

This chapter provides an American perspective on issues affecting higher education in China. One of the major differences between the economy of today and the industrial economy of a generation ago is that a contemporary economy has to be based much more on the authority of ideas and much less on the idea of authority. In the United States, the land-grant colleges established during the Lincoln administration—with the objective of spreading education and in particular promoting research into more productive agriculture and the dissemination of agricultural technologies—are generally regarded as having made an important contribution to US economic success. As the agricultural revolution gave way to the Industrial Revolution, increasingly the Industrial Revolution is giving way to a kind of information revolution. Salary differentials between those with high-school degrees and no high-school degree, those with college degrees and no college degree, graduate degrees and college degrees, those with training at first-rate institutions versus those with training at second-rate institutions—all of these economic differentials have widened very substantially, and that suggests the high importance of the increase in the supply of highly skilled workers. Strong institutions of higher education that promote access, that enable access without regard to financial circumstances or the ability to pay, that provide large numbers of spaces for those who are most able, regardless of their connections or their family's wealth, are also important guarantors of the kind of social mobility that promotes a healthy society. In emerging markets, the largest fraction of the benefit will probably derive from facilitating the adoption and dissemination of new technologies. He expressed that hope because he recognised that people who started successful businesses, who built successful institutions, generated enormous externalities by employing large numbers of people. The case in countries such as the United States or those in Europe is that a large fraction of the benefits of higher education derive from enabling entrepreneurs to push the frontier of science with commercial application. None of the arguments is entirely without merit, and to suggest that higher education should be emphasised at the expense of primary and secondary education is not the point. Economic historians who have studied the growth of Europe assign a very significant role to what took place in universities. We are replacing semi-conductive steel with semiconductors; we are replacing manufactured products with services. In either event, successful practically oriented institutions of education are crucial to the success of any country competing in today's global economy. The argument was made from the point of view of mass economic development.