

SUMMER SCHOOL – HSE – JUNE 2015

Building an increasingly integrated EHEA – Reflections from an Economic Perspective

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Higher Education, Europe, and the Economy

Changing Times in European Higher Education:

- **Mass HE and the rising Cost pressures (total and per student)**
- **Structural and Short-term Financial Pressures**
- **Changing rationales for HE and for public support;**
- **Marketization Trends at the National and European Levels: Supply; Funding; HRM**

Global Competition and National Strategies in Higher Education:

- **The growing integration at the European and Global levels;**
- **Competition and National pride;**
- **The influence of rankings and league-tables;**
- **The race for world-class – different strategies**

Distribution of European Universities placed at the Top 10, Top 30, and Top 50 of the THES Ranking

	UK	NL	CH	F	D	B	North (SE, DK, FI, NO, EI)	South (IT, GR, SP, PT)	Central- Eastern	Total
10	7	0	2	0	0	0	1	0	0	10
	70,0%	0,0%	20,0%	0,0%	0,0%	0,0%	10,0%	0,0%	0,0%	100,0%
30	10	6	3	2	6	2	1	0	0	30
	33,3%	20,0%	10,0%	6,6%	20,0%	6,6%	3,3%	0,0%	0,0%	100,0%
50	17	9	4	4	6	2	7	0	0	50
	34,0%	18,0%	8,0%	8,0%	12,0%	4,0%	14,0%	0,0%	0,0%	100,0%

Source: THES; Calculations by the author

Distribution of European Universities placed at the Top 10, Top 30, and Top 50 of the Shanghai Jiao Tong Ranking

	UK	NL	CH	F	D	B	Nordic (SE, DK, FI, NO, EI)	South	Central- Eastern	Total
Top 10	6	0	1	2	0	0	1	0	0	10
	60,0%	0,0%	10,0%	20,0%	0,0%	0,0%	10,0%	0,0%	0,0%	100,0%
Top 30	8	3	4	3	4	1	7	0	0	30
	26,7%	10,0%	13,3%	10,0%	13,3%	3,3%	23,3%	0,0%	0,0%	100,0%
Top 50	13	6	5	6	7	4	9	0	0	50
	26,0%	12,0%	10,0%	12,0%	14,0%	8,0%	18,0%	0,0%	0,0%	100,0%

Source: Shanghai Jiao Tong University; Calculations by the author

Different Strategies aiming at Global Relevance:

- **Focusing in a few – Excellence Schemes;**
- **Rising the scale of some institutions – Mergers;**
- **Differentiating the system – Performance assessment and funding;**

Some Commonalities among Strategies aiming at

Global Relevance:

- **Greater differentiation in Higher Education;**
- **Promoting top-level research and increasing the reputation of a few Universities and Research Units;**
- **Improving the position of a few Universities in international rankings (especially at top levels).**

Looking at Spatial Integration from an Economic Perspective

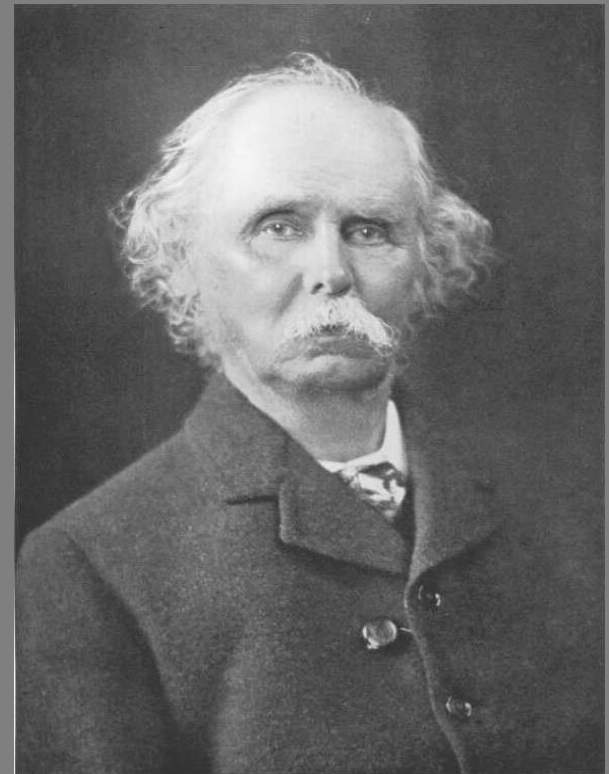
Market Integration – what can we learn from

Economics:

- **Integration and concentration of manufactures**
- **Services and R&D sectors**
- **Agglomeration economies and the advantages of spatial concentration**
- **Economic convergence and divergence – conditionality and clubs**

Agglomeration economies and advantages of spatial concentration:

- **Alfred Marshall (1842-1924);**
- **Knowledge spillovers;**
- **Thick markets of specialized skills;**
- **Backward and forward linkages;**
- **Related infrastructures;**
- **Social factors and advantages;**
- **Industrial and knowledge Districts;**



