



Empower European Universities

A future for European higher education

Report from the meeting of Brussels, June 2010

Gabriele Marconi

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Executive Summary

This report reviews higher education in Europe and makes some policy recommendations. It is based on the discussions at a meeting held in June 2010 in Brussels. The participants were experts in higher education (former ministers for education, professors and researchers, leaders of universities, national university associations or other institutions). The goal of the meeting was to draft and sign a manifesto with the objective of influencing European and national policies on higher education.

This report tries to organize the contributions of the speakers around a framework for addressing the higher education reform process (see Figure 1). Policy action starts from an analysis of the current situation. There are several crises looming over Europe. There is an intellectual crisis (a general failure in educating young people to cope with the modern problems of society); an economic crisis (insufficient economic growth potential); and a demographic transition with major implications for society. Universities have an important role in addressing these problems. So, it is necessary to look at how they are doing. Rankings and statistics show that European universities are not doing well enough. Important limitations underpin many of these measures. However, they can be useful indicators for action. If action is to be taken, then goals must be set. Broadening access and improving quality and the attractiveness of higher education is fundamental. One last point concerning the analysis is that it must be done at a system level. The higher education system as a whole has to be considered together with the interaction between higher education, other institutions, and society.

Between policy goals and actual reforms the process has to be considered. Public support for reforms is low at the national level in most European countries, and European institutions do not have enough power to implement all the needed changes. It is true that a positive effort has been made at many levels, resulting in important changes in the higher education sector (most importantly, the Bologna process).

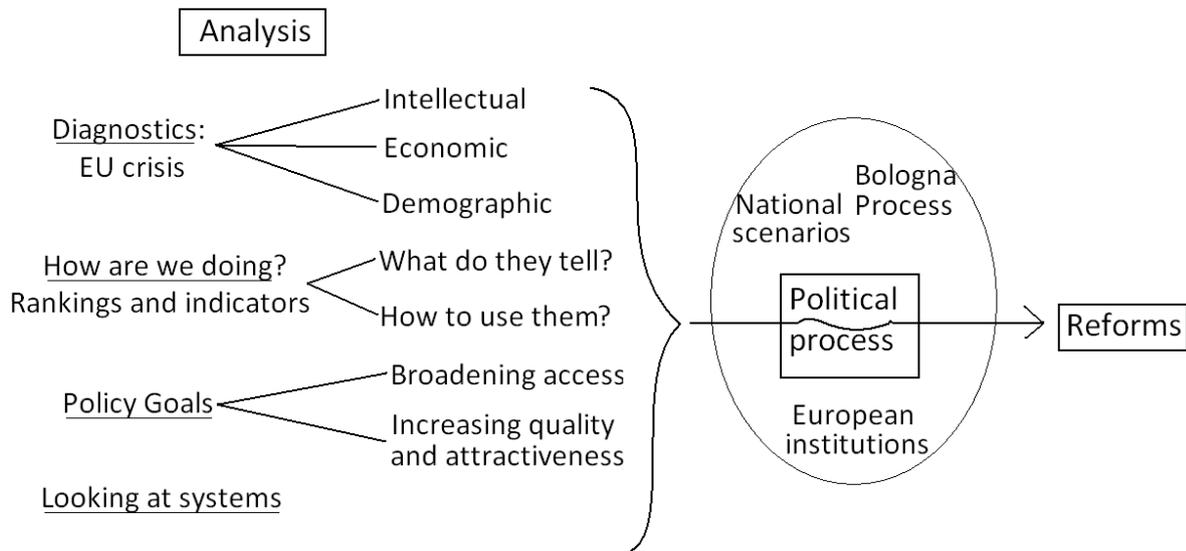
With this in mind, it is important to give specific policy recommendations, in order “for this [meeting] not to be just another meeting on higher education”¹. Some of them were discussed in depth at the meeting.

- 1) Re-designing curricula is a fundamental part of reforming higher education. Universities have to be not only free to do so, but also remunerated for doing so.
- 2) European higher education institutions should become more diverse, in order to respond to all the different challenges that they are faced with.
- 3) It is important to work on creativity development and skills training at earlier educational levels.
- 4) European institutions and universities should spend resources and efforts to make higher education more international.
- 5) The higher education sector should work closely with the private sector, and it should be able to combine productively some of the attitudes typical of the private sector with academic culture.
- 6) The political task to find the right balance between private and public funding depends partly on the social and economic context, and has to be left to individual countries.

¹ The quotation is from the speech of Prof. John Panaretos, current Minister for Education in Greece, at the discussion preceding the signature of the Manifesto.

- 7) Whatever the source, investment in higher education is necessary. Also, it is necessary to find a way to allocate funding according to education and research potential and needs.
- 8) Governments have to hold back from direct control over higher education, and at the same time establish effective and independent boards to ensure accountability.

Figure 1 A framework for analysing higher education reforms



Introduction

This document reports an analysis of the situation of higher education in Europe and related policy conclusions. All the material herein contained is based on the interventions of participants to a meeting held in June 2010 in Brussels among people with a vast expertise in higher education (former ministers for education, leaders of universities, national university associations or other institutions and organisations with a big impact in the landscape of higher education²).

The meeting *Manifesto on European Higher Education Reform* was held at the Maastricht University (UM) campus in Brussels (Avenue de L'Armée 10, Brussels) on 15 and 16 June, 2010. The goal of the meeting was to draft and sign a manifesto with the objective of directing European and national policies on higher education³. Hence, the discussion focused on how and why to reform European higher education, and on the main areas needing intervention.

The report is organised around the main topics that received attention during the meeting. Its contents are based on the interventions of the participants. When disagreements among participants arose, the different opinions are reported. Every subsection has been written using parts of participants' interventions at the meeting, together with other comments and considerations of the participants. The main contributors to the contents of every subsection are reported at the end of the document. A draft of the report was sent by email to the twenty signatories of the Manifesto several months after the meeting. Twelve of them answered. Some of them added comments or corrections, some only wrote that they had no particular remarks.⁴

The report starts with a general discussion about how and why reforming higher education (Section 1). Section 2 deals with the current political scenario in Europe and European countries, including the Bologna process. Section 3 gives recommendation about the directions to take in reforming higher education. A final section draws some conclusions.

1. A plan for action

1.1 *Need for action*

There is strong agreement on the necessity of reforming higher education in Europe, and also on the main directions that this change should take. This has generated a sense of political excitement, a level of consciousness that something can and must be done. In Dante's *Inferno* the *ignavi*, the people who were

² For example, the European Research Council or the European University Association (see Appendix 1 for more details on the participants).

³ The Manifesto is available at empowereu.org

⁴ I am grateful in particular to Baroness Blackstone, Dr. Ritzen, Prof. Ziegele, Dr. Corbett, Dr. Krull, and Prof. Nettles for their useful comments on the draft.

unable to decide and to take part in action, suffer a terrible pain. To avoid this pain, it is necessary to discuss the options and to then act. At the same time the directions of change on which experts agree are contrary to popular opinion. If a vote were to be taken on autonomy, differentiation, or other aspects of higher education that require urgent reform in the present political context, the outcome would in too many cases be negative.

