

The Role of the University in National Economic Development: Some Strategic Considerations

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Mathematician and economist John Forbes Nash, celebrated this year in an award winning film, revolutionised economic thinking in two fundamental ways. First, he showed that the economy, left to its own devices, often generates results that are sub-optimal, not only from society's point of view but also in terms of material benefits produced. Second, he proved that in spite of the widely-acclaimed virtues of rivalry and competition, there comes a point where co-operation is more beneficial, especially because successful economic and social relationships are built on the premise of long-run permanence.

These fundamental truths apply equally well to the Maltese economy and society in general and to the University in particular. As a virtually monopolistic institution in its field of activity, the University of Malta shoulders responsibilities that extend beyond the traditional realm of academia or the more recent imperative of financial sustainability, but go as far as making a definite and significant contribution to national development. This brief article presents some thoughts on the need for proactive intervention and co-operation to sustain national development and on the University's efforts in this respect.

There is no denying that since becoming an independent state in 1964, Malta has done well. In spite of size and resource limitations, Malta has on paper achieved a standard of living that is half that of its richer European trading partners and is in actual fact much higher than that. Unemployment is low and poverty is very much contained, being more of a relative than of an absolute nature. The quality of life is enviable, the Maltese enjoying a temperate climate, pleasurable resorts and top class health services to name but a few considerations.

There are however palpable doubts regarding the sustainability of all this. The economy's output and income are becoming insufficient to sustain the ever-growing demands for consumption. This in part reflects lacunae in productivity, which can only be resolved through the availability of better skills in the workforce. It is also a result of the fact that a significant proportion of the population over the years grew accustomed to consuming without commensurately producing. This state of affairs, otherwise quite akin to robbery, is justified through the fiscal deficit phenomenon by which the country effectively absorbs resources from future generations, an acceptable practice towards the end of building assets but not to finance current consumption. This perhaps reflects an immature mentality of the population where short-term gratification takes precedence over longer-term survival considerations. Indeed, it is in the past three years that the state of the economy became a general concern, as growth slowed down markedly partly due to the insufficient saving and investment undertaken in earlier years. Other symptoms of short-termism in Malta are the rapid deterioration of the environment and the gradually weakening fabric of Maltese social relations.

A related concern is the state of democracy in Malta with the bi-polarism typically found in post-colonial countries taken to an extreme where as the international market place is becoming increasingly and rapidly globalised, the policy-making debate in tiny insular Malta is fully absorbed in discussing the speed with which the country should react to these changes. This debate thrives on and contributes to the ignorance of the population in general regarding the genuine issues and concerns surrounding the country's present and future options for further growth and development.

Of course, the above reflections can never hope to do justice to the complexity of the strategic issues facing the development of the Maltese economy. Yet, they provide a few

examples of instances where proactive intervention by policy-makers and influential agents aimed at building long-run co-operation between the different actors in society can be crucial to development. Furthermore, they pinpoint the important role to be played by education. Immature mentalities and insufficient general and technical knowledge are the basic raw material which the University can strive to transform in order to make a positive contribution to national development. Either this, or run the risk of being itself overtaken by them.

The draft strategic development plan of the University of Malta for the 2002-2006 period builds upon the role of the University within the challenges being faced by the country at this point in time. From an economist's viewpoint, the strategic plan aims at satisfying three important requirements for development namely: to upgrade the intelligence and maturity of the population in general; to provide much-needed technical expertise in growth areas, and; to contribute to a more efficient allocation of resources in the economy.

Indeed, the strategic plan continues to emphasise the University's primary role in providing quality education and excellence in research while promoting a multi-faceted liberal and cultural quality of life within an environment that is functional and aesthetically pleasing. These objectives are very much conducive towards a more mature and intelligent population that is able to reach its own conclusions in full appreciation of the short- and long-term consequences of its decisions and actions.

It is however notable that the strategic plan is further emphasizing the need for closer links and collaboration between the University and the world of work at the same time that it aims for an increase in student numbers. This is essential in an economy where human capital is the primary resource available and where there still exist significant mis-matches between the skills available and those required, problems that can be tackled through better networking and information. Through these efforts, the University also strives to instill continuous learning and innovation attitudes in an increasingly dynamic labour market. These objectives are in line with making a direct positive contribution to economic growth.

Furthermore, the plan aims to improve the University's operating efficiency by the institution being proactive in the generation of funds and streamlining its administrative functions. By generating funds, the University would be ensuring that it is directing resources towards applications where there exists an effective demand. While it is appreciated that a significant part of the work of the University produces social benefits that cannot be rewarded through the market mechanism, it is probable that in striving to achieve a desirable balance in this respect, the University still has some more avenues to explore in improving its financial self-sufficiency. The streamlining of administrative functions is important in a country where it is appreciated that public administration is absorbing excessive resources that could be more efficiently and productively employed elsewhere. In this way, the University would be making a direct contribution to and provide a role model for an improvement in the allocation of resources in the Maltese economy.

Of course, the actual implementation of measures towards attaining these goals is as important as the formulation of the goals themselves. The rewards of success in this respect are remarkable. The University has the opportunity to prove itself as a leading institution in helping to transform the country into a modern, successful and sustainable economy. This, by itself, is the stimulus motivating the various efforts currently being undertaken at the University. The retribution of failure, on the other hand, is likely to be equally significant. Recent economic history shows that no monopolistic position has an indefinite tenure and can only be sustained over time if it succeeds in effectively satisfying an ever more competitive and open market-place.

Maltese society is at a crucial juncture: it can build upon its past success by exploiting the opportunities present in the global market-place or risk to compromise part, if not most, of its achievements through a complacent attitude. The University has an important role to play in this respect. Its strategic plan maps its role in contributing to improve the decision-making skills of the population, provide needed technical expertise and help to ameliorate the allocation of resources in the economy by taking proactive action and improving networking and co-operation. Relying on the richness and experience of its human resources and on its openness to domestic and international innovation and research, the University is uniquely equipped to face the challenges ahead and transform them into opportunities for itself and for Malta.

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