

## Challenges and Opportunities for Higher Education in Europe: the Bologna Process and the Lisbon Strategy.

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European higher education is currently facing many challenges and is undergoing fundamental reforms that go beyond national boundaries and even the European Union. In order to become a more highly competitive society and knowledge-based economy in the coming decade, radical changes have to take place in the quality, structure, funding and competitiveness of European higher education. The Bologna Process and the Lisbon Strategy are the key drivers for this reform movement, and they include an array of stakeholders: students, institutions, the private sector, national governments and the European Union. In this article we address the main characteristics of European higher education, the Bologna Process and the Lisbon Strategy. We will also look at the challenges and opportunities as presented by the Bologna Process and the Lisbon Strategy, as well as other key issues in European higher education.

### Key characteristics of European higher education[2]

In the whole of Europe, there are approximately 4,000 institutions of higher education, of which around 3,300 are based in the European Union. In 2000, these schools enrolled more than 17 million students (12.5 million in the EU), and employed 1.5 million staff members of which 435,000 were researchers. Thirty four percent of these researchers were EU-based while 80 % of all fundamental research in Europe was done within the EU.

Within the age group 35-39, approximately 20% of Europeans hold a higher education qualification, compared to 12.5% among the age group 55-69. Of the total population aged 25-64, Eighty-four percent of the people holding higher education qualifications are employed, which is 15 points above the average for persons of all education levels, and 30 points above those who have completed only lower secondary education.

In 2003, the rate of unemployment for those holding a tertiary education qualification for the age group 20-24 was 12.3%, compared to 1.6% for the United States, and for the age group 25-29 it was 8.5%, compared to 2.6% for the U.S.A. (Commission, 2006, p. 15).

In 2000, the participation rate in higher education within the European Union among the age group 25-64 was only 23.8% compared to 37.3% in the U.S.A. (Cohen, 2005, p. 10). Table 1 and 2 (Commission, 2006, pp. 12-13) make clear that the EU is lagging behind the U.S.A.

**Table 1: Gross enrolment rates (all students irrespective of age as a % of student-age population) in tertiary education**

Year, Unit	EU 25	USA	Japan
All students as % of population in age group 20-24	57%	81%	50%
Year 2003			

Source: DG EAC based on UNESCO data

**Table 2: Enrolment rates in higher education for adults**

Year, Unit	EU 25	USA	Japan
% of population 30-39 in higher education, Year 2004	30-34: 4.1%	30-34: 7.0%	<i>n.a.</i>
	35-39: 1.8%	35-39: 4.9%	

Source: EUROSTAT (LFS)

On average, the member states of the European Union spend 5% of their GDP public expenditure on education, which is comparable to the U.S.A. However, over the past decade public expenditure on higher education has dropped and currently lags far behind the U.S.A.: 1.1% compared to 2.3%. As the following table shows, "this gap stems primarily from the low level of private funding of higher education in Europe. This stands at a meagre 0.2% of European GDP compared with 0.6% in Japan and 1.2% in the U.S.A." (Commission, 2003, p. 12) On average, 80% of total expenditure on higher education in Europe is publicly funded. Table 3 provides a comparative overview of major European countries, the U.S.A., Japan and Australia.

**Table 3. Sources of funding for higher education as % of GDP**

Country	Public Funding	Private Funding	Total 2000	% private of Total 2000
U.S.A.	0.9	1.8	2.7	67%
U.K.	0.7	0.3	1.0	30%
Netherlands	1.0	0.2	1.2	17%
Germany	1.0	0.1	1.1	10%
France	1.0	0.1	1.1	9%
Finland	1.7	0.0	1.7	0%
Japan	0.5	0.6	1.1	55%
Australia	0.8	0.7	1.6	44%

Source: Cohen, 2005, p. 6.

For Research and Development, the percentage of funding as part of the GDP in the EU was 1.92% in 2003 (with an increase between 1996 and 1999 of 2.3%) compared to 2.59% in the U.S.A. for that year (with an increase over the same period of 6.6%), and 3.15% for Japan. Only Finland is higher than the USA with 3.1% and an increase of 13.1%. (Commission, 2006; Gines Mora, 2005)

The number of Nobel Laureates is at present much lower in Europe than in the USA. In physics, for instance, from 1969-1984 there were 12 European laureates compared to 22 Americans and from 1985-2004 there were four Europeans and 32 Americans. In economics from 1969-1984 nine Nobel prizes went to Europeans while the USA won 12, and from 1985-2004 there were five European laureates compared to 28 Americans. (ibid, 2005)