Action has to come from a deep discussion. This discussion should possibly include all stakeholders: European institutions, national or local governments and political forces, universities and the civil society as a whole (including students, parents, and citizens in general). A careful analysis of the problem consists of four steps. First of all, diagnostics. Identifying the weak points of Europe will help to address correctly the challenges that the continent is currently facing. Higher education is extremely relevant to these challenges. Secondly, it is necessary to define which indicators should be used to understand the state of higher education. Indicators of university performance related to research or placement are easily available, but there are also different ones, even indicators about aspects of "citizenship democracy". Measuring higher education performance should not be limited to the research indicators of classical rankings but should cover the whole diversity within higher education. The third step is to find a way to improve the situation within the higher education sector. The final step for improving the performance of European universities is to operate at a macro level to create the conditions for a European system of higher education.

While addressing seriously the problems of higher education (and being aware of the daily, lost opportunities for positive change), Europeans must remain positive. There are reasons to celebrate what has been achieved. Higher education has been made available to millions of students in Europe in the last decades, the gap in female participation was more than filled, and talented and motivated staff are making a great contribution to European cultural and economic vitality. As the European Director General for Education, Culture and Youth Jan Trzuszczński put it in his speech introducing the meeting, in Europe "educational systems have the ability to develop the potential of bright minds of all generations" (see Appendix 2).

1.2 Diagnosis

The situation of Europe as a whole is characterised by a number of problematic trends, which have been identified by many observers and give reasons of concern to citizens and policy makers.

To start with, Europe seems to have insufficient economic growth potential, and its economy is outsourcing an increasing number of jobs and tasks overseas. According to studies in new growth theory, Europe has grown less than the US in the last decades because of ineffective institutions of higher education. Institutions suited to innovation are different than institutions suited to imitation, and Europe has in many

respects missed the institutional transition from a catching-up economy (in the post-war decades) to an economy aspiring to be the “most competitive and dynamic knowledge-based economy in the world” (in the words of the Lisbon Treaty). Universities are a central place to start this transition. Reforms should improve their potential for generating innovation capacity⁵, and detect and reduce the areas with the most serious underperformance. The current need of the economy is an increased innovative power, which means a labour force that learns fast and is adaptable. In the words of Prof. Aghion, “we do not have to eat rice in order to compete with China”: fortunately, it is possible to compete on knowledge.

Secondly, Europe is experiencing the so-called “second demographic transition”, characterised by declines in native-born population and concomitant increases in life expectancy. If left unchecked, these pressures will feed on one another and compound exponentially in the coming decades. Given this context, society has very high expectations of younger generations. They will be smaller in number, yet, they will have to sustain an innovative economy. Because of these high expectations, the role of education becomes even more important.

The reason for the crisis which is being experienced should not be confined to economic or demographic factors. Otherwise, higher education reforms will not start from the right assumptions. According to Prof. Noorda, “in the sixties and seventies, there was some debate about universities being effective in terms of enhancing the military strength of a nation; nowadays there is a concern about them being effective in enhancing economic performance”. This risks obfuscating another fundamental point. In Europe there is also an intellectual crisis, which leads to a general failure in educating young people to cope with the modern problems of society. This does not depend only on a lack of financial resources. Universities have to be able to teach young people about the real problems of tomorrow and how to deal with them. In the past a huge battle was fought against illiteracy, and now it is necessary to fight against a new form of illiteracy – the inability to use knowledge correctly when dealing with a complex reality.

1.3 Indicators

To face the problems just described, Europe needs a strong contribution from its universities. But how are universities doing? Are they able to play such a role? The well-known answer given by existing international rankings and referring mainly to research performance is that (with few exceptions) European universities are not able to reach the academic level of their international counterparts, at least at the “top” (in the segment of universities with a brand on the global scale).

⁵It is important to be precise in defining the “innovation capacity” that society needs. For example, when it is said that society needs “more higher education”, it has to be specified whether this means more undergraduate education or more postgraduate education. Some of the participants agreed that the former should have priority. In this case, the first objective of higher education should be to educate students for professional jobs that require undergraduate education and no more.

Looked from the perspective of OECD data, European higher education seems again not in the position to play the key role it should. Expenditure on tertiary educational institutions (as a percentage of GDP) varies widely, with European countries lagging behind the champion US, but also behind Canada, Japan and Israel. The share of private expenditure (which is growing among OECD countries) varies even more widely. In 2006, all non-European OECD countries had a higher share of private contributions within the total of higher education expenditures than European OECD countries. In terms of number of graduates, countries outside Europe like Canada, Japan and Korea rate highest in the percentage of 25–64 year-olds who hold a higher education qualification.

Despite frequent calls for more enrolment in atypical cohort ages, tertiary education is still essentially provided for young people among most OECD countries. In the UK, the share of 30–39 year olds enrolled in higher education was no more than 15 percent; in Germany, France and the Netherlands this percentage was lower than 3 percent. However, with regard to other characteristics, the composition of students is changing fast. In particular, there is a growing percentage of international students. A small number of countries dominate the international student market, with the US accounting for almost one fifth of the share, and the UK, Australia, Germany and France as the other main players. Finally, the huge traditional problem of dropout persists, and here Italy is the country with the lowest performance.

Another perspective is given by the set of measures that were given to the universities by the national ministers of Bologna countries. These measures show whether Europe is advancing towards a continent-wide higher education area. According to the Eurydice unit, the current results are somewhat disappointing. However, as assessed through the eyes of the universities themselves, as seen through the eyes of their leadership in the European University Association, the picture is quite convincing. Universities are being driven to make changes because of higher participation rates, internationalisation, the knowledge society, and international benchmarking. This has been a driving factor in universities' interest in recognition and qualification. Conformity statistics are indeed impressive: almost all universities across Europe have by now adopted the new structure.

Despite these signs of positive change, the performance of European universities can be considered overall disappointing. Many other indexes (often pointing to the same conclusion) could be used. However, it is important to be careful when dealing with rankings and indicators. Fundamental higher education's activities like teaching and learning, knowledge transfer or regional orientation are still not evaluated in global rankings⁶. Rankings, which are indeed useful for providing information to interested parties, can be

⁶ In the future, this may change. Mr. Yelland introduced the Assessment of Higher Education Learning Outcomes (AHELO) feasibility study, aiming at evaluating whether reliable cross-national assessments of higher education learning outcomes are scientifically possible and whether their implementation is feasible. The AHELO feasibility study started in January 2010, and will be completed within two years. A second development is the European U-Multirank project, where the feasibility of a worldwide ranking system

misleading⁷. If rankings are not properly constructed, the risk is that of missing part of the reality. Rankings receive perhaps excessive consideration nowadays. This “abuse” reduces the importance given to the humanities, and is having other undesired effects as well. Multi-dimensional and field-based rankings may be a solution to these problems. In fact, university values are plural and manifold.

