Foremost on the minds of most university leaders these days are the devastating cuts in appropriations as the states struggle to cope with crushing budget deficits and the erosion of private support from gifts and endowment income associated with a weak economy. Of course, the optimist might suggest that this is just part of the ebb and flow of economic cycles. In bad times, state governments and donors cut support, hoping to restore it once again in good times. But this time it may be different. There is an increasing sense of pessimism about the restoration of adequate state support, particularly for flagship public research universities such as the University of Michigan.

Yet there is a certain irony here, since society’s dependence upon higher education in general and the research university in particular has never been stronger. 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 society evolved into an industrial nation.

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. 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.

But knowledge can be created, absorbed, and applied only by the educated. Hence schools, in general, and universities in particular, will play increasingly important roles as our societies enter this new age.

Yet today the United States, which once viewed education as critical to national security, seems more concerned with sustaining the social benefits (and tax policies) demanded by an aging baby boomer population (and to hell with the kids). The priorities of those of us in this impacted wisdom group are clearly health care, prisons, homeland security, and reduced tax burdens for the near term rather than in the education of the next generation and the future. This situation is unlikely to change until a new generation establishes a more appropriate balance between consuming for our present desires and investing for our children’s future.

This is particularly important for the leaders of America’s public universities. Today in the face of limited resources and more pressing social priorities, the century-long expansion of public support of higher education has slowed. We now have at least two decades of experience that would suggest that the states are simply not able—or
willing—to provide the resources to sustain the capacity and quality of their public universities.

Most pessimistically, one might even conclude that America’s great experiment of building world-class public universities supported primarily by tax dollars has come to an end. It simply may not be possible to justify the level of tax support necessary to sustain the quality of these institutions in the face of other public priorities, such as health care, K-12 education, and public infrastructure needs—particularly during a time of slowly rising or stagnant economic activity and an aging generation that apparently cares little about the future it leaves for its children. Flagship public universities such as the University of Michigan must come to grips with this reality and take those actions, both courageous and no doubt controversial, necessary to preserve their quality and capacity to serve future generations in the face of declining state support.