



Ten Years Back and Ten Years Forward: Developments and Trends in Higher Education in Europe Region

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It all used to be so simple

Higher education consisted of universities, and not many of them at that. Classes were small, tutorials were common. The purpose of a university education was clear: preparation for a life at the top – a finishing school for what would become an elite in the sciences, in the professions, and in government. There was a hierarchy, of sorts: the oldest universities in each country – Paris, Oxford, Harvard, Jagiellonian – have always had that extra amount of prestige and been able to attract the best (and often the wealthiest) students. Though the governance arrangements of these institutions differed from place to place, they had in common a resistance to change, a reluctance to alter arrangements which in some cases were centuries old. Students began and ended their careers at a single institution just as, later, they would tend to work their whole careers in the same field or economic sector, and live their lives within the borders of a single country.

Then came massification and everything changed

Higher education had, of course, been growing steadily since shortly after the Napoleonic wars; throughout Europe and America, a large number of institutions can trace their provenance back to the nineteenth century. But it was only after the second world war that governments in the West, with a historically unprecedented commitment to social equity, that higher education came – slowly and unevenly – to be considered as a social escalator. If universities were working well as a finishing school and a ticket to success for the elite, then a widening of access would provide more tickets to success. Governments began to take an interest, pumping in large, welcome sums of money, but altering priorities and ultimately governance as well. Though higher education had never been *simply* a Cardinal Newman-esque finishing school, massification and government funding meant that the sector had to justify itself in more utilitarian terms and so the sector began to be judged by the success of its ever-larger squadrons of graduates. But this was a devilishly difficult task as the economy itself was beginning to change: employment was no longer for life, work itself became much more specialized. This led to calls for new types of institutions to meet these changing conditions; and as the sciences continued to push into new and unexplored areas and the humanities continued to fracture, there were whole new fields of study to explore as well.

External forces played a role, too. Declining trust in governments and public institutions has played a major role in the changing the relationship between governments, institutions and citizens. Globalization on the one hand, and European political integration on the other has meant citizens are much more mobile than they used to be. Mobility, once a rarity, has moved to centre-stage as a policy issue (in Europe at least). The increasing importance of universities as generators of knowledge in the new economy, and the apparent success of the American research university model in putting itself at the centre of the innovation process has led to a widespread re-evaluation of institutional missions. The end of communism in eastern and east-central Europe created massive new forces for expansion and international co-operation.

All of which is to say that the forces affecting higher education in North America and Europe over the past decade are long-term secular ones. They did not begin in this decade and they did not end

in it – nor will they in the next one. Systems of higher education are gradually being asked to do more and more over time – to educate more students from ever-more diverse backgrounds, in more subjects, in more ways, in more fields of study; to do so in a fashion which is both unique at each institution while at the same time highly transferable, so as to encourage mobility in learning. And all the while being asked to produce more research, disseminate it more widely; to contribute to global scientific debates at the same time as contributing to local economic development. These are the forces which have emerged from the confluence of massification and the new knowledge economy. They may affect different systems in different ways at different times, and they may evoke different policy responses – but in the end, the story of higher education in this decade is everywhere about how different governments and institutions are coping with these forces.

Which brings us to the purpose of this paper; namely, to summarise the main trends in higher education over the past ten years in Europe, the United States and Canada and to critically examine what these trends might mean for higher education in the years ahead. There has been tremendous change in higher education in the past decade – more so in Europe than in North America, and for somewhat different reasons in the countries of the old EU-15 than in the rest of the continent. With such a diverse range of systems and institutions, it cannot be hoped to cover the full range of a decade's worth of labour at over 8,000 educational institutions in 50 states. Nonetheless, it is to be hoped that the essentials can at least be relayed, and that these essentials can help us make sense of the likely directions the systems will be taking in the century's second decade.

