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The public responsibility for higher education and research



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A word from the editors

Luc Weber and Sjur Bergan

This book on the public responsibility for higher education and research, the second volume of the new Higher Education Series published by the Council of Europe, is a weighty contribution to the Bologna Process and, more generally, to the reinforcement of the European higher education and research sectors. Due to the globalisation process and to ambitious policies pushed forward in Europe, the European higher education and research sectors are facing a climate of rapidly increasing competition and are at the same time – which is not unusual in the sector – aiming at close co-operation between institutions and countries.

These new developments challenge the traditional provision of higher education and research in Europe and even some of its values, in particular the strong commitment to making higher education equally accessible to all on the basis of merit, whatever their social background, according to the Declaration of Human Rights (1948), and the high confidence in public institutions to provide education, even at the tertiary level, as well as to conduct fundamental research.

The rapid transformation of higher education and research raises many challenges for higher education institutions, in particular:

- the increasing difficulty for the public sector to provide a level of funding sufficient to keep the system internationally competitive;
- the increasing competition within Europe for students, academics and funding;
- the obvious domination of the leading North American institutions and the dazzling ascent of Asian and Oceanian institutions, in particular from China and Australia;
- the fast development of distance and in particular of cross-border education; and
- the rapidly increasing number of private for-profit institutions, in particular in central and eastern Europe.

These developments challenge the way higher education and research are provided, produced and financed in Europe. Obviously, some of the traditional values of higher education institutions could be at risk; it is therefore a responsibility for the European public authorities to promote them without, on the other hand, preventing the sector from implementing the important necessary changes to make Europe a leading Knowledge Society.

The Ministers of Education who met in 1999 in Bologna, where they approved the Bologna Declaration (1999), were conscious of that. They waited, however, until Prague (2001) to support “... the idea that higher education should be considered a

public good and is and will remain a public responsibility (regulations, etc.)". These concepts of "public responsibility" and "public good" are quite common – probably even too common; they are broadly accepted and do not raise many questions. However, if we look at them analytically, it is obvious that they merit great attention, in particular in order to define their nature and scope more precisely. Even if the nature and scope of the public responsibility for higher education will differ slightly from one country to another according to their governmental, as well as political, traditions and sensitivities, it is of utmost importance to higher education and research that we define what the state should do, and how it should do it, but also what it should not do. Lack of involvement as well as over-involvement, or badly conceived policies, will harm the sector. In particular, the fast changing environment requires a reappraisal of the nature and scope of the public responsibility for higher education and research as well as the instruments for exercising it. Moreover, the use of the concept of "public good" without defining it precisely is confusing and could also have negative consequences on the sector if taken *stricto sensu*.

This preamble explains why the Steering Committee on Higher Education and Research (CDESR) of the Council of Europe has considered it extremely important to make decision makers at all levels aware of the importance of the question and, it is hoped, to launch a broad discussion and further work on the subject.

The fourteen contributions assembled in this volume have been commissioned by a CDESR working party of renowned higher education leaders and scholars having a particular knowledge about and experience of the most relevant aspects of the topic. Moreover, these contributions were presented and broadly discussed at a two-day conference which took place in September 2004 at Council of Europe headquarters in Strasbourg. This favourable succession of events has also made it possible to commission a general report synthesising the multiple facets of the question as well as, for the participants, to approve a set of recommendations.

The volume is divided into three parts. Part one examines the context. The first two contributions, by Sjur Bergan and Luc Weber (the editors), broadly examine the question of the public responsibility for higher education and research, the former from a political as well as an institutional perspective, and the latter from the angle of public economics. In Chapter 3, Alain Schoenenberger offers a commented review of the literature on the subject, in particular the economic literature. Aleksander Shishlov concludes the first part with a political reflection on trends in society and public responsibility.

Part two covers the many facets of public responsibility for higher education and research. The first four contributions cover specific topics of a fundamental nature. Pavel Zgaga looks at the public responsibility regarding higher education for a democratic culture; Paolo Blasi stresses the importance of the contribution of higher education and research to the Knowledge Society; Roderick Floud looks at government and higher education approaches to regulation; and Jaak Aaviksoo raises the question of the public responsibility for research and access to research results.

The remaining five contributions in this part consider specific topics, all of great importance: the question of equal opportunities by Júlio Pedrosa de Jesús; financing by Carlo Salerno; new trends in higher education by Stephen Adam; preparation for the labour market by Guy Haug; and, last but not least, the public responsibility for information on higher education by Johan Almqvist and Martina Vukasović.

