in which all universities resemble one another, because only then will a system emerge that is able to respond to the many challenges. When it comes to teaching, it could mean taking a different approach to the enormous inflow of students who are all being squeezed through the same system. Instead, a system could be designed that guided students optimally to the place

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7 See Chapter 6 for explanation of the Dutch science policy.
that was most suited to their talents. The future points to encouraging multiformity and differentiation whenever possible: in the Dutch context, the report of the Veerman Commission, which advised the government in 2010 on the future of higher education, remains just as relevant as it ever was.\textsuperscript{8} It is a shame that the government seems to have forgotten this report.

\textsuperscript{8} Ministerie van Onderwijs, Wetenschappen en Cultuur, 2015: Nederland 2035: trends en uitdagingen. See also the report by the Veerman Commission, 2010, formally the Adviescommissie Toekomstbestendig Onderwijs [Advisory Commission on Future-Proof Education]: ‘Differentiëren in drievoud’. 