Although these ratings are limited in many respects, they have been useful as an “alarm clock” that directs the attention to the need for reform. They should stimulate reforms, but because of their shortcomings they should not direct reforms completely; more differentiated thoughts are inevitable. There have been other warnings (indicators of different types) signalling various problematic aspects that deserve attention too. Statistical limitations of the indicators are not a valid reason to avoid using the information they contain (not only at a public policy level). Job satisfaction indexes, for example, should be seriously considered by universities and other stakeholders for taking informed decisions. Hopefully, developments like that of multi-dimensional rankings will soon overcome many of the existing limitations, making it possible to capture better the operation of a university on different levels.

1.4 Goals

The actions to be taken in order to put the higher education sector in the best conditions to contribute to a more vibrant Europe depend on the areas of underperformance, on one side, and on society’s goals, on the other. Goals are related to the diagnosis, and when coupled with information about how well universities are doing, they form the basis for more specific recommendations.

First of all, access to higher education should be increased. This must be done while not just maintaining, but increasing the quality of higher education. To avoid a shortage of knowledgeable and skilled young people entering the workforce, Europe’s colleges and universities have to increase access. Widening access will increase the supply of highly qualified people. Filling the gaps in the labour market is not the only reason for widening participation. The benefits of education for society go far beyond that. There are citizens who are not particularly successful in the labour market, but who (as Prof. Noorda said) “effectively use their knowledge to improve civilisation”, using research as the basis of reliable knowledge⁸. The ability to cope correctly with information has not only to do with labour market success, and it relates to much more than

including 5 dimensions is being tested at the moment (research, teaching and learning, international orientation, knowledge transfer, regional orientation). The objective is to capture the diversity of higher education institutions in international ranking systems.

⁷ Prof. Noorda brought the example of Wageningen University, in the Netherlands, which is a top institution in terms of production of scientific publications in the field of food and nutrition, but its position, according to existing rankings, is not at all “excellent”. The low positions achieved by Russian universities can also be viewed as an example of the inaccuracy of the existing rankings. These rankings may also fail in capturing the importance of research outside universities.

⁸ In terms of indicators (see previous section), this implies that the equation “good quality higher education = success in the labour market” (on which many of them are based) can also be misleading in some contexts.

that “five percent” of the student population characterised by an extraordinary academic potential. It implies that good quality education has to be made available to a much higher proportion of people.

In order to increase participation, “it is needed to find out in which social segments the biggest problems are and how to tap into the talent that is out there” (as Prof. Hernes put it). In the seventies, for example, the biggest loss was related to the fact that not enough women were enrolling in higher education. Seventy percent of higher education students were men. Now, this figure has almost reversed in some fields. The gains for society have been inestimable. Similar gains could be made by increasing the number of people from atypical age-cohorts. Institutions similar to the community colleges in the US (which offer general education to those parts of the population which are less likely to enrol in higher education), may be worth introducing in Europe.

At the same time, it is important to be attractive to the students with the most academic potential. This requires an enormous effort to create and maintain the conditions for the European system of higher education to reach the highest academic level in the world. Here, looking at the international experience is not just inspiring, but necessary since what counts is the relative position of universities (compared with top international institutions).

1.5 Looking at systems

It is important to refer to world-class university systems rather than to world-class universities. There are huge differences in history and culture across different regions, implying differences in higher education systems (and this is a positive fact). Furthermore, evidence shows that there is no one institutional model that works better than all the others⁹. The UK higher education system, for example, is in a leading position in research, but there are many reasons to think that it does not provide excellent teaching when compared to some continental systems. Top UK institutions are mainly concerned with research, and they do not put enough effort into undergraduate teaching or lifelong learning. It makes much more sense to set the objectives of the system appropriately than to focus on having a few world-class universities within the country.

At the same time, it is important to move beyond isolated national university systems, and to develop a better integrated European system of higher education. Efforts in this direction may include, for example, generating a European grant system, incentivising mobility but also developing an effective transferability of pensions across Europe (for mobility of staff).

⁹ Some evidence was provided by Prof. Aghion using the Academic Ranking of World Universities (ARWU) elaborated by Jiao Tong University. For example, in that ranking Switzerland and Sweden both perform better than the US (without spending more on higher education), with a completely different university system.

Finally, the broader implications of reforming higher education for the social system have to be considered. These implications arise at very different levels, also at a sociological one. In the case of unbalanced male/female participation, for example, it might be asked if graduates will be able to find a partner with the same level of education, and what social implications the answer will have. To summarise, it cannot be forgotten that higher education reforms address the social and political system at large.

2. The political context

2.1 National political scenarios

It is not enough to identify correct policies, if the conditions to implement them do not exist and are not created. In most European countries, higher education has gone through many reforms in the last decade. These reforms often create controversy. The process of reform must be a compromise between the interests of several stakeholders, and can sometimes lead to public unrest. In these conditions, it may be difficult to pursue a consistent and effective reform plan.

In a number of countries, universities are still in transition from intensive state regulation to much greater institutional autonomy. It remains to be seen whether the current inadequate mix of traditional steering instruments and new public management elements will develop into a more consistent regime. At least in some countries this seems to be the case. However, in many countries a new role for the ministries has not yet been found. This, together with public criticism about autonomy, might lead to new forms of state intervention ("through the back door"). In these countries most universities are (in the words of Dr. Magyar) "treated by governments like kindergarten children", but this is not only a ministerial wish to control: the public support for reforms is extremely low ("if you reform education, you only lose elections").

To summarise, it is one thing to talk about higher education reform at an academic level, but it is an entirely different thing to be responsible for political action, looking at what will be accepted by electorates. The gap between experts' and popular opinion is a major problem in the political process of reforming higher education, and can be filled only if all interested parties are involved, including civil society at large, in the public discussion about higher education.

2.2 European political scenario

While national governments are going through this difficult political process, European institutions have noble intentions about higher education, but little power.

Many words have been spent about how to solve European difficulties in innovating and educating. In Lisbon indicators were set that had no real power, goals without mechanisms for implementing them. In this respect, the Europe 2020 strategy is no different. When designing a policy strategy, there are two elements

that cannot be missing: clear goals and accountability for these goals. In other words, there is a “no man’s land” between the intentions of the top European institutions and their implementation. The European Commission can only provide governments with incentives, but it is difficult to design a communitarian reform strategy that can be implemented consistently. For all these reasons, many projects which are launched do not have the right context for success¹⁰.

Despite that, the European Union is trying to push countries towards higher education reform through recommendations, conditions for funding and binding regulations. Many important reforms are thus being implemented all across Europe. The European Qualification Framework, the Europass initiative for standardising, the Bologna Process, the Erasmus Mundus Programme are all examples of current reforms going in the right direction. However, this is still far from the change that is needed.

