

THE DEATH OF DISTANCE: THE BIRTH OF THE GLOBAL HIGHER EDUCATION ECONOMY

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INTRODUCTION

'It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way' (Dickens, 1859). This opening sentence of "A Tale of Two Cities" is as much a valuable commentary and source of reflection on the imminent revolution in higher education as it was on the state of affairs in London and Paris in 1775. It might also reflect the perception that every generation thinks that it lives in **the** critical epoch, that it experiences **the** critical revolution. Or perhaps every generation experiences a phase of 'creative destruction' (Schumpeter, 1934) at sometime in their existence. Perhaps the world is always in a state of confusion and constant revolution.

THE BIG PICTURE

There appears to be a general consensus that we have entered the information age and that we are on the verge of the information economy. There is widespread acknowledgement of the view that education must be a critical driving force in the emergence of the information economy, but there is also widespread skepticism as to whether education systems will be able to overcome their traditional inertia and respond to the challenge of the knowledge-based revolution. Whereas the process of education has remained relatively unscathed for many centuries, it will not be exempt from the current forces of technological development and globalization.

In the 1930s, an Austrian economist named Joseph Schumpeter presented a model of development based on a continuous shift in resources from declining to expanding industries. He postulated that every 50 years or so technological revolutions would cause '*gales of creative destruction*' in which old industries would founder and be replaced by new industries. Devotees of this perspective (eg Woodall, 1997a), point to the following series of technological changes: (i) steam power that drove the industrial revolution from the 1780s to the 1840s, (ii) the railways from the 1840s to the 1890s, (iii) electric power from the 1890s to the 1930s, and (iv) the motor car and cheap oil from the 1930s to the 1980s. At present, we are faced with perhaps the most significant wave of creative destruction generated by information technology (semiconductors, computers, software and telecommunications) and the associated trend towards globalization.

The technology pundits argue that the information technology revolution could be much more significant than any previous revolution. Certainly, the pace of change is much greater. It is estimated that the Internet reached 50 million users in 5 years compared with radio that took 38 years to reach

the same number, and television which took 13 years to reach 50 million users (Hayes, 1998). Recently, Ira Magaziner, President Clinton's chief adviser on the information economy, predicted that the Internet would have one billion users by the year 2003. The impact of the Internet and the WWW is already having a major impact on the growth of international business through massive developments in e-commerce.

Perhaps more than any other sector of the economy, the banking industry is 'cashing in' on the digital information revolution. The proliferation of automatic teller machines (ATMs), along with the introduction of telephone banking, smart cards and Internet banking, has led to major restructuring. A recent report predicted that Internet commerce will rise from the current level of US\$2.6 billion to US\$220 billion by the year 2001 (Witts, 1998). In this growth context, the banks are still cutting costs through the closure of branches and the associated shedding of staff. In Australia, for example, in 1998 there are 355 bank branches per million people compared to 394 branches in 1994. The Finance Sector Union claims that 40,000 jobs have been lost as a result of the re-engineering of the industry. At least such changes lead to cheaper services for customers, right? Wrong. The profits of the major banks simply continue to escalate.

The process of education seems unlikely to escape the influence of such significant global developments, especially as the cost of access to information communication technologies continues to fall, a further indicator of the rapid pace of technological change. For the past twenty years, the cost of computer processing has dropped an average of 30% per annum. One estimate suggested that computer power now costs only .001% of what it did in the early 1970s (Woodall, 1997c). By a similar reckoning, Woodall estimated that if cars had developed at the same rate as microprocessors, a typical car would cost \$5.00 and do 40,000km to the gallon! She also suggested that if cars were like computers, they would crash a lot more often! In a similar vein, Bill Gates told the Senate Judiciary that 'the cost of computing has decreased 10 million fold since 1976. That's the equivalent of getting a Boeing 747 for the price of a pizza'.

This decline in costs has also been evident in the telecommunications industry. Since a fibre optic cable can now carry 1.5million conversations simultaneously, the cost (and to a lesser extent the price) of a transatlantic telephone call has plummeted dramatically. Indeed, it is widely predicted that the marginal costs of telecommunications will tend towards zero, so that the cost of carrying, though not making, a call from USQ to ICDE HQ in Oslo will be the same as a local telephone call. As Cairncross (1997) has predicted, *'The death of distance as a determinant of the cost of communications will probably be the single most important economic force shaping society in the first half of the next century'* (p.28).