The third part is devoted to the conclusion and suggestions for further developments. The main constitutive element is the synthesis drafted by Eva Egron Polak: “The public responsibility for higher education and research – Conclusions and suggestions”. This not only synthesises the main findings of the contributions above as well as the result of the lively discussion during the conference, but also introduces the recommendations adopted by the conference participants.

We must emphasise that a book like this one is the product of a fantastic joint venture. Obviously, the authors must be thanked for their contributions which are the building blocks of this undertaking. Special thanks should also be addressed to the members of the working party, who highlighted the different points to address in order to cover this broad and complex subject as extensively as possible and identified the potential authors. We want also to express our gratitude to the staff of the Higher Education and Research Division of the Directorate of School, Out-of-School and Higher Education of the Council of Europe, in particular to Martina Vukasović, who very successfully ensured the contacts with the authors until the conference, to Josef Huber and Can Kaftancı, who took over in the phase of preparation of the book and to Sophie Ashmore and Mireille Wendling for valuable assistance throughout. We want also to express our gratitude to the language editors, who went through all contributions without betraying the views and intentions of the authors, in particular those – the majority – who are not native English speakers.

LUC WEBER AND SJUR BERGAN

Geneva and Strasbourg, 6 December 2004

Nature and scope of the public responsibility for higher education and research?

Luc Weber

Introduction

Relevance of the theme

At first sight, the topic “public responsibility for higher education and research” might appear a theoretical question of the kind typically cherished by academic thinkers, but without any practical relevance. But I shall argue that, on the contrary, the question is of increasing practical importance for the effectiveness of the higher education and research system. A first and very strong political sign is that the ministers of education stated firmly in their Prague and Berlin communiqués (2001 and 2003) that higher education is a “public responsibility”, a principle which was already implicit in the Bologna Declaration (1999). A second, but different concern, shared by university leaders and experts, is that it is crucial to define correctly the nature and scope of the public responsibility for higher education and research and how it is implemented; otherwise this political good intention could act counterproductively. A serious indicator of this potential threat arises from the fact that the ministers of education added in the Prague Communiqué (2001) that higher education “should be considered a ‘public good’ and is and will remain a public responsibility (regulations, etc.)”. This means that the sense given to the expression “public good” is all but insignificant. This is all the more important as we can also hear or read from time to time that higher education and research are a “human right” or a “democratic right”, without a precise definition of what is meant by them.

The question of the nature and scope of the public responsibility for higher education and research and, in particular, the interpretation of the notion of “public good” are so important for the effectiveness of the higher education and research system that the Council of Europe, under the initiative of its Steering Committee for Higher Education and Research (CDESR), has decided to organise a conference in the framework of the “Bologna seminars”¹⁸ in order to establish the real nature and scope of the public responsibility for higher education and research and to publish the results in this book.

18. Conferences that are a part of the official Bologna work programme. A full list may be found at <http://www.bologna-bergen2005.no>

Outline

This contribution aims at setting the scene. This essay is strongly inspired by my academic discipline, public economics, and by the stimulating discussions within the working group of the CDESR, who prepared the programme of the conference. The three following topics will be addressed: the public sector's role and policy instruments; the justification for public responsibility for higher education; and the limits of public responsibility for higher education.

Two preliminary remarks are necessary. First, although the ministers of education promoting the Bologna Process intended to create the European Higher Education Area for the first and second cycles, they introduced the doctorate studies (third) cycle as a tenth objective of the Bologna Process in the Berlin Communiqué (2003), in order to bridge the efforts made to create the European Higher Education and Research Areas. Considering the key role played by higher education institutions in fundamental and applied research as well as, more generally, the importance of research for the Knowledge Society and, through it, the economic, social and cultural development of the European nations, this book addresses the question of public responsibility for higher education as well as for research. Due to a lack of space, however, my contribution will refer more specifically to higher education.

Second, the emphasis put in the introduction on the public responsibility for higher education and research neglects the fact that this responsibility has two facets: a public responsibility for higher education and research, as well as a public responsibility of higher education and research institutions, and of their stakeholders, outside and within the institutions, towards society at large. Institutions have first to serve society by educating all those who have the ability to pursue higher education studies, and by developing and applying knowledge contributing to a better society through political, economic, social and cultural development. This public responsibility on the part of higher education and research has various implications, such as, for example, access to higher education independently of social background, the absence of cheating and corruption, the respect of ethical norms in research, in particular in life science research, etc. Although of great importance for society, this facet of public responsibility is not the theme of this book, which is focused specifically on the public responsibility for higher education and research.