One terrain on which Europe fails, also in relation to the strategy of Lisbon, is that of public/private partnership. The missing link between private and public sector is particularly problematic in the context of higher education. The problem lies in the lack of trust between the two sectors, and it complicates the path to reforms. This lack of trust between the public and private sector, which is one of the major weaknesses of the European Union, may be partly due to the distance between the *modus operandi* of public and private sector. For example, a risk-based attitude (partly constituted by risk analyses and strategies to face risk) as it is usually observed in the private sector, has not been developed yet in many parts of the public sector (and universities are probably one of the best examples). However, only few decision-makers are taking this problem seriously. Ways need to be found to “shake up” the Europe 2020 strategy, and reach its goals in terms of public/private partnership.

2.3 Bologna

The Bologna Process has shocked the systems into making changes. It has had a decisive role in turning the idea of a European Higher Education Area including all European countries into something concrete. Indeed, the building and the consolidation of a competitive, coherent and qualified European Higher Education Area is on its way.

In the words of Dr. Corbett, “universities were given a set of tools – or a common language – for identifying quality assurance procedures and frameworks for recognition underpinned by a common bachelor’s–master’s–doctoral structure”; the Bologna Process seems to have “what Henry Kissinger called the domino effect: enough universities to count do engage in one structural change, and next find themselves wanting or needing to change other elements” – from credit accumulation and transfer systems, to quality assurance

¹⁰ In her speech, Ms. Hennicot-Schoepges brought as an example the European Research Council. She argued that the European Council was expected to bring together the best from European universities, but it became a big bureaucratic entity, less effective than what had been expected.

and curriculum. Another important point of the Bologna Process is that, independently from its achievements, “it is the outcome of a political process. It has created a new political stage, where actors have emerged and started to act and interact”. Furthermore, “the goal of the EHEA has ensured that the political space of European higher education is one in which universities and other involved bodies – e.g. non-research higher education and students – have a strong voice”. However, the political process of what Dr. Corbett called “intergovernmentalism”, which was initially a condition of success, has started to show its limits. “Initially, the politicians involved in the Bologna Process constructively handed over its conceptualisation to stakeholders and bureaucrats. But those of the following Bologna generations continued delegating more and more parts of the Bologna Process management to bureaucrats and stakeholders as well. Bologna now operates in terms of what political scientists describe as a ‘policy monopoly’”.

A new policy strategy requires a re-thinking of the Bologna Process. The process has almost become a ministerial process – a contradiction, given the original intentions. The role of the ministerial meetings, which take place every two years, in directing the process is excessive. The process should have the capacity and the possibility to “run by itself”. Indeed, what is happening within each university, or non-university higher education institution, is far more important than what may be considered as legal modifications in the national systems of higher education. It is not the development of a concept of a global system of higher education which will help to solve the current problems. The attitudes and the will of the institutions have much more importance. There will be a competitive, coherent and qualified higher education area in Europe only if universities and other higher education institutions assume that their role and their efforts are crucial to that goal. To assume this active role, and to develop a strategy accordingly, universities need autonomy. The Bologna objectives cannot be reached only by law, but they can be accomplished only through a bottom-up approach in which universities (and other stakeholders) take the lead.

Universities in some countries are only now being given the opportunity to innovate in curricula and other aspects. However, one thing must be stressed: too often universities now “have the power” to innovate, but they do not use it. The process can be made to be bottom-up, but universities need to be given “a good kick” first (in the words of Prof. Elkana). Otherwise, they risk making the same mistake as governments, treating the internal management of the project as a bureaucratic task.

3 Recommendations

3.1 Curricula

Re-designing curricula is a central issue in reforming higher education. If students are not taught how to be good learners, then there is no good education, and universities lose their most important function.

Reforming curricula is a response to claims about a lack of potential for innovation, about needing to find ways to attract more students to higher education, and about being necessary to teach effectively how to cope with modern problems. It is related both to the economic crisis, in the sense that many resources have to be spent on curricula reform, and to the intellectual crisis, because this reform has to start with the creative contribution of teachers and other staff. When thinking about curricula, it is essential to pay attention “both to the 5 percent and to the 95 percent” of students (i.e. to the excellent and the average student), because reforming curricula is fundamental both for enlarging access and for attaining excellence. General education and disciplines such as the arts and humanities can play an important role in the process of re-designing curricula.

What is really essential for developing future research and top talent, “among the 5 percent and the 95 percent”, is undergraduate education. General education is not sufficiently developed in Europe. This is a problem which is directly relevant to the goal of enlarging access. In the words of Prof. Elkana, “one way to lose talent is to bore our students...and we do that”. European students, in their first year of university, are faced with technical, rigorous and completely irrelevant courses. Courses which are relevant to reality and the current problems of the world cannot only be taught in the fifth or sixth year of university for the “few survivors” who have got through the first four years. Rather, they have to run parallel with rigorous and technical courses from the beginning. Moreover, introductory courses in universities are linear and centred on positive (non-critical) thinking. However, the phenomena that are crucial to the present age (for example global warming) are non-linear. Their effects and development cannot be predicted as simple, linear consequences of what is right in front of the observer’s eyes. Non-linear thinking should be a priority for European higher education when it comes to developing undergraduate curricula and finding a way to teach effectively. European higher education institutions should put efforts into providing good quality general education and on keeping alive the interest of students who are not likely to enrol in traditional universities.

Together with the necessity of reforming curricula, the costs of such a reform should also be stressed. New didactic techniques can require changes even in the physical spaces and structures of universities. In the present system, “it pays to be conservative”: there is no reward for costly and useful activities such as careful curriculum design.

Also, the academic action of universities should go beyond the design of curricula and the production of new knowledge through research. Among their tasks there has to be also that of defining new fields of knowledge. Universities need to be able to spend their research and teaching resources in the promising fields of knowledge, and governments must enable them to do so.

Governments should not only give universities the possibility of choosing fields of study and of designing appropriate curricula, but also the incentives to do so. They should cover the necessary costs that

universities incur when implementing such changes, and possibly add remuneration (in order to not only compensate, but reward innovative institutions). At the same time, universities should take seriously these opportunities, engage actively in learning about how students learn, and be ready to face substantial changes. Currently, universities seem to lack this attitude¹¹.

3.2 Diversity

In the past, governments and higher education institutions themselves created the idea that a higher education institution is a research university by definition. In turn, the law proceeded accordingly, defining a system which provides “the same for all”, in terms of higher education. As a result, institutions currently tend to serve the same kind of students in the same way. However, their mission should be diversified. This would allow for serving better both the minority of the most academically able students and all other students. European higher education faces many, extremely delicate challenges. The only way to respond to them is to create more diversity in the higher education system, because one type of university alone cannot resolve them all.

Hence, Governments should allow diversity in the mission and in the services provided by higher education institutions. This may provide a good solution to massification of higher education. However, the action has to come primarily from universities, not from governments. Effective diversification has to start from the awareness of potential students’ needs, and educational institutions are in the best position to understand these needs. If governments were to take the lead in the process, the risk would be that incentive measures (instead of direct steering) may only promote the profile of research-intensive comprehensive “world class” universities, rather than encouraging a diversification in profiles¹².