In addition to these shortfalls, higher education in the Europe Union also faces many other challenges: A high dropout rate among students at an average of around 40%; a discrepancy between the supply of qualifications and the demand for qualified people; a huge disparity in the duration of study programmes; a disparity in the status and conditions of recruitment and work for researchers; and the absence of a transparent system for calculating the cost of research. (Commission, 2003, pp. 14-15)

The situation in the rest of Europe is even less promising. According to the European Commission (2006) "the performance of developed economies is closely related to their ability to create, disseminate and apply knowledge. These three poles - education, research, innovation - are known as the 'knowledge triangle'. Unfortunately, Europe has fallen behind in all three parts of the knowledge triangle, and needs to improve its performance in each of them." The Commission further states that the main problems currently afflicting Europe's universities are the following:

- *"European higher education is fragmented into (what are often) small national systems and sub-systems, without effective links and bridges between them;*
- *National regulations are too often overly-detailed, and this diminishes the responsiveness of universities to changing learning and research needs emerging from markets and society;*

- *Europe's universities have a tendency towards uniformity within each system/subsystem*, which has led to a good average level, but has limited access and failed to enable enough world-class research;
- *Universities under-use the knowledge they produce* because they and the business sector still inhabit largely separate worlds;
- *Many universities are insufficiently prepared* for the coming competition for students, researchers and resources in an increasingly globalising world.
- *Most importantly, funding for universities is far too low* compared to our major competitors, both in education and in research, due mainly to much smaller contributions from private sources.
- Furthermore, *access rates to higher education* are still lower in Europe than in many other leading world regions, especially for adult learners."

A critical analysis of European higher education explains how these developments culminated in the 1990s in a broad range of programmes and activities aimed at stimulating a European dimension in higher education. The main focus is on the Europeanization of higher education with an emphasis on R&D, mobility of students and staff, curriculum development and network building. As the Director for Education of the European Commission, David Coyne, states in an interview in 2004 (EAIE Forum, p. 13), the EU academic mobility programmes of the past thirty years-- ERASMUS in particular--have "created an indispensable foundation for the European Higher Education Area."

Since the implementation of the ERASMUS programme in 1987, significant results have been achieved with regard to cooperation and exchange in higher education within the European Union. Thanks to ERASMUS, from 1987–2003 more than 1,000,000 students were exchanged, and the program expanded to other European countries outside the EU as well. There were two rationales in particular underlying this mobility scheme, according to Papatsiba (2006, p. 99):

- "An economic and professional rationale of student mobility. It is seen as a means to promote the European labour market. It would predispose individuals to cross borders more easily during their professional lives, and
- A civic rationale of student mobility in the light of creating European Citizens. Student mobility would forge European consciousness and would be a means to real international understanding."

These two rationales, and in particular the first one, are also the driving rationales behind the present reform process in European higher education. Two processes have emerged at the end of the last decade to redress the deficiencies in European higher education: the Bologna Process and the Lisbon Strategy, both aimed at creating a European Higher Education Area, and a European Research and Innovation Area.

### **The Bologna Process towards the harmonisation of systems and structures**

The groundwork for what is widely known in higher education as the "Bologna Declaration" was laid by the Sorbonne Declaration, signed on May 25, 1998 in Paris by the education ministers of France, Germany, Italy and the United Kingdom on the occasion of the anniversary of the University of Paris. The Sorbonne Declaration was a French initiative based on the Attali report, "*Pour un Modèle Européen d'Enseignement Supérieur*" (Towards a European Model of Higher Education), which compares the French system of higher education with other European systems as the basis for a reform of higher education in France. Although this report sparked intensive debates, the Sorbonne Declaration was surprisingly well received, both within the political arena and within the higher education communities of the four countries, and within the rest of Europe as well.

The positive reception of the Sorbonne Declaration set the stage for a broader initiative. At the invitation of the Italian minister of education, a meeting took place in Bologna, Italy. This symposium focused largely on the Sorbonne Declaration and on a study jointly prepared by the Association of European Universities (CRE) and the Confederation of European Union Rectors' Conferences entitled "Trends in European Learning Structures" (Haug *et al.*: 1999). The study emphasized the extreme complexity and diversity of curricular and degree structures among the different European countries. Whereas the Sorbonne Declaration spoke of "harmonization", both

the study and the resulting Bologna Declaration avoided this word – owing largely to potential negative interpretations. Instead, the study speaks of “actions which may foster the desired convergence and transparency in qualification structures in Europe.”