Will the death of distance lead to the demise of distance education? What does all this mean for distance education institutions and ICDE? Such questions have no immediately obvious answers. Predicting the exact nature of the specific impact of technological change on education and other aspects of society has always been something of a risky business, as history demonstrates.

GETTING IT WRONG

History has demonstrated that predicting the consequences of new technology is remarkably complex. Apparently rational people in responsible positions have been proven to be spectacularly lacking in foresight. For example, as Woodall (1997a) pointed out: in 1876, the Western Union Telegraph Company was given the option of buying the patent on the Bell telephone, but declined ('Mr. Bell, don't call us, we'll call you!'). Similarly, in the 1940s the Chairman of IBM predicted that the world market for computers would be approximately five. A recent estimate of the number of computers worldwide was 150 million, a slight error of three thousand million percent! Even as recently as 1977, the CEO of Digital could not comprehend why anyone should need a personal computer.

In the field of education, predictions have been less dramatic and largely ignored, since education changes very gradually over a long period of time. In the educational context, it will be particularly

interesting to predict the impact on “the sleeping giant”, especially as it is widely accepted that education must lay the foundation for the success of the global economy. To fulfill this critical role, education must embrace the new technologies, but as we all know, education never changes. It hasn’t changed for hundreds of years, why should it change now?

THE EMERGING GLOBAL HIGHER EDUCATION ECONOMY

The emergence of mass higher education in many developed countries is a reasonably recent phenomenon. Although the majority of governments has accepted responsibility for the financing of universal primary and mass secondary education, tertiary education has primarily been selective with access somewhat restricted. The shift to knowledge-based economies, however, demands greater access to higher education and promotes the need for lifelong learning. At the same time, the harsh realities of financial constraints, and the current political enthusiasm for economic rationalism has meant that education, especially higher education, is increasingly being regarded as just another industry. In the context of the information age and the death of distance, more and more institutions are making courses available worldwide via the Internet. More courses available online means more competition for fee-paying students and the emergence of the global higher education economy.

It is the emergence of the global higher education economy that will force institutions to change. Much of this change will be driven by the mighty dollar in the hand of the consumer (the student). As higher education becomes increasingly market driven, institutional success will increasingly depend on students’ perceptions of flexibility of access, quality of service and value for money. The institutional inertia that typifies many of the more traditional universities is likely to be an impediment to change, and could well lead to significant variations in the perceived status of higher education institutions. As one senior Australian bureaucrat put it recently, “The rooster can soon become the feather duster!”

While this trend towards regarding tertiary education as an industry is anathema to many senior academics, it is a social reality emanating from the influence of economic rationalism. Many observers seem to think that the traditional idea of the university, including the inherent value of the unfettered pursuit of knowledge for its own sake, is severely under threat from the barbaric hordes of rampant capitalists eager to make a profit. Such a view is worthy of reflection, but it represents a somewhat simplistic, polarized view of the driving force underlying the commitment of devotees to economic rationalism.

At the recent e-Commerce Summit convened by the Australian Government and Telstra in Canberra, I was forced to reassess my somewhat jaundiced perception of economic rationalists as fanatical “bean counters” interested primarily in cost cutting measures such as the opportunity to save money by rationing the distribution of paper clips. In contrast, it appears that business leaders and politicians have not only discovered Joseph Schumpeter, but have also embraced the work of another Austrian-born economist, Friedrich von Hayek, who was a relentless devotee of free market economics.

In a recent text, “The Commanding Heights: The Battle between Government and the Marketplace that is Remaking the Modern World”, Yergin and Stanislaw (1998), make the point that in response to the high costs of control and the disillusionment with its intractable problems, governments throughout the world are privatising by disposing of what amounts to trillions of dollars of assets. They demonstrate that this trend is evident not only in the former Soviet Union, Eastern Europe and China, but also in Western Europe, Asia, Latin America, Africa and the United States. In essence, numerous governments are turning many of their traditional activities over to the marketplace in the belief that such an approach will be a more efficient and effective way to engender benefits to the public. The examples selected by Yergin and Stanislaw (1998) demonstrate that this is not abstract theory, but an astonishing empirical phenomenon. It is evident that the politicians and business leaders, (the “madmen in authority” as they were referred to by John Maynard Keynes), have

developed a sincere commitment to a social philosophy based on competition in the free market, which they believe will engender widespread public benefits, including higher quality and more choice at lower cost to the consumer. In the education sector, this commitment would be manifested by placing the concerns and needs of students at the centre of the educational system: not just in institutional rhetoric, but in day to day practice every single day.