3.3 Acting before higher education

Generating knowledge “does not only mean producing PhD graduates” (in the words of Prof. Aghion). It also means working on skills and starting skills training already in the secondary education system. This entails, on one side, developing students’ talent; and, on the other side, providing students with the right tools further to improve their talents in the future.

An intervention in pre-university education may also represent an effective way to direct students to fields of study more in line with economic needs (like engineering). A better system for selecting and directing students (for example, allowing students to choose their major at a later stage of their education) could reduce the participation in fields of study with poor employment prospects (if this is considered to be a

¹¹ Professor Elkana gave the example of a recent call for curricula proposals in which he was involved. In many of the proposal received, confusion was made between didactics and curriculum.

¹² This does not exclude completely regulation by the state. It can be argued that research orientation comes deeply from academic culture. Therefore incentive systems promoting diverse objectives could have positive effects, if done in the right way.

policy goal). Prof. Aghion used the example of the high enrolment in psychology studies in France. Many students enrol in this field, despite the fact that it offers low employability after graduation. However, while there is no doubt on the necessity to develop skills and creativity at earlier levels of education, that of directing students towards certain fields of study is a more sensitive topic. It is true that many students do not choose STEM (Science, Technology and Mathematics) subjects and they may have difficulties finding jobs after graduation, but it is after all their choice. Furthermore, very often it is not known where these students actually end up. There may be some gain for the market in having a more diverse range of subject specialism. More efforts on tracking alumni should be made, in order to discuss the topic more extensively.

3.4 Internationalisation

Internationalisation is a key element to being successful in research and education. This has been illustrated by the experience of the European Research Council, and has to be viewed both in terms of intra-European mobility and attractiveness to students from overseas. However, Europe needs to realise that, in terms of being attractive to students from overseas, it lags way behind the US¹³.

With respect to internationalisation, four points about the contents of a reform strategy need to be stressed. 1) It is important to have a set of clear rules when it comes to languages and the teaching of English. 2) Recognition of degrees across Europe is not improving, and the European Commission should not be afraid to insist on an improvement in this respect. 3) Any kind of cooperation and integration between universities and between different countries, and mobility (of students and staff) should be incentivised more. 4) A European statute for universities should be created as a tool, which provides incentives and encouragement. This would work better than governmental actions, because students would recognise the value of a European diploma ("this is making accountability without bureaucratism", as Prof. Berlinguer commented). Under a European statute a university would be able to attract finance from the country of origin of the students, also when the studies are outside that country. It would also be able to compete for research grants in all European countries. The accountability of the university would be towards an independent agency related to the European Commission. Only existing public institutions should be able to apply for a European statute, in order to avoid an excessive supply of the type of educational services that would be created.

European institutions and universities should work hard to enable students to be free to work anywhere in Europe after graduation. This would be, on the one hand, the answer to an urgent need for a more flexible European labour market and to solemn statements about freedom of movement. On the other hand, it

¹³ Several participants expressed their belief that Europe lags as far as 40 or 50 years behind the US in this respect.

would be the occasion to improve the quality of education and of research through mobility of students and staff.

In order to attract talented people from abroad, and to limit the number of European scientists that make their way to North America and other continents (especially in the future), these kind of policies may not be enough. The migration of talent has much to do with the intellectual climate within countries. If a country does not supply an adequate intellectual climate, bright students, researchers or workers who decide to go abroad will not come back, regardless of the money that can be offered to them. This is fundamental when talking about migration of the "best and the brightest". It implies that policy makers have to work on multiple dimensions to reach complex goals like internationalisation of labour (within and outside universities).

3.5 Universities and the private sector

Higher education has to be aware of the needs of society and to satisfy them as well as possible. In other words, it has to act entrepreneurially. Bringing the higher education sector closer to the private sector, and the attitudes of the higher education sector closer to those of the private sector, would be a way to stimulate this entrepreneurial behaviour. This is a big challenge ahead for the university sector. As it was said, one of the main weaknesses of the institutional system of the European Union is the lack of trust between the public and private sector. This lack of trust complicates the process of introducing attitudes typical of the private sector among managers of public enterprises. However, the problem must be overcome in order to stimulate innovation in higher education.

One of the obstacles to be overcome is the lack of competition. The European higher education system is comparable to a number of fragmented national markets, which have not reached the critical size to foster effective competition. These markets are often populated by institutions with a rigid, non-competitive structure. Segregation of the actors of the "Knowledge Triangle" (research, education and innovation) results in an insufficiency in the industry's impact on changing curriculum and market-driven practical training. Institutional rigidity results in restricted entrepreneurial freedom. In turn, these factors are reflected in a lack of that innovative, market-driven attitude in university staff that is observable in the US. Innovative skills and behaviour cannot be expected from universities that work in a bureaucratic way and lack corporate-style management principles; lecturers, with public servant status, whose compensation is independent from their real performances; and students who do not pay tuition fees and therefore do not regard their

studies as an investment into their own future¹⁴. National fragmentation results in a lack of mutual accessibility and transparency.

When dealing with the problem of public/private partnership, the impact of the European Investment Bank on research investments should be considered, together with its possibility of enhancing a more managerial attitude towards these investments. The Risk Sharing Financial Facility, a financing tool appositely designed by the European Commission and the European Investment Bank for financing research projects, has to be taken in big consideration by universities, and possibly to become a spread tool for research financing. Due to the design of the financing tool, including risk sharing with the banking sector, this would make universities more responsible for their own investments. More in general, universities should be given the capacity to do their own fundraising, with joint responsibilities for the utilisation of the funds for the university and the contributors. Introducing the practice of sharing responsibilities in the higher education system is a must. Sharing responsibilities for investments means examining carefully where and how value is added by the institution.

The public function of universities can be reinvigorated by combining virtues of entrepreneurial spirit with academic values. Some lessons can be drawn from the US experience, which could be useful for learning how to exploit private-sector actors and techniques in order to serve the public goal of enlarging access. Partnerships between public and private sectors proved effective in equalising educational opportunity. As Prof. Nettles put it, "corporate executives believe firmly in the business value of education and skills development. And they very often put their money where their beliefs are. If a business can burnish the corporate brand through 'feel good' philanthropy while simultaneously improving the quality of the labour pool, it wins twice over". Some large employers operate or finance sponsorship programs for high-potential under-represented and disadvantaged students. Another lesson is that "since higher education is a competitive enterprise, marketing and outreach are invaluable tools. Marketing does not mean lying to sell soap, but rather making sure more people know who you are and what you have to offer. A successful scholarship programme for older workers can generate public attention that attracts public and private support for an institution, which in turn burnishes the institution's reputation at home and abroad and thus attracts more investment and support." To sum up with another quotation from Prof. Nettles, "creative, effective ideas are already in the market. Much of what is needed is simply creative borrowing".