Hence, the Bologna Process calls for the realization of a European Higher Education Area by 2010, and implies a substantial reform of higher education beyond the borders of the 25 countries of the European Union. The Bologna Declaration was signed on June 19, 1999, in Bologna, Italy, by the ministers of education of 29 European countries, who based their declaration on the following understanding: “A Europe of Knowledge is now widely recognized as an irreplaceable factor for social and human growth and as an indispensable component to consolidate and enrich the European citizenship, capable of giving its citizens the necessary competences to face the challenges of the new millennium, together with an awareness of shared values and belonging to a common social and cultural space.” (Bologna Declaration 19 June, 1999)

Since 1999, the number of signatory countries has increased to 45 including Russia (2003), Armenia, Azerbaijan, Georgia, Moldova and Ukraine (2005). By 2010, every higher education institution in the signatory countries must be organized in accordance with the declaration, even though the declaration is voluntary and not binding for the countries and their institutions.

In the Bologna Declaration, the ministers aim to reach the following objectives:

- Adoption of a system of easily to understand and comparable degrees, including the adoption of a Diploma Supplement;
- Adoption of a system essentially based on two main cycles: undergraduate and graduate
- Establishment of a system of credits – such as the European Credit Transfer System, ECTS – as a means of promoting student mobility;
- Promotion of mobility by overcoming obstacles to the effective exercise of free movement;
- Promotion of European co-operation in quality assurance; and
- Promotion of the European dimension in higher education.

The creation of a European space for higher education, the primary objective of the Bologna Declaration, should be completed in 2010. Every two years, conferences are held to monitor and assess the progress of the Bologna Process with regard to its implementation within the signatory countries. The second of these conferences took place in 2001 in Prague, Czech Republic. Three new objectives were added:

- Lifelong learning, as a means to help European citizens to be more competitive by allowing them to learn new technologies
- Inclusion of higher education institutions and students, recognizing and further encouraging the active involvement of the higher education institutions and student organizations in the Bologna Process
- Promoting the attractiveness of the European Higher Education Area.

The third meeting took place in 2003 Berlin, Germany where two additional initiatives were added in the Berlin document:

- European Higher Education Area and European Research Area – two pillars of the knowledge based society, recognizing the close link between education and research, and including the doctoral level as the third cycle in the Bologna Process
- Stocktaking mid term of the process, by reports on the progress, in particular with respect to quality assurance, the two-cycle system and the recognition of degrees and periods of studies.

The fourth meeting was held in 2005 in Bergen, Norway and assessed the progress of the process in mid-term. It was concluded that the necessary legislative reforms were largely in place and that substantial progress had been made in the three priority areas: the degree system, quality assurance and the recognition of degrees and periods of study. At the same time it was recognized that a greater sharing of expertise was needed and further work on structural change of curricula and innovative teaching and learning was also required.

## The Lisbon Strategy and the European Research Area

As mentioned before, the Bologna Declaration should be seen in connection to another ambitious reform process, hammered out by the members of the European Council at their meeting in Lisbon in March 2000, with the objective of promoting "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable growth with more and better jobs and greater social cohesion." In particular, the Lisbon Strategy seeks to redress the low productivity and stagnation of economic growth in the [EU](#), through the formulation of various policy initiatives to be implemented by all EU member states. It was adopted for a ten-year period in 2000 in [Lisbon, Portugal](#) by the European Council, and broadly aims at making "the EU the world's most dynamic and competitive economy" by the 2010 deadline.

One can identify eight dimensions of the Lisbon Strategy: 1) Creating an information society for all; 2) Enhancing liberalisation by completing the single market in Europe and developing a state aid and competition policy; 3) building network industries in telecommunications and transportation; 4) creating efficient and integrated financial services; 5) improving the enterprising environment for business start-ups and in the regulatory framework; 6) increasing social inclusion by returning people to the workforce by upgrading skills and modernizing social protection; 7) enhancing sustainable development; 8) developing a European area for innovation, research and development. (World Economic Forum, 2004)

As the last dimension states, the Lisbon Strategy, among other things, is geared towards the development of a European Research Area. "Research activities at national and Union levels must be better integrated and coordinated to make them as efficient and innovative as possible, and to ensure that Europe offers attractive prospects to its best brains." (Presidency Conclusions, Lisbon European Council, 23 and 24 March 2000) In 2002, the European Council in Barcelona likewise underlined the importance of education for the EU. The link between Lisbon the Bologna Process was established at the Berlin meeting in 2003, where the close ties between education and research were confirmed. In its report "The role of the Universities in the Europe of Knowledge" the European Commission defined five main challenges for higher education in the EU: 1) Increased demand for higher education; 2) internationalisation of teaching and research; 3) cooperation between universities and industries; 4) proliferation of institutions where knowledge is produced; 5) reorganisation of knowledge. (Commission, 2003)