The role and policy instruments of the public sector

In any nation, the choice of goods and services produced and consumed, the organisation of their production and the sharing of wealth among individuals and regions is assured by a combination of the three following systems:

- competitive markets, where decisions are strongly decentralised;
- the public sector (or the state), where provision of services is decided in a political process;

- non-profit organisations, serving collective needs (clubs, non-profit associations, foundations), where decisions are made by the members.

History shows that no country can prosper if its economic organisation is based only on one or even two of these systems. The recurring political issue is the right mix and balance between these three systems. Viewed from a more analytical perspective, the system in place for the provision of a good or service depends on the response given to the three following questions:

- who provides it (decides)? A political body, a voluntary non-profit organisation or the market?
- who produces it? The state, a private enterprise or a voluntary non-profit organisation?
- who pays? The state, the beneficiaries or some sponsor?

Surprisingly, the legal status (private or public) is less important.

For education in general and higher education and research in particular, the provision, production, and financing can theoretically be assured either by the state (traditional public universities), by a market process (private for-profit universities) or by private non-profit institutions. Obviously, in the real world, extreme solutions are rare. In particular, public universities benefit increasingly from private funds to finance research, lifelong learning programmes or even traditional teaching programmes (student fees). Public funds are more and more allocated according to “private-like formulae”, for example, allocating a given sum per student or, in line with an increasing concern for output, per graduate. Moreover, many universities are quite independent from the state regarding their governance (decision process), the status of their staff or their management, but are nevertheless largely financed by public money. Furthermore, in particular in the United States, many universities, among them most of the best research-intensive universities, are totally independent entities largely financed by private money (student fees, charities/sponsors, return of the endowment funds). These institutions are, in fact, legally and otherwise, private institutions. In Europe, at least some private institutions are, however, quite dependent on public funding, whereas in the United States and possibly also in Europe (at least in the United Kingdom), a good number of public institutions depend to a large extent on private funding. They are nevertheless non-profit organisations, which means that they belong to the category of the voluntary non-profit organisations and not to that of private enterprises. Moreover, these institutions receive considerable public funds on a competitive basis, for example through government research programmes or government student funding (cf. federal student aid in the United States). And even in the extreme case of private for-profit universities, many recognise, apart from extreme liberal thinkers, that the state should keep an eye on them, in other words, it should regulate these institutions. In other words, the state should provide the framework within which these institutions operate and – very possibly – also the quality assurance system to which institutions must submit in order to be able to operate legally.

The lesson which must be drawn from this very succinct recall of the theoretical principles is that various organisational solutions are possible. At one extreme, the state is responsible for everything, that is provision, production and financing and, at the other extreme, there are higher education institutions which are fully private, which means that, in a fully unregulated framework, they produce the service they provide and sell it to their (student) customers with the admitted purpose of making a profit. However, observation of the world's higher education and research systems shows that the majority of institutions are mainly public (provision, production and most of the funding assured by the state) and most of the remaining institutions belong to the voluntary non-profit sector (provision and production by non-profit organisations and the greater part of funding originating from the students or from external private sources). Finally, a small, but growing number of institutions are for-profit organisations or subsidiaries of enterprises (corporate universities), sometimes regulated by the state or an independent accreditation body.

Justification for public responsibility for higher education

In order to clarify and define the nature and scope of the public responsibility for higher education, it is crucial to have clearly in mind that, in organisational terms, any solution, from a totally public to a totally private one, is possible. In other words, the nature of higher education and research does not create strong constraints, which would make some solutions impossible.

Therefore, why have the ministers of education affirmed that higher education is a public responsibility? Is it a purely political argument based on ideology or beliefs, or simply on their own hidden interest in increasing the size of the public sector and consequently their power, or are there tangible elements or arguments justifying a public responsibility for higher education and research? As we shall see, most if not all arguments in favour of a public responsibility for higher education are well established and broadly accepted. However, the fast-changing environment and the political realities and priorities of the time are changing the nature or the relative importance of some of them. Therefore, it is necessary to be aware of these changes before analysing the main arguments in favour of the public responsibility for higher education and research.