3.6 Private or public funding?

In ministerial meetings about the Bologna Process in Vienna and Leuven, ministers stated that higher education is a public function. This statement should be accepted. It implies that a part of the funding has

¹⁴For example, as a former president of the German Rector Conference, Professor Gaethgens defended the introduction of tuition fees. Among other reasons, he mentioned the conviction that students had to participate in university more seriously.

to come from the state. It is a fact, however, that in Europe money spent on education is declining, relative to other industrialised economies. Thus, private resources are needed too. Private and public contributions have to be balanced.

Support for private funding is spreading, but it is important to consider that things are never “just black or just white”¹⁵. Universities that were mostly financed by private funds were also more seriously hit by the current economic crisis than their mostly public-funded counterparts. Greece, with its entirely public-funded universities, has a high proportion of citizens who hold a higher education degree. Of course, questions can be posed as to the quality of this education, as well as to its effects on the public budget. But public-funded systems can be successful.

For several reasons, public funding must remain an important component of universities resources. First of all, if a country does not want parents to be paying for their children’s education, then a contribution through the tax system is needed. This fact raises important (and expensive) issues. For example, loans are a good way to finance students, but should interest be charged on the capital borrowed?¹⁶ At the same time, higher education provides huge positive externalities for society and for the taxpayer, in a social as well as a productive-economic sense. Therefore, it should not be made private.

Increasing private funding in Europe means, by necessity, raising tuition fees. Then, the issue of the right price for education arise. The UK situation is somewhere in between the US and continental Europe (or, at least, it was before the recent reform). In the US, higher education is far too expensive, harming equality of opportunity despite the grant system. Also, the difference between top and bottom universities is too big. Despite that, in the UK many parties have been pushing towards a high fee system, arguing that universities would have more autonomy this way. This is not true. A mixed (public- and private-funded) system is better in this respect. Academic freedom is also about how you spend your money, and private revenues do not mean necessarily free and responsible spending.¹⁷

¹⁵ The quotation is from Prof. Panaretos, who referred to the context of the US, where some universities have moved away from public funding. He gave the example of Berkeley. In increasing tuition fees, Berkeley is also making a mission choice, because to a certain degree this choice discriminates against pupils from disadvantaged socio-economic backgrounds. The same university received a grant of about two billion dollars from BP some years ago. Some faculty staff expressed their concerns about this. Perhaps these concerns could be viewed as reasonable in light of the recent environmental tragedy (the biggest oil spill of petroleum history, for which BP was found to be responsible). However, Baroness Blackstone said that in her position (Vice-Chancellor of Greenwich University), if she were to be offered BP funds, she would take them because they could certainly be put to good use.

¹⁶ Baroness Blackstone gave the example of the decision taken by a past British government not to charge any interest on the loans to students in the UK, which is an expensive choice. This decision impacts on other aspects of financing as well. For example, if there is no cap on tuition fees, interest costs may become excessive.

¹⁷ A different aspect related to tuition fees is their impact on the financial situation of the single students. Many students work while studying, because of the costs of living and studying. This fact is not bad in principle, but its consequences need to be considered. A substantial rise in tuition fees would probably increase the number of working students. In turn, this would require a big effort from the universities to offer adequate study programs. The issue of part-time students is more general than this specific example. Although it was not extensively dealt with during the meeting, in several occasions the participants mentioned the necessity to discuss how many part-time students there are or should be, and how to cope with these students.

Forms of financing should also be consistent with the fact that universities have to consider the long term. If they are asked to search desperately for private funding, they may not be faced to respond to the short-term interests of some stakeholders (electoral pressures for politicians, finishing studies quickly for students, etc.). It is fundamental that universities take a long term view (this can be achieved, for example, through appropriate criteria for the selection of board trustees). Then, and only then, does autonomy make sense.

To conclude, it may be valuable to have a general European target of resources devoted to higher education (say two percent of the GDP), but it should be left up to each individual country how to decide on how these resources should be shared between public and private. In fact, in order to determine the ideal share, it is necessary to study not only the social preferences, but also the income structure within a country. In some countries, like the US, private returns to higher education are high, but in others, like Sweden, they are not. This has to do with many different factors, for example, a more egalitarian income distribution in Sweden than in the US. Hence, the question regarding the costs of tuition fees is one that has different answers for different national economic systems. Another interesting example is that of Danish universities, which do good research, but receive little private funding for this research. In fact, firms pay taxes and do not want to spend their resources on research, because they already enjoy a wide pool of publicly available knowledge. This may have to do with social or economic preferences on the structure of knowledge availability. Depending on the context, in certain circumstances there may be a need to boost private contributions if the public sector cannot finance universities adequately, and to put a cap on tuition fees if they get too high.

3.7 Funding: How, how much

Money is a prerequisite to obtain results. “There are few examples in which money and culture go together as in the underfinancing of universities”. The quotation is from Prof. Aghion, who illustrated this with an example of the working conditions that his former colleagues in France had to put up with: “when not even the toilet works”. Their lack of facilities means doing good research is extremely difficult. A contrary example is Sweden: it spent money on education, and saw results. Now, according to existing indicators, Swedish higher education is doing well. Percentages are often set as policy targets, and setting targets is indeed useful. Five percent of the GDP spent on innovation, and two percent of GDP to higher education can be considered a good target. While it is a political choice whether to ask for the money from the students or from the taxpayer, the fact remains that investment in higher education is needed.

A different issue is the persistence of an unbalanced funding system that is unable to give to the institutions the right amount of funding according to education and research potential and needs. Universities need to be financed for teaching, research, and a variety of other goals that they pursue. It makes little sense to provide them with “overall funding” (as it happens in the vast majority of countries, sometimes still in the form of funding based on the historical expenditures), in light of the diversity of missions across universities.

However, questions should be asked as to whether complicated funding schemes (rewarding performance according to many indicators, dividing the funding according to the different purposes served by a university, etc.) would really be worthwhile or whether they would just increase the bureaucratic burden on universities. Governments have to find the right balance between the burden of bureaucracy and efficient rules, and design effective rules with relatively low bureaucratic cost.

However, even a well-designed financing system is not sufficient alone. It is probably not far from reality to say that in Europe, 80–90 percent of universities have such a loose accounting system that they do not even know what is spent on teaching and what on research¹⁸. So, first of all improved accounting systems are needed; then, an improved financing system, possibly distinguishing between funding for teaching and funding for research.

3.8 Autonomy and governance

The issue of autonomy of universities is related to the historical relationship between state and universities. Traditionally, the state was interested in the presence of educated people. This, plus the return from people with added human capital, was the main reason for giving money to universities. This is still a very strong argument, and indeed public endowments still constitute most of the higher education budget. It is clear that if the government provides 80 percent of the money spent by a university, then the government “should at least have a say”. However, “in reality the governments do not know what they want” (the two quotations are from Prof. Gaetghens). This relates to the link between the issue of financing and that of autonomy. In any such discussion, it is worth noting that there should be a clearer distinction between autonomy and academic freedom in public discussions. For example, German universities have been free for centuries, but not autonomous. Alternatively, it can be said that autonomy has different facets: academic freedom (teaching and research autonomy) and managerial autonomy (regarding finance, organisation, and staff) have to be distinguished.