The Lisbon Strategy of 2000 was ambitious and generic--more an overview of important issues to address than a concrete action agenda. Between April and November [2004](#), former Dutch prime minister [Wim Kok](#) headed up a review of the programme and presented a report on the Lisbon Strategy suggesting how to give new impetus to the process. The Commission used this report to focus primarily on the economic context. As a result, a renewed Lisbon Strategy was formulated, one that focuses on economic growth and jobs in Europe, and calls for investing more in knowledge and innovation. (Commission, 2005)

As a further elaboration on the education, research and innovation agenda of the renewed Lisbon Strategy, the following action points are formulated by the Commission (2006, *ibid.*):

- *Break down the barriers around universities in Europe:* There should be a major effort to achieve the core Bologna reforms by 2010 in all EU countries.
- *Create real autonomy and accountability for universities:* Member States should draw up a framework of rules and policy objectives for the higher education sector as a whole. Such rules would cover, for example, issues such as performance assessment, cost transparency, recruitment procedures and staff promotion mechanisms and tenure systems.
- *Provide incentives for structured partnerships with the business community:* Member States should support universities to develop incentive mechanisms to improve the use of knowledge and the wider sharing of research results, including with respect to intellectual property rights, patents and licensing and the creation of innovative spin-offs.
- *Provide the right skills and competencies for the labour market:* The current pressure for uniformity – or even conformity – in much national regulation for universities does not enable sufficiently differentiated programmes geared towards the needs of different types of learners and regional/local actors. Member States should value and reward diverse university profiles, including through differentiated regulatory and funding systems.

- *Reduce the funding gap and make funding work harder in education and research.* There's a significant funding gap in Europe compared to its major competitors. In simple terms, to close the funding gap with the USA, Europe would need to spend – on average - an additional EUR 10,000 per higher education student per year. However, the bulk of this would need to come from non-public sources, i.e. from households, industry and donations.
- *Enhance interdisciplinarity and transdisciplinarity.* Teaching and research agendas should reflect new developments in existing fields and emerging areas of inquiry.
- *Activate knowledge through interaction with society.* As Europe moves towards becoming a knowledge society, society in general needs to be a part of the process.
- *Acknowledge and reward excellence at the highest level:* All Member States should review their provision at postgraduate levels (master and doctorate, including postdoctoral opportunities) and the disciplines concerned, in the light of their strategic objectives for higher education, research and innovation in the national and European context.
- *Make the European Higher Education Area and the European Research Area more visible and attractive in the world:* There should be serious effort to market European universities abroad.

### **Challenges and Opportunities in European Higher Education**

Together, the Bologna Process and the Lisbon Strategy constitute the foundation for a reform agenda aimed at achieving greater transparency and the removal of obstacles for internal labour and student mobility. Equally important are its goals to make education and research more competitive in the context of the global knowledge economy, and to increase the focus on inward mobility from outside Europe.

The driving rationale behind the two reforms is the fact that Europe is lagging behind its competitors--especially the U.S.A.--in R & D, with regard to innovation and change. Hence, the real challenge for European higher education is how to consolidate and enhance its quality in the face of new regional but in particular global challenges. The European Commission points to several bottlenecks in the current system that prevent European higher education from reforming: Uniformity leading to too few centres of world-class excellence; insularity; over-regulation; and under-funding.

To offset these deficiencies, the Commission calls for: Enhancing the attractiveness of European institutions by, for instance, concentrating substantial funding on present and potential centres and networks of excellence; strengthening systemic and institutional management; facilitating higher and more efficient investment in higher education by governments, companies and households. (European Commission, 2005, pp. 3-8, see also Commission, 2006)

Increased global competition will ultimately help overcome many of these bottlenecks. In this competitive environment, quality will become more decisive than quantity, more cooperation will be required including the need for more strategic alliances; and new forms of cooperation will also emerge as a result, such as joint and double degree programmes. But can Europe succeed in taking the initiative to achieve a radical reform of its higher education system?