The changing environment

If we should describe today's world with only one characteristic, the dominating factor is the increasing competition between people and organisations (public and private) and within them, which is accompanied by a greater interdependence. This is due to a few deep-rooted developments, in particular, globalisation and the rise of the knowledge economy, which are themselves the consequence of various factors. In Europe, this development is complemented by the long-term effort towards a greater economic, political, and, partly also, social integration (Weber, 1999).

Due to this climate of increased competition and to its own dynamic, the higher education and research sector has entered into a period of rapid change: arrival of

new providers, increasing differentiation between different types of institutions, challenging of well-established traditions, necessity to become accountable to society at large, challenging of the model of shared governance, etc. Obviously, these events and trends are challenging the idea of public responsibility for higher education and research.

Secure a high level of higher education and research

It is well established that higher education produces a very high private, as well as collective, return on investment. Even the World Bank, which for some time was giving a higher priority to primary education, now recognises that higher education is also extremely important for the development of a country (World Bank, 2002; Salmi, 2003). At the individual level, higher education is the best choice for increased earning over the life cycle and the best “unemployment insurance”. At the national level, knowledge is becoming a production factor as important as labour and capital, stimulating growth thanks to the increased qualification of the labour force and to improved products and services, as well as production processes. Moreover, a high level of general and advanced education is improving the cultural level of a society as well as its functioning, thanks to improved values like tolerance and respect of others and to a more rational approach to problems.

If markets for higher education and research functioned perfectly, the equilibrium between demand and supply would correspond to an optimal solution. However, markets for higher education and research are imperfect, which means that they do not produce spontaneously the optimal solution. We shall mention here the two main causes of market failure on the demand side:

- external economies: a positive characteristic of higher education is that it does not benefit only those involved, but also those who abandoned it and who did not return to classes later, just because the general level of education of a nation somehow benefits everyone. In other words, less educated people are better off in a well-educated society than in a society with a mediocre level of education. This is certainly true in terms of the services from which they can benefit (for example, medical services); it is perhaps less obvious in terms of social integration. The same is true with research. Very few private organisations will enter into big investments in basic and/or free research as it is quite uncertain that they will be able to receive a positive return from their investment. These external benefits mean that the collective return on higher education and research investments is greater than the sum of the individual returns. Markets, by definition, are unable to take into account spontaneously these external benefits and will therefore produce a quantity of education which is inferior to the collective interest. This market failure has to be handled by the institution representing the general or collective interest, the state;
- failing information: not every citizen by far is aware of the high individual and collective return of higher education investments. This is clearly the case of young people in their adolescence, families who did not benefit from more than an elementary level of education and many people well installed in a professional activity. The consequence is that their demand for higher education and

lifelong learning is inferior to what would be in their long-term interest. Even if the advice from parents, friends or employers can partly compensate for part of this lack of information, it is a responsibility of the state to encourage these groups to increase their demand for education.

These two market failures justify the intervention of the state which can take various forms and importance:

- public funding: this is by far the most important and powerful policy instrument at the disposal of the state to exercise its responsibility. In financing most if not all of the supply of higher education, the state is supplying it at a very low or even at zero price, encouraging many more people to obtain a higher level of education than if they have to pay the market price. The state can also influence the demand of higher education in subsidising the students through grants or loans at a preferential interest rate. For the same reasons, it is also extremely important that the public sector give a high priority to investments in basic and free research. In this respect, the European debate launched in 2000 in Lisbon is crucial for Europe. The long-term competitiveness of Europe will depend directly on its investment in the Knowledge Society through higher education and research, much more than on trying to preserve obsolete structures in a few economic sectors, in particular agriculture, or badly conceived social policies. Even if the market can, in principle, respond to the individual demand for education, the external economies produced by higher education and research mean that by far the main public responsibility is to generously finance higher education and research. This first priority of public policy has to be repeated again and again, in particular in a development phase where the generous social policies put in place in the last fifty years show obvious signs of not being demographically and economically sustainable, with the consequence that they require the appropriation of ever bigger chunks of the public budgets, putting at risk the future development of those countries;
- public influence: the imperfect information identified above is at the origin of a second public responsibility: correcting the decisions made on the basis of insufficient or erroneous information. The public sector can basically act according to two lines of strategies. First, it can act indirectly on demand by decreasing the price of education services, a solution which has been briefly developed above. Second, it can act directly on demand, for example by making primary education compulsory. For higher education, it will do this by implementing various encouragement policies.

