

CHAPTER 5

The Future of Higher Education in the Knowledge-Driven, Global Economy of the Twenty-first Century

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Clearly, we live in a time of very rapid and profound social transformation. We have been living through the transition from a century in which the dominant human activity was transportation to one in which communications has become paramount, from economies based upon cars, planes, and trains to one dependent on computers and networks. We are shifting from an emphasis on creating and transporting physical objects such as materials and energy to knowledge itself, from atoms to bits; from societies based upon the geopolitics of the nation state to those based on diverse cultures and local traditions; and from a dependence on government policy to an increasing confidence in the marketplace to establish public priorities.

Today, we are evolving rapidly into a post-industrial, knowledge-based society, a shift in culture and technology as profound as the shift that took place a century ago when our agrarian societies evolved into industrial nations (Drucker 1994). Industrial production is steadily shifting from material- and labour-intensive products and processes to knowledge-intensive products. A radically new system for creating wealth has evolved that depends upon the creation and application of new knowledge. In a very real sense, we are entering a new age, an *age of knowledge*, in which the key strategic resource necessary for prosperity has become knowledge itself – educated people and their ideas (Bloch 1988). Unlike natural resources, such as iron and oil, that have driven earlier economic transformations, knowledge is inexhaustible. The more it is used, the more it multiplies and expands.

Knowledge can be created, absorbed, and applied only by the edu-