*The Economist* is extremely dour about the current situation: "Universities are a mess across Europe. European countries spend only 1.1% of their GDP on higher education, compared with 2.7% in the United States. American universities have between two and five times as much to spend per student as European universities, which translates into smaller classes, better professors and higher-quality research. The European Commission estimates that 400,000 EU-born scientific researchers are now working in the United States. Most have no plans to return. Europe produces only a quarter of the American number of patents per million people. It needs to ask itself not whether it can overtake the United States as the world's top knowledge economy by 2010, but how it can avoid being overtaken by China and other Asian tigers." (Economist, 2005) [3]

At the 2006 Conference of the European Ministers of Education held in Vienna, the president of the European University Association (EUA) and rector of the University of Vienna, Georg Winckler, responded in similar terms to the targeted goal of allocating 2% of GDP for higher

education by 2010: "Despite strong econometric evidence supporting the relevance of modern growth theories, despite the many commitments of EU member states to the [renewed] Lisbon strategy, gross expenditure in R&D and in higher education has stagnated in nearly all of Europe. China, on the other hand, has fully adopted the Lisbon objectives. Although China has been experiencing high real annual growth rates of nearly 10% since the early 1990s, it has also managed to boost its R&D/GDP ratio from 0.7% in 1998 to more than 1.4% in 2004. With this R&D level of 1.4%, China already ranks in the upper half of the 25 EU member states. [...] Given Europe's stagnation and the dynamics in East Asia, one can easily predict the day when East Asia – and not Europe – will possess 'the world's leading knowledge-based economy' (Lisbon 2000)."

However, John A. Douglass, a senior research fellow at the Center for Studies in Higher Education at the University of California's Berkeley campus offers a very different perspective. In connection with his research paper "[The Waning of America's Higher Education Advantage: International Competitors Are No Longer Number Two and Have Big Plans in the Global Economy](#)," Douglass criticizes the lack of federal initiatives to keep American higher education competitive, in comparison to initiatives elsewhere, including the EU. "The contrast with the U.S. is stark; with the exception of political battles in America over admissions to a few selective public universities, higher education is not a high profile national issue," writes the researcher. "While EU countries are engaged in national and international debates regarding the future of higher education, setting goals for expanding access, considering and implementing alternative funding schemes, and negotiating cooperative initiatives between nations, such as the Bologna Agreement, American higher education remains a second-tier political issue." (Inside Higher Education, [Capriccioso](#), 2006)

The truth between these divergent views probably lies somewhere in the middle, and perhaps both the U.S.A. and Europe should start worrying about the increasing competition from Asia.

There are certainly plenty of ideas, proposals and warning analyses about the state of European higher education and the need for action; but their implementation and realisation require more than mere words. As Papatsiba (2006, p. 94) states: "A brief review would suggest that while there does seem to be some convergence of education policy at the level of discourse, there appears to be much less convergence in practice." In this respect the American Competitiveness Initiative undertaken by the Bush Administration in February 2006 to invest 50 \$billion in research and another 86 \$ billion in R&D tax incentives over the next ten years, is more of a concrete action plan to improve competitiveness than the European initiatives.

However, European governments and the higher education sector look increasingly to the Bologna Declaration and Lisbon Strategy as the driving instruments to take up the challenge of increasing Europe's competitiveness in the international higher education arena. The two processes not only look at the internal implications for higher education in Europe, but also explicitly refer to the need to increase the international competitiveness and to make the European system more attractive to students from other continents. In this sense, the Bologna Declaration is part of a greater international trend, with competitiveness becoming the driving force for the internationalisation of higher education. Van der Wende (2001, p. 249) has described this trend as a paradigmatic shift from cooperation in international higher education to competition. The creation of a European identity and the development of competitiveness vis-à-vis the rest of the world are key factors behind the European Commission's political initiatives in the education sector.

Van Vught *et al* (2002, p.117) however, in answering the question of whether the Bologna Process is an adequate European response to the wider challenges of globalisation, come to the conclusion, that "in terms of both practice and perceptions, internationalisation is closer to the well-established tradition of international co-operation and mobility and to the core academic values of quality and excellence, whereas globalization refers more to competition, pushing the concept of higher education as a tradable commodity and challenging the concept of higher education as a public good." In this respect, it would be a simplification to see the Bologna Process as merely a response to globalisation. Rather, it is more accurately viewed as the internationalisation and Europeanization of higher education taking place at a new level, moving from casuistic towards systematic, and in the end from disconnected and specific to the core, towards an integrated internationalisation of higher education (Teichler, 1999, pp. 9-10).

The reform of European higher education requires undertaking initiatives on other relevant issues as well, ones not directly part of these two processes but implications of them, and in particular:

- The competitiveness of European higher education for the best students in the world
- The development of a typology of higher education institutions in Europe
- The debate about tuition fees in Europe.