New Economic Geography and the Advantages of Spatial Concentration:

- **Paul Krugman, Joseph Stiglitz, etc;**
- **Adaptive context to technological and economic changes;**
- **Reduction of transaction costs;**
- **Use of common resources and services (including socially provided ones);**
- **Complementarities in the Labour market;**
- **Advantages significant for small/medium organizations and for specialized ones;**

New Economic Geography and the Advantages of Spatial Integration:

- **Integration and greater mobility of resources;**
- **From excess to scarce regions?**
- **Automatic or conditional convergence?**
- **Homogeneous vs. heterogeneous Resources;**
- **Asymmetric effects and benefits;**
- **Path-dependence and contextual factors;**

Possible Effects of Greater Market Integration in European Higher Education

Possible Effects of Closer Integration in the EHEA:

- **Undergraduate and Postgraduate Education**
- **Research Funding and Activity**
- **Academic and Scientific Staff**
- **Institutional and National Convergence/Divergence**

Market integration and mobility of

Graduates/Researchers:

- **Likelihood of staying abroad increases with study abroad;**
- **The longer the period, the less likely the return;**
- **Portability of financial support will enhance those trends;**
- **Countries with a positive net balance in training may benefit from a larger supply of highly trained individuals;**
- **Countries that invest more in R&D are the ones with least brain drain;**

Evolution of Public Funding of Higher Education – EUA Observatory

Variation	2008-2012 (nominal variation)	2008-2012 (real variation)
+10% and above	AT, BE(fr), DE, IS, NL, NO, PL, SE	DE, NO, SE
+5-10%	FR, HR	AT, BE (fr)
+1-5%	.	FR, NL
-1/+1%	-	-
-1/-5%	PT	HR, PL
-5/-10%	ES	PT, SK
> -10%	CZ, GR, HU, IE, IT, LT, UK	CZ, ES, GR, HU, IE, IS, IT, LT, UK

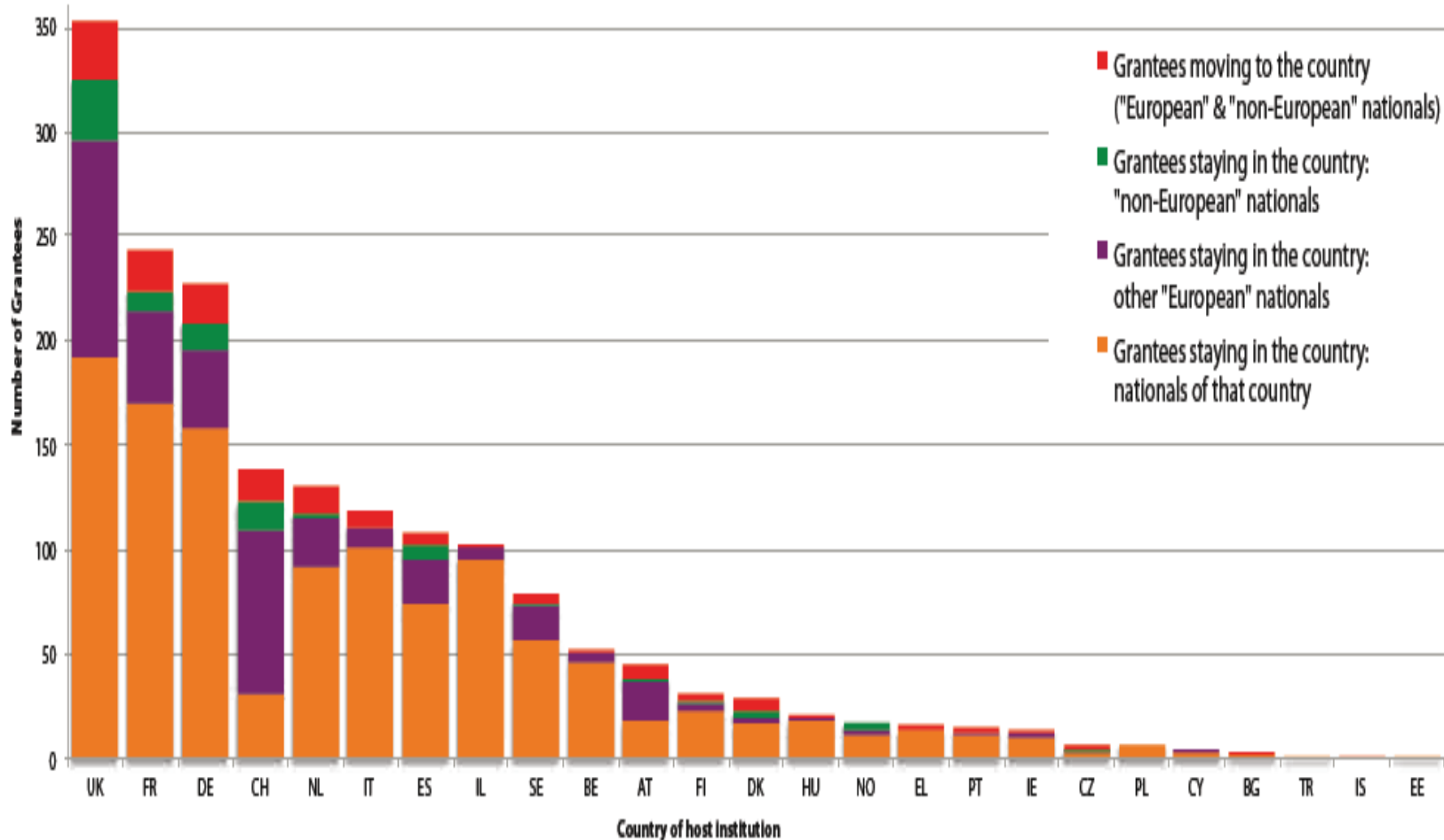
Distribution of EU Funding by Country (2012) - Source: CORDIS. Calculations by Beta.Org