Secure a fair distribution of higher education opportunities

The argument raised above about imperfect information was developed in the framework of the optimal quantity of higher education. This is important, but by no means sufficient, as it appears that the lack of information or the existence of erroneous information are not distributed equally among the different classes of society. Obviously, the less educated groups in society – who also tend to be the less well off – are more likely to miss the advantage of education, and in particular of higher education. The facts are there. Despite the efforts made to counteract

it, the proportion of people going to higher education institutions is much smaller in low-income families or families living in poorer regions of a country than in well-educated families or more developed regions. This means that there is a strong correlation between the education level of the parents and their children.

Therefore, anyone believing in democratic values, by which every citizen should have an equal position within society, will agree that another extremely important responsibility of the public sector is to make sure that access to higher education is based only on merit, and therefore open to everyone on an equal basis, whatever his or her social origin; in other words, that there is no barrier to access, financial or other.

This responsibility of the public sector has two levels of requirements. At the first level, the state should make sure that there is no financial barrier to access to higher education, or originating from discrimination according to gender, nationality, ethnicity, social class, etc. The measures implemented are financial (free access to higher education, or the attribution of grants or loans at a preferential interest rate) or of a constitutional order to ban discrimination. However, as mentioned above, the proportion of people from disadvantaged families attending higher education institutions remains low in most if not all European countries. This therefore raises the question whether it is not indispensable to take proactive measures. This is the case with affirmative action in the United States in favour of minorities. Such a proactive policy would imply the implementation of active encouragement policies and stronger financial incentive measures.

Secure a quality higher education and research sector

The question of the quality of higher education and research is rapidly gaining in importance and has become an important concern of the public sector and of those involved in higher education and research. I see two reasons for this:

- the increasing struggle for state funds is forcing institutions to manage themselves better and to be more transparent and accountable to their sponsors;
- the increasing competition within the sector; in particular, the creation of numerous private institutions in central and eastern European countries and the fast development of trans-border education (which will be encouraged even more if the GATS negotiations include the education sector) are creating a much greater need for quality control. Also, the impact of European Union (EU) internal market legislation tends to be underestimated and under-studied.

Both the public sector and the higher education system are concerned by this greater need for quality control. In particular, considering the importance of higher education for economic, social and cultural development, a control of the quality of the provision of higher education and research is indispensable. This responsibility calls for a fourth means of action by the state: regulation (next to provision, production and financing). This means that, even if an education or research service is privately provided, produced and financed, the public sector should guarantee that the level of quality is sufficient, or even good.

Basically, the state could be invited to make sure that a few minimum criteria are satisfied, mainly to protect the students as consumers and also to protect the word “university”. Depending on the definition given to the terms, some call it licensing (recognition), others accreditation. Considering the difficulty of appreciating the quality of an institution, the public sector should not be too ambitious as the cost of regulation can rapidly become disproportionate and the results arbitrary. As for all human activities, a feasibility of a hundred per cent is impossible, which means that part of the responsibility for judgment should be left with the individual students choosing these institutions.

The question of quality must also be considered in a more ambitious way, that is, to appreciate the quality of an institution, a programme or a department and even to encourage improvement. There is presently a very lively debate between ministries of education, accreditation or quality assurance bodies and the universities represented by the European University Association (EUA) as well as the students, represented by the National Unions of Students in Europe (ESIB), to determine who should be responsible for quality control: the state or independent bodies set up by the state or the universities themselves. The EUA is arguing rightly that institutions should be responsible for their quality assurance, but that their processes should be controlled by an independent body.

The importance of the constitutional and legislative framework

Higher education and research (at least basic research) is a very peculiar type of service in the sense that it aims at producing new knowledge using verifiable processes and to transmit this knowledge, giving justice to different points of view, methodologies and results. As universities are working at the frontier of knowledge, they are best placed to promote the advancement of knowledge and to transmit it; no institution (public or private) is in a better position to do so. This is why it has been recognised for ages that universities should be autonomous from the state, the private sector or from any other organised body, such as churches (see the *Magna Charta Universitatum*, 1998).