### **Competition for the best students**

A recent study on student mobility in European Higher Education (Lanzendorf, 2006, pp.7-11) shows both inbound and outbound student mobility across the so-called EURODATA region, which is comprised of 32 countries including the 25 member states of the European Union, the four European Free Trade Association members (Switzerland, Iceland, Liechtenstein and Norway), and Bulgaria, Romania and Turkey). [4] Out of this study, the following picture emerges.

#### *For inbound mobility:*

- In 2002/2003 there were 1.1 million foreign students enrolled in higher education in the 32 countries, 6% of all tertiary students.
- Of these 1.1 million foreign students approximately 54% are nationals from outside the EURODATA countries, of which 40% are from Asia, 31% are from Africa, 15% from the rest of Europe, 8% from Latin America and 6% from North America.
- Non-European countries export large numbers of students to Cyprus (83%, in particular from Bangladesh and China, enrolled in short study programmes), Portugal (80%, mostly from other Portuguese speaking countries in Africa and Brazil), and France (mainly from Africa).
- Chinese students constitute the largest nationality (6 %), followed by German, Greek and French (all around 4%).
- Among the EURODATA countries, German, Greek and French students with around 10% each constitute the largest nationalities, followed by Italians (8%), Turks (8%), Spaniards (5%) and Poles (5%).
- The largest foreign student communities are Chinese students in the U.K. (over 30,000) and Turkish students in Germany (over 27,000), followed by Greek students in the U.K. (over 22,000) and Chinese students in Germany (over 20,000).
- More than 60% of all foreign students in the 32 countries study in the U.K., Germany and France, with the U.K. primarily hosting students from other English speaking countries (Ireland, U.S.A., India), followed by Chinese, Greek, German and French students; Germany enrolling mostly Turkish and Chinese students, followed by students from eastern European countries (Poland, Russia, Bulgaria); and France primarily importing students from Africa (Morocco, Algeria, Tunisia, Senegal, Cameroon) and from China.

#### *For outbound mobility:*

- In 2002/2003, the number of students in the 32 EURODATA countries together studying abroad was almost 575.000 students, 3% of all tertiary students.
- Of these, 82% studied in another EURODATA country, only 18% elsewhere, primarily in the U.S.A. (13% of all students studying abroad and 75% of all students studying outside the EURODATA region), followed by Australia (3% and 17%).
- The U.K. and Germany host together 38% of all students studying abroad from the EURODATA region, followed by France (8%), and Spain (5%). Together these four countries receive over 50% of the students studying abroad in the region.
- Germans compose with 11% the largest group of students studying abroad, followed by French, Greek and Turkish students (app. 8.5% each).

#### *On the inbound/outbound ratio:*

- The 32 EURODATA countries host altogether about twice as many foreign students as the number of their own students who study abroad.
- Germany and France are the only two countries in the region which simultaneously have both high numbers of foreign students and high numbers of their own students studying abroad.



A study by the Academic Cooperation Association (ACA), conducted at the request of the European Commission, on perceptions of European higher education in third countries (Academic Cooperation Association, 2005), shows that the information about European higher education is limited primarily to the U.K., Germany and France. According to this study, students rank the U.S.A. the number one destination for higher education in terms of innovation, competition and dynamism, while they see Europe as a more traditional destination, chosen as much for its cultural heritage and art as for its universities. In Russia and Latin America Europe is better perceived than in Asia, where the US and Australia are more favoured. The study sees a need and a potential to promote European higher education as a distinct brand and to create a perception of Europe as a whole. But it also calls for measures aimed at enhancing the attractiveness of European higher education for international students, including the following: A more refined selection process; the disbursement of more scholarships; access to alternative sources of funding; the recruitment of quality teaching and research staff; the implementation of more flexible immigration and visa policies; and the development of more English-taught programmes.

One can already observe some changes in the approach to the recruitment of students in Europe. Thanks largely to the influence of the Lisbon Strategy, we see a radical shift from a quantitative to a more qualitative approach in recruiting international students, a strategy often referred to as the Brain Gain argument. Such an approach necessitates a different mindset with regard to legal immigration in the face of a shrinking labour force: The purpose of recruiting the best foreign students and scholars is not to train them and then send them back home (as has traditionally been the case), but to prepare them to fill the empty places in our research institutions and industry. This search for the best and brightest students, without border discrimination, in the coming decade will be the most important factor in student mobility in Europe and one in which competition with the rest of the world will become more severe.

At the same time, one should not be surprised if many European institutions of higher education decide not to invest in the recruitment of students from beyond the European Union. They might argue that there is sufficient potential for the recruitment of students from the countries that have just entered the EU – and from those that will join the EU at some future date--, without the competitive disadvantage of higher tuition fees, without high recruitment costs, and with fewer obstacles to enter and to adapt. Focusing on the EU for students would further enhance international student circulation within the European region, a trend that is already present as the figures above indicate.