If one accepts that as a result of the death of distance and the growing international influence of economic rationalism that higher education will become increasingly market driven, what are the implications for professional organizations such as ICDE? In the wake of the emergence of the global higher education economy, will ICDE have an increasingly significant or gradually declining role?

GETTING IT RIGHT

In the 21st century, ICDE must attempt to accommodate to the demands of the consumer driven revolution. It must provide value for money to its members. The challenge to ICDE is to provide strategic benefits to its members so that they might better protect the interests of their institution in the emerging, increasingly competitive international environment.

Established as ICCE (the International Council for Correspondence Education) in 1938, the organization provided a useful forum for a relatively small group of specialists. In response to changing technology, ICCE became ICDE in 1982 at the World Conference in Vancouver. Now, ICDE must respond to the emerging “destructive creation” of the new economic paradigm of the information age. With the death of distance and the birth of the global higher education economy, distance education is potentially everybody’s business. Indeed, the death of distance will likely create the ideal opportunity for distance education providers to play a critical role in the emerging information technology revolution. The challenge to the members of SCOP is to articulate the strategic directions of ICDE to enable member institutions to thrive and prosper as they strive to come to terms with the threats and opportunities presented by the rapid pace of technological change.

STRATEGIC PLANNING

In theory, SCOP is the operational structure for developing ICDE initiatives and activities of an institutional and strategic nature to enable ICDE to achieve its mission, which is to:

- Promote open and distance education, along with associated goals for flexible learning, training, continuing education, community education and adult education, throughout the world;
- Be instrumental in developing networks and systems for educational purposes at national, regional and global levels;
- Facilitate the emergence of new educational paradigms which recognize the importance of open and distance education and their allied principles and practices;
- Contribute to the development of new methodologies and technologies applied to education and training in order to improve lifelong learning;
- Ensure ICDE is an initiating base for the development of international strategies and policies related to open and distance education;
- Foster international collaboration in education and training across national borders;
- Create an appropriate environment for collaboration and the planning of new educational initiatives, in co-operation with cultural industries and services;

- Provide a forum where individuals, corporations, institutions, governments and associations involved in open and distance education can engage in professional enhancement and interaction.

Certain questions need to be addressed. Is the ICDE mission still appropriate for the emerging global information economy? How can ICDE provide improved benefits and services to its members both individual and institutional? What does ICDE have to do to enhance its influence and impact in the third millennium? How can ICDE capitalize on its global membership?

ICDE has achieved a great deal over the last 60 years, but it needs to change if it is to meet the challenge of the rapidly emerging global information economy. From a personal perspective, ICDE would appear to have many strengths and more opportunities than threats, but it cannot afford to be complacent. To begin with, I believe that we need to make more use of the ICDE homepage, and in particular, the ICDE WWW NET. If ICDE is concerned with “facilitating the emergence of new paradigms”, it needs to be seen to be using the technologies as part of its core business.

ICDE may need to become more commercial, and to be run like a business to survive in the third millennium. It could possibly provide, or become a broker, for a range of commercial services as follows:

- Accreditation for transnational education awards;
- Quality accreditation services;
- Training services for distance education professionals;
- Courseware development services; and
- Consulting services.

Given the history and current structure of the organization, such proposed commercialization may seem challenging, but ICDE may not survive and prosper without developing a capacity to change with the times. For example, a name change may be appropriate within the near future. The aforementioned change from ICCE to ICDE reflected changes in technology and expanded the potential membership base, thereby adding momentum to the organization. The current emergence of the information economy could well signal the need to change from ICDE to ICGE, the International Council for Global Education. This phase of development is likely to last for some time, until the need to become the ICIE, the International Council for Intergalactic Education!

Given the diversity of membership, these suggestions for change are likely to meet with a mixed response. However, there could well be a consensus that like other organizations, ICDE should endeavour to respond to the present ‘gales of creative destruction’. As we approach the third millennium, it is at least the time for reflection. It could well be the time for radical action.

FINAL COMMENT

Finally, with apologies to Charles Dickens:

“Will the new millennium be the best of times, or the worst of times for ICDE? Will we have everything before us, or will we have nothing before us? Will we be going direct to Heaven, or will we be going direct the other way?”

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