This implies that the state has an additional responsibility to set up a constitutional and legal framework securing this autonomy, preventing it from intervening and protecting the sector from other interventions. Although this fundamental rule is very broadly recognised, it has to be repeated permanently as the temptation for the state to intervene is permanent. At present, the pressures arising from financial reductions expose many university systems or individual institutions to the risk of stronger state intervention. This is important as even if the principle of autonomy is recognised, it may well be constrained in a more hidden way because many strings could be attached to the different objects of decision of an institution (students’ admission, finance, buildings, programmes, etc.).

Limits to the public responsibility for higher education

I hope I have made a strong case in favour of public responsibility for higher education and research. However, does this mean that there is no limit to state

involvement in higher education and research? Does it mean in particular that higher education and research are a “public good” *stricto sensu*, as the ministers of education affirmed in their Prague and Berlin communiqués? Arguing that it is not the case is straightforward. Moreover, it is crucial to realise that it would even be counterproductive for the effectiveness of higher education and research.

Higher education and research are not a “public good” stricto sensu?

As mentioned in the introduction, the answer to the question whether higher education and research are a “public good” depends on the meaning given to this notion. If the ministers have in mind a loose definition with the sole purpose of reinforcing the expression “public responsibility” by repeating it using a different wording, this is acceptable; however, it is confusing as it forces everyone to wonder if the intention is to express two separate objectives or to say the same thing in two different manners.

But the addition of the term “public good” should be looked at with great suspicion if the ministers have in mind that higher education is not only a public responsibility, but also a specific type of good or service, called a “public good”. There are at least two lines of argument to prove that higher education and research are not a public good.

For economists, to state that a good or a service in the case of higher education is a “public good” implies that it is “non-rival” and “non-excludable”, according to the well-established theory of public expenditure (Samuelson, 1954). The consequence is that it cannot be provided and financed by private organisations; this has to be done by the state. In his survey of the literature included in the present volume, Alain Schoenenberger examines in detail the peculiar characteristics of public goods; I shall therefore not elaborate on them here. He makes it clear that higher education and research are not a public good, and certainly not a pure public good. The best proof is that private institutions can provide and finance higher education and research without difficulty. The only – indeed important – qualification is that higher education and research produce external benefits; therefore, the state has to intervene to avoid under-provision.

The alternative way to define the notion of “public good” is in terms of public administration. Affirming that higher education is a “public good” is a political value judgment that states that this service must be furnished by the public sector, in principle at no charge to the users. In French, the notion of *service public* has a particularly strong political connotation, meaning that it must be provisioned and distributed at no charge by the public sector, and according to the public sector rules. The fact that, in reality, nothing makes it obligatory for higher education and research to be provided and financed by the public sector shows that it is a political view and nothing else.

Moreover, public provision and financing of higher education and research would be quite acceptable if the public sector were able to make and implement decisions perfectly. However, the theory of the public sector has shown that there are not only market failures, but also public shortcomings. Therefore, public policies are

not always completely efficient and do not necessarily satisfy entirely the collective needs. If public decisions and their implementation were perfect, state intervention would be justified as soon as a market failure had been identified. However, as it is likely that they are not, the question about the best mix about provision, production, financing and regulation becomes a very complex one in implementing what has been considered a public responsibility. This is true for any domain of public responsibility as well as for higher education and research.

Nor can the statement according to which higher education is a “human right” or a “democratic right” be accepted without being correctly qualified; in particular, it is of the utmost importance to make it clear that the objective of equal opportunity of access applies only to those who have the ability to be successfully enrolled in a higher education programme (General Assembly of the United Nations, 1948; World Conference on Higher Education, 1998). Compared with the individual (human) and the political rights guaranteed by the constitutions of democratic countries, the equal right of access to higher education is restricted on the basis of merit. Neglecting this consideration would imply the absence of selection at the entrance of the higher education sector and, possibly, getting a grade. This would inevitably, as a consequence, lower the average quality of the studies and of the graduates and, paradoxically, be the cause of discrimination against those students capable of study at the higher education level. In other words, democratic values at the level of individual (human) and political rights must be promoted and guaranteed by all means as there is no better way to avoid the domination of one group of people over others and to secure full respect of individuals. However, these notions should not be used, at least *stricto sensu*, in the domain of higher education, where obviously the aptitudes and motivations of individuals to study and obtain a grade differ greatly between individuals, because the provision of higher education is very costly to society (whatever the means of financing) and the quality of graduates very important for social and economic development. We examine below the dangers of considering higher education and research as a “public good” *stricto sensu*. The reader should keep in mind that the same applies while considering higher education as a human or a democratic right.