It is also important to note that there is at present relatively little information about the levels and fields of study within Europe. However, the further evolution of the Bologna Process will provide more opportunities to collect information on student circulation by bachelor, master and doctorate programmes, and by fields of study. It would not be surprising to find that the growth levels for Europe and in particular the European Union are at the masters and doctorate level, and that competition for the best students is concentrated more in the natural sciences and engineering at these levels.

Other countries, and in particular the English speaking nations such as the U.K., will also continue their quest for international students beyond Europe. Concerned with dropping numbers in 2005, caused by growing competition and increased student visa charges, Prime Minister Blair announced in 2006 plans to attract a further 100,000 foreign students to the U.K., in addition to the present 300,000. (BBC, 18-04-2006) Twenty seven million Pounds will be invested by the government, the British Council, the education sector and the business community to reach this target. Currently, overseas students contribute as much as four billion Pounds to the university sector in Britain and 10 billion Pounds to the national economy, so a growth in this regard is highly desirable. (BBC, 11-2-2006)

And there will be a slow but gradual trend towards cross-border delivery of programmes by European institutions of higher education within Europe, primarily from the West to the East and South-East, and beyond Europe. Internationalisation abroad coincides with what Knight (2003, see also OECD, 2004) has described as the three different forms of cross-border education: a person going abroad for educational purposes (mobility of individuals); an educational programme going abroad (programme mobility); or an institution or provider going or investing abroad for educational purposes (institution mobility). The last two forms of cross-border education are becoming more important, in addition to and as an alternative to the mobility of students. Europe, with the exception of the U.K. is still lagging behind in this area compared to other regions. But as Machado dos Santos (2000, see also De Wit, 2002, p. 69) already observed in 2002, the increasing need for continuing and lifelong learning and the related

expansion of education markets throughout Europe has brought about a gradual trend towards the cross-border delivery of education--higher education activities in which the learners are located in a host country different from the one in which the awarding institution is based – often in southern European countries such as Greece, Italy, and Spain, but certainly not only there.

According to Van der Wende and Middlehurst (2004, p. 117) “the overseas delivery of education via PIM (Programme and Institutional Mobility) programmes is a major and growing market for the United Kingdom,” with an annual growth of 10%. Van der Wende and Middlehurst (2004) provide an overview of cross-border education in Europe, but an updated overview of concrete activities, in particular in Central and Eastern Europe, where the private provision of education is rapidly increasing, is still lacking. [5]

### Tuition Fees under debate in Europe

The debate on tuition fees in Europe has recently become more open. With the exception of the U.K., where in 1979 full-cost fees for foreign students were introduced, the situation with respect to tuition fees was relatively stable on the Continent. The following overview indicates that within the EU there are seven countries that do not charge fees at all for domestic as well as for international students: the four Scandinavian countries, Germany, Greece and Poland. Seven countries charge fees under 1,000 Euro per year, and two countries charge between 1,000 and 2,000 Euro per year. Only the U.K. charges full-cost fees for international students, while elsewhere the fees for domestic and international students are the same. If we compare that to the United States, we see an average of 3,000 Euro, and we see differential fees for inner-state and other students in the public system, where within the European Union there is no discrimination allowed between domestic and other EU-students. The following table is based on information from different sources-- Gines Mora (2005), OECD (2004) and Tallinn University of Technology (2006)--and only addresses some of the EU countries. The information is sometimes contradictory and not always reliable, due to the changes that take place. It should be read primarily as an indication of the way tuition is handled in Europe.

**Table 2. Average Student fees (Euro) \***

United States	3,000		
Denmark	0	Portugal	294
Sweden	0	France	418
Norway	0	Ireland	670
Finland	0	Belgium	700
Greece	0	Spain	720
Germany	0	Austria	727
Hungary	0**	Italy	750
Poland	0**	Netherlands	1,445
Slovak Republic	0	U.K.	1,630

\* It is important to keep in mind that within the EU no discrimination in fees is allowed between national and other EU-students.

\*\* Hungary and Poland are examples of the complexity of information. Some institutions and/or activities are free from tuition, others not.