In many European countries, like Greece, there is little room for private finance in higher education. Since almost all university resources come from the state, it is important to ask what the right balance is between state-control and autonomy. It is true that universities can be “top” only if they enjoy a substantial autonomy. But if funding is centralised and the source is the state, it is essential to find ways to ensure accountability in return.

The extensive financial intervention of the State into universities is one of the main reasons behind the governance reforms that have been implemented since the 1980s. Many of these reforms had cutting costs

¹⁸ Professor Gaetghens brought an example, observing that the traditional rule to divide costs between education and research (40 percent for education, 60 percent for research) is still widely used.

as one of their main drivers. However, they profoundly changed the governance structure, often increasing the competitiveness of higher education. Despite that, in the 1990s the relationship between European governments and universities was still one of political and financial patronage. Input-based indicators (like the number of students, or professors, or researchers) usually entitled institutions to a certain financial support. In a certain sense, this put their leadership in a quite comfortable position, since universities did not need to demonstrate the efficiency and effectiveness of their operations. Things are changing, but the picture has not changed completely yet: political and financial patronage is inimical to the required autonomy, even though they give the comfort of a (often too small) cushion for universities.

A fundamental point is that autonomy is not granted for its own sake, but rather to enable high quality research and education. Institutional autonomy has the potential to improve responsibility taking, quality of decisions, speed of innovation, ability to compete with other institutions and other aspects. Indeed, autonomy has been empirically shown to improve universities' performance. Moreover, budget and autonomy are interactive in enhancing performance: they are complementary, not substitutive inputs¹⁹. Hence, governments have to withdraw from direct control of universities, independently on how much money they invest in them.

However, success is not guaranteed. Autonomy has to be well-designed. Adequate conditions of governance and accountability have to be implemented. Important factors to ensure a successful use of autonomy are an internal balance of competencies between the top-leadership level and the departmental level, the linking of autonomy and competition through incentives, the inclusion of stakeholders in governance, and a risk culture. Leadership has to be reinforced without losing democratic participation. It is necessary to renovate the governance structure, going towards the coexistence of an academic senate and a board of trustees, both with well-defined competencies.

To summarise, the government has to hold back from direct control on higher education, and at the same time secure effective forms of accountability.

Conclusions

In June 2010, people with expertise in higher education (former ministers for education, leaders of universities, university associations or other important institutions in the landscape of higher education) met in Brussels in order to sign a Manifesto about European higher education reform. The reason is that Europe has waited too long to reform universities. The price for not acting promptly is high. In order to act effectively, however, a plan is needed.

¹⁹ This analysis, presented by Prof. Aghion, is robust to using many different indicators of performance (e.g. the ARWU, the unemployment rates of people with or without the higher education degree, or job satisfaction indexes) and when looking at different systems (US and Europe).

First of all, the problems that Europe is facing have to be identified correctly. Europe is growing slowly, and outsourcing an increasing number of economic activities. Also, its population is ageing, putting a burden on younger generations. Furthermore, there is an intellectual crisis, an inability to fight against a new form of illiteracy – the inability to use knowledge correctly when dealing with a complex reality. Higher education is central to all of these problems.

Secondly, it is necessary to assess the performance of European universities. Existing rankings and indicators show that they are not doing well enough. It must be kept in mind that these statistics have many, important limitations. However, they are useful as an “alarm clock” that directs the attention to the need for reform.

Awareness of the performance of higher education must be coupled with policy goals in order to generate recommendations. Given the importance of higher education in modern society, policy goals must be ambitious: first of all, enlarging access while not just maintaining, but increasing quality; secondly, making the higher education system attractive for top international talent.

When pursuing these goals, it is fundamental to keep in mind that reforming specific aspects of higher education is not enough. It is also necessary to look at the whole higher education system, on one side, and at its interrelations with the economy and society as a whole, on the other side.

Before making recommendations, it is important to stress the need to create the right political conditions to realise the reforms. Public support for reforms is low at the national level in most European countries, and European institutions do not have enough power to implement all the needed changes. It is true that a positive effort have been made at many levels, resulting in many important changes in the higher education sector – most importantly, the Bologna process. But this is not enough. Starting a serious discussion between European institutions, national governments, higher education institutions and the civil society is necessary; generating mechanisms for actually implementing European-level strategies is also needed.

Coming to recommendations, eight policy areas have been particularly discussed.

- 1) Re-designing curricula is a fundamental part of reforming higher education. Universities have to be not only free to do that, but also remunerated for doing that.
- 2) European higher education faces many, extremely delicate challenges. The only way to deal with these is to create more diversity in the higher education system, because one type of university alone cannot respond to all.
- 3) Many problems in higher education derive from previous levels of education. For this reason, it is important to work on creativity development and skills training in the secondary education system.

- 4) Internationalisation is a key element to being successful in research and education. European institutions and universities should spend resources and efforts to make higher education more international.
- 5) In a complex society, higher education has to act entrepreneurially in order to fulfil its public function. The higher education sector should work more closely with the private sector. It should be able to combine productively some of the attitudes typical of the private sector with academic culture.
- 6) There are valid reasons for both increasing the share of private funds in higher education and maintaining the prevailing role of public funding in universities. The political task to find the right balance between private and public funding depends partly on the social and economic context, and has to be left to the individual countries.
- 7) Whatever the source, big investment in higher education is necessary. Also, it is necessary to find a way to give funding according to education and research potential and needs.
- 8) The issue of autonomy of universities is related to the historical and to the financial relationship between state and universities. Governments have to hold back from direct control on higher education, and at the same time establish effective and independent boards to ensure accountability.

Contributions:

Subsection 1.1 is based on the interventions of Dr. Ritzen and Prof. Aghion, and on the comments of several other participants.

Subsection 1.2 is based on the interventions of Prof. Aghion and Prof. Elkana, and on the comments of several other participants.

Subsection 1.3 is based on the interventions of Mr. Yelland, Prof. Corbett, Prof. Noorda, and on the comments of several other participants.

Subsection 1.4 is based on the interventions of Prof. Noorda, Prof. Hernes, Prof. Nowotny, and on the comments of several other participants.

Subsection 1.5 is based on the interventions of Baroness Blackstone, Prof. Hernes, and on the comments of several other participants.

Subsection 2.1 is based on the interventions of Prof. Ziegele, Dr. Magyar, and on the comments of several other participants.

Subsection 2.2 is based on the interventions of Prof. Berlinguer, Dr. Hernes, Ms. Erna Hennicot Schoepges and on the comments of several other participants.

Subsection 2.3 is based on the interventions of Prof. Corbett and Prof. Grilo, and on the comments of several other participants.

Subsection 3.1 is based on the intervention of Prof. Elkana and on the comments of several other participants.

Subsection 3.2 is based on the intervention of Helga Nowotny and on the comments of several other participants.

Subsection 3.3 is based on the intervention of Ms. Erna Hennicot Schoepges, and on the comments of several other participants.