Country	Total funding k€ (approx.)	%	No of projects	%	Coordinated projects	%	Sole partner projects	%
Germany	1.113.926	15,19%	1451	10,94%	409	11,86%	254	11,03%
United Kingdom	1.068.505	14,57%	1690	12,74%	710	20,59%	540	23,46%
France	705.292	9,62%	1154	8,70%	341	9,89%	253	10,99%
Spain	610.300	8,32%	1098	8,27%	315	9,13%	199	8,64%
Italy	601.621	8,20%	997	7,51%	233	6,76%	107	4,65%
Netherlands	524.253	7,15%	861	6,49%	258	7,48%	168	7,30%
Belgium	327.459	4,47%	615	4,63%	125	3,62%	72	3,13%
Switzerland	317.163	4,33%	529	3,99%	171	4,96%	142	6,17%
Sweden	263.430	3,59%	490	3,69%	102	2,96%	72	3,13%
Austria	188.829	2,57%	373	2,81%	98	2,84%	46	2,00%
Greece	177.391	2,42%	395	2,98%	70	2,03%	37	1,61%
Denmark	177.054	2,41%	306	2,31%	81	2,35%	45	1,95%
Israel	134.468	1,83%	259	1,95%	117	3,39%	109	4,74%
Finland	129.011	1,76%	265	2,00%	37	1,07%	26	1,13%
Norway	114.960	1,57%	269	2,03%	41	1,19%	19	0,83%
Ireland	113.140	1,54%	243	1,83%	69	2,00%	35	1,52%
Portugal	112.104	1,53%	286	2,16%	49	1,42%	32	1,39%
Poland	93.337	1,27%	250	1,88%	28	0,81%	20	0,87%
Other EU (11 countries)	294.016	4,01%	882	6,65%	95	2,75%	56	2,43%
Other Non EU (83 countries)	266.980	3,64%	856	6,45%	100	2,90%	70	3,04%
	7.333.239	100,00%	13.269	100,00%	3.449	100,00%	2.302	100,00%

Distribution of ERC Grants (first 4 years)

	UK	NL	CH	F	D	B	Nordic (SE, DK, FI, NO, EI)	South (IT, SP, PT, GR)	Israel	Central- Eastern	Total
Starting Grants	74	27	29	74	64	15	39	56	23	23	424
	17,45%	6,37%	6,84%	17,45%	15,09%	3,54%	9,20%	13,21%	5,42%	5,42%	100,00%
Advanced Grants	54	17	21	32	46	5	30	37	13	12	267
	20,22%	6,37%	7,87%	11,99%	17,23%	1,87%	11,24%	13,86%	4,87%	4,49%	100,00%
Total	128	44	50	106	110	20	69	93	36	35	691
	18,52%	6,37%	7,24%	15,34%	15,92%	2,89%	9,99%	13,46%	5,21%	5,07%	100,00%

Allocation of ERC Grants by Country of Host Institutions (discriminating the origin of Grantees)



Drivers and Barriers for Greater Market Integration in European Higher Education

Drivers for more integration:

- **Broader economic, social, political, and cultural trends**
- **Transportation and communication costs**
- **De-regulation and liberalization of labour markets**
- **Greater knowledge about educational institutions and systems**
- **Accreditation and quality assessment**
- **The rise of global brands and reputations**

Barriers to Integration:

- **Legal, cultural, institutional differences in Educational Systems**
- **National and Professional regulations**
- **Funding mechanisms and portability**
- **Inbreeding and regulations in academic careers**
- **Factors associated with services: scale of operation; cultural differences; the role of expectations, reputation, and prestige**

Market Integration and the EHEA:

Some concluding remarks

Concluding Remarks:

- **Growing Market integration at the National and Supra-National levels**
- **Policies focusing on a few “national champions”**
- **A more differentiated and unequal landscape (Europe, Country, Institution)**
- **Balancing integration and cohesiveness**
- **European debates and Global dynamics**