Dangers of considering higher education and research a “public good” stricto sensu

Europe aims to become the most competitive economy by 2010, thanks to the promotion of the Knowledge Society by way of a strong higher education and research system and in particular to the development of the European Higher Education and Research Areas (Lisbon European Council, Presidency Conclusions, 2000).

These strategic objectives are certainly shared by most if not all of the readers of this book. Therefore, the crucial question is: how do we attain them? More than that, does Europe have any chance of succeeding if it considers that higher education and research is a public good *stricto sensu*, as this implies that the production and financing of higher education and research should be exclusively – or nearly exclusively – the responsibility of the public sector?

Most university leaders and economists would agree that the attainment of this ambitious objective would be greatly hampered if, according to a strict definition of the notion “public good”, governments aimed to be even more present in the higher education and research system. Without neglecting the responsibilities of the public sector, it can be argued on the contrary that the public sector should reduce its degree of intervention and that higher education institutions should have an entrepreneurial attitude in order to increase the effectiveness of the sector. The following brief description of some of the inefficiencies and fairness shortcomings of public institutions demonstrates this.

Efficiency shortcomings of public institutions

The overwhelming majority of higher education institutions in Europe are public organisations which, however, receive part of their revenue, in particular research money, from private sources or at least on a competitive basis (research funding bodies). This is the cause of inefficiencies which should be avoided to increase the effectiveness of the system. Whether we like them or not, these facts, in particular economic ones, are working permanently behind the scenes:

- monopoly position: public universities have a quasi-monopoly position in their region as the state will not open and finance more institutions than it considers necessary, and even tends to under-finance the existing ones. Therefore, their students’ reservoir is a captive market, their financial support is largely secured and they do not make specific efforts to attract students or to improve. In other words, they deliver less at a higher cost than institutions confronted with competition. The disadvantages of private monopolies have been recognised; why not those of public monopolies?
- weak decision process: the decision structure and process replicate those of a democracy. This is nice in theory as it gives in particular an opportunity to the students to get the feeling of democratic processes in society. The problem is that a university is not a country where no better solution has been found to prevent the domination of one part of the population over the other. Universities are organisations which, as any organisation – public, non-profit, private – must adapt to the rapidly changing environment, while at the same time being responsible towards society. The problem with the decision structures and processes in place is that they are extremely complex and heavy, which makes decisions extremely difficult as they offer too many opportunities to be avoided;
- insufficient autonomy: in most countries, the law attributes a large autonomy to universities. This is often a trap, as many other laws simultaneously restrict this autonomy. In most cases, universities are not allowed to choose their students and to decide about the compensation of their professors. They are often not in charge of their buildings, and suffer from the fact that their budget is totally integrated in the state budget and from not being able to borrow. Moreover, the political authorities (parliament and government) have a great tendency to “micro-manage” them politically. Therefore, it is not too surprising to observe

a good correlation between the degree of independence of a university and its reputation in teaching and in particular in research;

- students and teachers are not confronted with the opportunity cost: even if most – but certainly not all – students are spontaneously motivated by their studies, they are not confronted with the sacrifice made by society in their favour as they generally have to pay fees that represent only a small proportion of the cost. They are therefore induced to consume this service up to satiety, unless strict examination rules prevent them from “taking it easy”. Raising student fees would make students more responsible, and therefore improve the efficiency of the system. Moreover, no distinction is made between those who are investing in higher education and those who “consume” higher education. If society should certainly encourage investments in higher education, it is not obvious that those who are studying as part of their leisure should also be nearly free of charge. Why should someone pay to go the cinema or visit a museum and not for attending a course without any intention to pass an exam at the end?
- input financing: the state traditionally finances higher education institutions according to the input, in particular the number of students enrolled, staff employed and buildings and equipment required. There is hardly any link with the output of higher education institutions, in particular the number and the quality of the graduates and the quantity and quality of research. Therefore, there is no incentive for the staff to improve. Hence, professors and researchers are responsible and even passionate men and women; but this still does not guarantee that they do all they could to serve their institutions better. Finally, the proportion of university funds based on merit (competitive financing of research) remains relatively small; therefore, incentive is small.