Subsection 3.4 is based on the interventions of Prof. Berlinguer, Prof. Nowotny and on the comments of several other participants.

Subsection 3.5 is based on the interventions of Dr. Magyar, Prof. Soete and Prof. Nettles, and on the comments of several other participants.

Subsection 3.6 is based on the interventions of Prof. Panaretos, Baroness Blackstone, Prof. Winckler, and on the comments of several other participants.

Subsection 3.7 is based on the interventions of Prof. Aghion, Prof. Winckler, Prof. Panaretos, and on the comments of several other participants.

Subsection 3.8 is based on the interventions of Prof. Gaethgens, Prof. Ziegele, Prof. Panaretos, Dr. Krull, and on the comments of several other participants.

Appendix 1. List of the participants to the event

The 20 signatories of the Manifesto:

Aghion, Philippe	Professor of Economics at Harvard University (Cambridge, USA)
Berlinguer, Luigi	Former Minister for Education for Italy, former rector of Siena University (Italy)
Blackstone, Tessa	Former Minister for Education, former Minister for the Arts for the UK, Vice-Chancellor of Greenwich University (UK)
Corbett, Anne	Visiting Fellow at European Institute, London School of Economics (UK)
Elkana, Yehuda	Former President and Rector of Central European University (Hungary), Permanent Fellow at the Institute for Advanced Studies, Berlin (Germany)
Gaehtgens, Peter	Former President of Free University of Berlin (Germany), former President of the German Rector's Conference
Grilo, Eduardo	Former Minister for Education for Portugal, Chairman of the Erasmus Mundus Selection Board
Hennicot-Schoepges, Erna	Former Minister for Education, former Minister of Public Works, former President of the Chamber of Deputies for Luxembourg
Hernes, Gudmund	Former Minister for Education, former Minister for Health and Social Affairs for Norway, former President of the International Social Science Council (Paris, France)
Krull, Wilhelm	Secretary General of the Volkswagen Foundation (Hannover, Germany)
Magyar, Balint	Former Minister for Education for Hungary
Nettles, Michael	Senior Vice President of Education Testing Service's Policy Evaluation & Research Center (Princeton, USA)

Noorda, Sijbolt	President of the Association of Universities in the Netherlands, former President of the University of Amsterdam (the Netherlands)
Nowotny, Helga	President of the European Research Council, former Chair of the European Research Advisory Board (Brussels, Belgium)
Panaretos, John	Minister for Education for Greece
Ritzen, Jo	Former Minister for Education for the Netherlands, Former Vice President at the World Bank, Former President of Maastricht University (the Netherlands)
Soete, Luc	Director of UNU-MERIT (the United Nations University-Maastricht Economic and social Research and training centre on Innovation and Technology – Maastricht, the Netherlands)
Winckler, Georg	President of the European University Association, Rector of the University of Vienna (Austria)
Yelland, Richard	Head of the Education Management and Infrastructure Division in the OECD Directorate for Education (Paris, France)
Ziegele, Frank	Director the Centre for Higher Education Development (Gütersloh, Germany)
Other participants:	
Bakia, Joyce-Manyi	Student Representative, Maastricht University (the Netherlands)
Ferwerda, Eelco	Publisher for Digital Products, Amsterdam University Press (Amsterdam, the Netherlands)
Kroeger, Pieter Gerrit	Director of Scienceguide (Amsterdam, the Netherlands)
Mendes, João	Economist, Vida Economica (Porto, Portugal)

Morgan, John	Journalist, Times Higher Education Supplement (London, UK)
Truszczyński, Jan	Director General for Education, Training, Culture and Youth (European Commission)
Van den Akker, Joost	Student Representative, Maastricht University (the Netherlands)

Organisation:

Hollanders, Stefanie	Secretary to the President, Maastricht University (the Netherlands)
Marconi, Gabriele	Secretary of the meeting
Philippens, Joke	Secretary to the President, Maastricht University (the Netherlands)

Appendix 2 Speech by Jan Trzuszczński, Director General for Education, Training, Culture and Youth at the European Commission

The Manifesto must be used intelligently by policymakers in the member states. All over Europe, educational systems have the ability to develop the potential of bright minds of all generations. However, we cannot just be complacent and sit back, but we have to ask ourselves how we can help more young people to develop their potential and contribute to society in a better way.

If we are to release the vast amount of talent and energy stocked within our universities throughout Europe we must liberate universities from their chains. The European Commission has developed a modernisation agenda for universities that focuses on three main points: innovation, curricula and internationalisation. If the course of the events is not subject to shocks, European universities will probably need 50 years to catch up with the US in terms of innovative capacity. One aspect in which the delay is particularly visible is that of university–business relationships. The European Commission has recently organised several events on this topic, with the aim of enacting a higher level of cooperation between institutions, university and businesses and finding a solution to the issues at hand. Many people in the European institutions believe that European higher education has never had better prospects than now. Still, there are many reforms that are needed at national level, and it is necessary to give more space to higher education initiatives in the next budgets at a European level.

In terms of curricula reform, the key point is that universities should provide more information about educational programmes. Big steps have been taken in this direction thanks to the Bologna Process. In terms of governance, it is clear that universities are the best placed to decide upon how learning should be organised and about its content; the role of the government should only be that of setting rules and policy objectives. Of course, governments need to be assured that universities do not make bad use of their autonomy. For example, universities must perceive the needs of the future labour market, and to take those needs into account. The European Commission supports initiatives aimed at making the profiles and the results of universities more transparent, including the initiative by the Consortium for Higher Education and Research Performance Assessment (CHERPA) for developing a new ranking system. Concerning finance, universities must open themselves to business to attract funds. Also tuition fees are often used by member states to increase university funding. However, national policies in this respect vary substantially and it is difficult to give a clear opinion here. European institutions are also working to improve the match between jobs and students through the flagship initiatives *Youth on the Move*, *A digital Agenda for Europe* and *An Agenda for New Skills and Jobs*, which are part of the Europe 2020 strategy. As it is impossible to know what types of positions will need to be filled in the future, it is necessary to discuss optimal skill mixes. Specific skills are important, but transversal skills (such as language skills, team working skills, etc.) are as well.

Universities can provide valuable input in this context. An important European initiative which should be mentioned is the creation of the European Institute of Technology. Hopefully it will show how the three poles of the “innovation triangle” (education, research, innovation) can be brought together.

Another big challenge is to further stimulate internationalisation. International, multi-cultural and language skills will be ever more valuable in the future. The causal relationship between international experience and employability is already apparent. Mobility has to be considered and encouraged at every level, for students, trainers, researchers, and teachers through the presently available tools: Erasmus, Erasmus Mundus and Marie-Curie projects. The European Union and its predecessor have supported international mobility for more than 20 years now. Erasmus is felt “on the street”, by the common people, as one of the real, big successes attained by the European Community.

The European Commission is looking forward to receiving the memorandum and the Manifesto. It will aim to use them in an intelligent way.