ry a burden of loyalty to dusty old identities and institutions. It is no coincidence that the most successful forces for liberal pluralism in recent years have included Spain's Ciudadanos, founded in 2006 and currently leading polls, and Mr Macron's En Marche! in France, founded in 2016.

All of which calls for a new way of viewing populists. They can be a danger, but their rise is a call for renewal. That was the insight of the late 19th- and early 20th-century reformers, who kept the Marxists and the agrarian populists at bay by judiciously borrowing from them. Theodore Roosevelt and Woodrow Wilson took on oil and rail cartels, and advocated social insurance on behalf of the man in the street. Otto von Bismarck's introduction of old-age and health insurance in Germany and David Lloyd George's "People's Budget" in Britain in 1909 similarly annexed the populists' political territory.

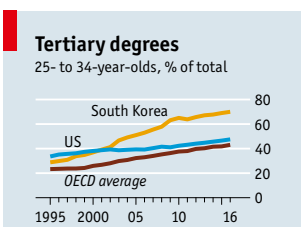
Today's reformers have no shortage of ideas to mine. Mass immigration demands better integration that promptly imparts language skills, jobs and Western values to newcomers. Where recorded crime is rising, as in Germany and Sweden, politicians should admit it and set about tackling the problem. Expanded retraining and relocation, portable benefits and action against tax evasion can help spread the appreciation of free trade. Galloping automation and digitisation invite a remaking of education systems and should prompt reformers to take on tech giants like Google and Amazon in the name of competition and consumer protection. Canada combines immigrant integration, an effective safety-net and economic liberalism better than other major Western countries—and has been the least affected by the recent populist wave.

Fragmenting societies and polarised politics make it unlikely that populism's rise will be reversed soon. But its excesses can be contained by seeing it as the impetus for change. Because solving people's problems will bear fruit, populism is as much an opportunity as a threat. ■

University degrees

Time to end the academic arms race

As higher education expands, returns are falling. School-leavers need other options



THERE are plenty of good reasons for a young person to choose to go to university: intellectual growth, career opportunities, having fun. Around half of school-leavers in the rich world now do so, and the share is rising in poorer countries, too.

Governments are keen on higher education, seeing it as a means to boost social mobility and economic growth. Almost all subsidise tuition—in America, to the tune of $200bn a year. But they tend to overestimate the benefits and ignore the costs of expanding university education (see page 51). Often, public money just feeds the arms race for qualifications.

As more young people seek degrees, the returns both to them and to governments are lower. Employers demand degrees for jobs that never required them in the past and have not become more demanding since. In a desperate attempt to stand out, students are studying even longer, and delaying work, to obtain master's degrees. In South Korea, a country where about 70% of young workers have degrees, half of the unemployed are graduates. Many students are wasting their own money and that of the taxpayers who subsidise them.

Spending on universities is usually justified by the "graduate premium"—the increase in earnings that graduates enjoy over non-graduates. These individual gains, the thinking goes, add up to an economic boost for society as a whole. But the graduate premium is a flawed unit of reckoning. Part of the usefulness of a degree is that it gives a graduate jobseeker an advantage at the expense of non-graduates. It is also a signal to employers of general qualities, such as intelligence and diligence, that someone already has in order to get into a university. Some professions require qualifications. But a degree is not always the best measure of the skills and knowledge needed for a job. With degrees so common, recruiters are using them as a crude way to screen applicants. Non-graduates are thus increasingly locked out of decent work.

In any case, the premium counts only the winners and not the losers. Across the rich world, a third of university entrants never graduate. It is the weakest students who are drawn in as higher education expands and who are most likely to drop out. They pay fees and sacrifice earnings to study, but see little boost in their future incomes. When dropouts are included, the expected financial return to starting a degree for the weakest students dwindles to almost nothing. Many school-leavers are being misled about the probable value of university.

Governments need to offer the young a wider range of options after school. They should start by rethinking their own hiring practices. Most insist on degrees for public-sector jobs that used to be done by non-graduates, including nursing, primary-school teaching and many civil-service posts. Instead they should seek other ways for non-graduates to prove they have the right skills and to get more on-the-job training.

School-leavers should be given a wider variety of ways to gain vocational skills and to demonstrate their employability in the private sector. If school qualifications were made more rigorous, recruiters would be more likely to trust them as signals of ability, and less insistent on degrees. "Micro-credentials"—short, work-focused courses approved by big employers in fast-growing fields, such as IT—show promise. Universities should grant credits to dropouts for the parts of courses they have completed. They could also open their exams to anyone who wants to take them, and award degrees to those who succeed.

Mutually assured instruction

Such measures would be more efficient at developing the skills that boost productivity and should save public money. To promote social mobility, governments would do better to direct funds to early-school education and to helping students who would benefit from university but cannot afford it. Young people, both rich and poor, are ill-served by the arms race in academic qualifications, in which each must study longer because that is what all the rest are doing. It is time to disarm. ■