Fairness shortcomings of public institutions

In Europe, it is accepted nearly unanimously that there should be no financial barriers to access to higher education for children from low or medium-income families. This is even by far the main argument in favour of free access to higher education. Unfortunately, this argument in favour of free access is the object of a serious confusion between first the objective of avoiding any financial barrier to access and second the means to satisfy this objective: not charging student fees. This confusion would be without any real importance if it were without practical consequence. Unfortunately, this is not the case. As long as only a proportion of a cohort is going to university and as long as the proportion of children from underprivileged social groups will be clearly smaller than those from middle and upper social groups, the system works regressively. This means that those in the working class paying taxes, even low or moderate ones, are subsidising the studies of children from middle and upper classes, which is certainly not what is desired. This situation is particularly serious in those countries which do not make a great effort to compensate for the cultural barrier unfavourable to extended study in low-income families and/or where the proportion of a cohort going to university is relatively small.

It is obvious that the problem disappears if the great majority of a cohort benefit from any tertiary education. The only way to avoid this reverse income distribution effect is to charge for higher education: as long as the proportion of middle and upper class is larger, they will themselves contribute to cover part of the cost of their studies. In addition to that, in order to avoid any barrier to entry, two accompanying measures should be taken: provide financial support to the low-income students (grants, loans) and put in place policies – even proactive ones – to overcome the cultural barrier.

If the efficiency arguments were in one way or another related to the beneficial advantages of more competition between institutions, staff and students, this last argument is probably more difficult to grasp as it goes against the common sense that free access is favourable to those who are less well off.

Conclusion

The purpose of this contribution was to introduce the topic of this book: public responsibility for higher education and research. This topic is of great relevance for the present and future debates about higher education and research in Europe for two interlinked reasons. First, it is of great importance for the effectiveness of the higher education and research sector, as the main pillar of the Knowledge Society so important for the economic, social and cultural development of Europe, to establish clearly why the public sector has a responsibility with regard to higher education and research, as well as the nature of this responsibility.

The second justification originates from the decision of the ministers of education to add in their Prague and Berlin communiqués that higher education is not only a “public responsibility”, but also a “public good”. If this added expression has passed unnoticed by the majority of people concerned with higher education and research, it has raised the attention of a few university leaders and scholars of the public sector. How should we interpret the political will of the ministers? Was their intention simply to reinforce the expression “public responsibility” in expressing it a second time using a term which appeared to them stronger or clearer for their communication purpose? Or did they really mean that higher education and research are a special type of service, which means that it can or must be provided only by the public sector at no charge for the beneficiaries?

The many good reasons why higher education should be a public responsibility have, we hope, been established clearly, in particular the external economies, the gaps in information, the necessity to secure and promote quality, as well as the necessity to make higher education open to all those who have the ability, whatever their social origin. The arguments developed can be nuanced and other arguments can be added, but it is difficult to dispute the important public responsibility for higher education and research.

Does this mean that higher education and research are a public good? The response to this question is unambiguous. This notion is acceptable only if it is added to reinforce the concept of public responsibility, although it introduces an

element of confusion as the notion of public good is much more ambiguous than the notion of public responsibility.

This paper shows on the contrary that adding the notion of public good is not only ill-founded, but also counterproductive for the effectiveness of the higher education and research sector, if the ministers really wanted to say that higher education is not only a public responsibility, but more than that, is a type of service, which means that it has to be provided by the public sector. First of all, the economic characteristics of higher education and research do not make a public provision at no charge an obligation, although they justify a certain degree of intervention by the public sector, as recalled above. Therefore, the demand for a public provision and production, with no charge for the beneficiaries, is a political value judgment. Moreover, and this seems even more important, to consider that higher education and research are a pure public good provided, produced and put at the disposal of the beneficiaries at no cost would greatly hamper the effectiveness of the system to fulfil the political expectation that Europe should become the most competitive economy in the world thanks to the development of the Knowledge Society. The present system, with a strong involvement of the public sector, has many weaknesses, which means that the improvement of higher education and research requires on the contrary more competition and entrepreneurship.

The conclusion of this contribution is crystal clear: the public sector must be responsible for higher education and research, but higher education and research is not a public good *stricto sensu*, that is a *service public*, as it is considered in the French-speaking countries.

The conclusion of this conclusion is that it would be advisable for Europe to work not only on the scope of public responsibility for higher education and research but also on the means to improve the effectiveness of this sector, as well as promoting equal chance of access independently of social origin (Weber and Duderstadt, 2004).

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