The present situation with regard to tuition fees is under debate, and has generated a discussion that is inspired by the Bologna Process and influenced by EU-regulations, but mainly is guided by national issues. As mentioned before, the U.K. already moved to differential fees for international and national students in 1979. Austria, Belgium, Ireland, The Netherlands, Denmark, the Slovak Republic and Switzerland have recently followed the U.K. example for higher fees for non-EU students; Finland and Sweden are considering a similar policy. In Germany, some of the states have been successful in demanding their own right to set tuition fees for national students. And in the U.K., after some intense debate, a government plan in 2004 to allow variable and higher tuition fees was approved. Hence, the landscape in this respect is rapidly changing.

In a recent report to the World Report on Higher Education, Jan Sadlak and Jesus M. de Miguel (2005) remark that: "Higher education as a "public good" is still an important value in European higher education. At the same time there is a clear orientation towards a system based on charging tuition fees combined with a support system, inclusive of loans." Coelen (2005) concludes that it is clear that "rank and tuition fee levels follow each other closely. Given the dynamism of the international education environment and the increased competition for international fee-paying as well as scholarship-seeking students, it will be in every university's interest to get their positioning right to ensure they get the best students possible."

### **A Typology for European higher education**

European higher education is very heterogeneous and not very transparent. A recent report by a group of primarily Dutch higher education scholars states that "a better understanding of the various types of higher education institutions, their mission and provisions will support the European aim of increasing student mobility, inter-institutional and university-industry cooperation, the recognition of degrees and hence the international competitiveness of European higher education. Consequently, the exploration and development of a typology of higher education institutions in Europe is directly linked to the aims of the Bologna process and the Lisbon strategy." (Van Vught et al, 2005, p. 5)

The Carnegie Classification of the U.S. and U.K. systems of higher education can serve as a reference point here. Such a European typology should reflect the diversity in European higher education, but at the same time provide transparency that is currently lacking. The typology, according to the report, should be inclusive for all European institutions providing higher education; should be a tool enabling the development of institutional profiles; should not be prescriptive, exclusive or rigid; and its ownership should rest primarily with the institutions. The next step in developing such a typology will be a pilot project.

### **Concluding remarks**

European higher education is facing major challenges to improve its competitiveness in the global market. For several years now it has lagged behind the U.S.A., Japan and Australia, and is facing new challenges from Asia, in particular China. To overcome its deficiencies and to improve quality, several initiatives have been taken over the past five years, in particular the Bologna Process and the Lisbon Strategy, with the aim of creating a European Higher Education Area and a European Research and Innovation Area, and to make Europe one of the leading if not the leading knowledge –based economy and society in the world. The Bologna Process is showing substantial progress in reaching its objectives by 2010. The combined support and monitoring of the process by the different stakeholders (governments, universities and their associations, and students) create a positive environment for the necessary changes. In this respect, the Bologna Process also provides a new approach to reform at the macro level, using cooperation instead of conflict as the basis for change. In the past, in major countries like France, Italy, Spain and Germany efforts to reform higher education by the politicians have failed because they were not able to involve and commit the higher education community. The Lisbon Strategy in comparison seems, as Ertl (2006, p. 22) formulates it, "more rhetorical than real." Its high ambitions without a concrete action plan already resulted in an adaptation in 2005, halfway the process. Although not all is negative - the creation of a European Research Council for instance - , there are insufficient signs that substantial progress will be made over the coming five years in the research and innovation area. In other areas, such as tuition fees, the map is already rapidly changing. Sadlak and De Miguel (2005, 212) observe a positive change in the tone of the debate: "Europe has reached a point of collective 'mind set'- but it should not be understood as acceptance – that while higher education plays a decisive role in a knowledge-based economy and society, there is a gap between the need for further progress with regard to student enrolment and the availability of public funding. (...) In this situation it is encouraging that ongoing debate moves from that of public versus private to the more realistic one of public-and-private." Undeniably, European higher education is changing and aspiring to be better prepared for the global competition.

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[2] For a detailed overview of funding of European higher education, see Sadlak and De Miguel, 2005.

[3] See also the critical analysis of European education by Stefan Theil, Newsweek, 2006.

[4] This study is part of a broader study, 'EURODATA, student mobility in European higher education' (Kelo *et al*, 2006), the first comprehensive and critical analysis of student mobility in Europe.

[5] In the cross-border delivery of programmes and institutions in Europe, the role of higher education in the General Agreement of Trade and Services (GATS) of the World Trade Organisation (WTO) is a factor, although under pressure of the higher education community public education is excluded by the EU from the trade negotiations in the framework of GATS. But it will be interesting to see if in the future the so-called 'Bolkenstein Directive' of March 5, 2004 on services in the internal market of the EU, which is part of the Lisbon agenda, will affect higher education. Given the large opposition against the directive – which played a role in the negative vote in the French referendum on the European Constitution – this is still unclear.