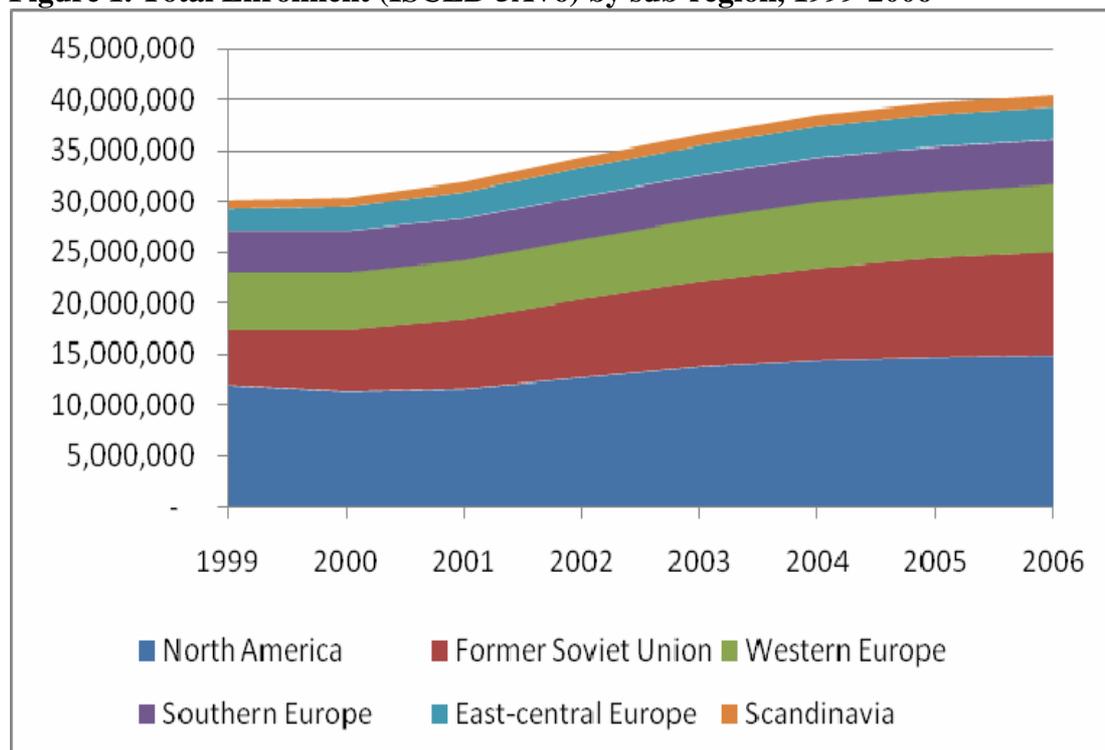
From Massification to Universalization

One of the most significant changes in higher education in Europe and North America is the continuing massification of higher education. Massification has happened in stages across the region; the phenomenon began in the United States in the 1960s, moved to Canada in the 1970s and 1980s, Western Europe in the 1980s and 1990s, and in Eastern and Central and Eastern Europe since 1990. In this decade, the drive to wider access stalled in some parts of the region, and roared ahead in others.

In the past decade, student numbers have grown substantially across the region¹. At the turn of the past decade, there were just over 30 million students in North America and Europe; by 2006, this figure had increased by a third to just over 40 million. However, this growth was not by any means equally distributed across the entire region. In the countries of the former Soviet Union, student numbers grew by an astonishing 89%, and these six countries accounted for very close to half of the growth in the entire region. Next door, in the countries of Central and Eastern Europe saw an increase of 51%. In the rest of the region, the expansion of access over the past decade has been much slower: Scandinavia saw an increase of enrolment of 34%, North America of 24% (though this sub-region's increase still accounted for nearly a third of all growth across the entire region), Western of Europe 16% and Southern Europe saw growth of just 7% (due in large part to a decline in student numbers in Spain).

¹ In a paper of this length, it is not possible to examine each country individually but nor is it desirable to treat the entire region from Vladivostok to Vancouver as a single integrated whole. Therefore, for the purposes of sub-regional examination, this paper divides European and North America into six regions: North America (Canada and the United States); Western Europe (Ireland, the United Kingdom, France, Germany, the Benelux countries, Switzerland and Austria); Scandinavia (Iceland, Norway, Sweden, Finland and Denmark); Southern Europe (Portugal, Spain, Israel, Italy and Greece); Central and Eastern Europe (Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Albania, Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, and the Former Yugoslav Republic of Macedonia); and the former Soviet Union (the Russian Federation, Ukraine, Belarus, Latvia, Lithuania and Estonia). Data on most of these regions is quite complete: the exception is east-central Europe where data from Romania, Albania and most of the former Yugoslav republics is quite limited.

Figure 1. Total Enrolment (ISCED 5A+6) by sub-region, 1999-2006



Source: UIS

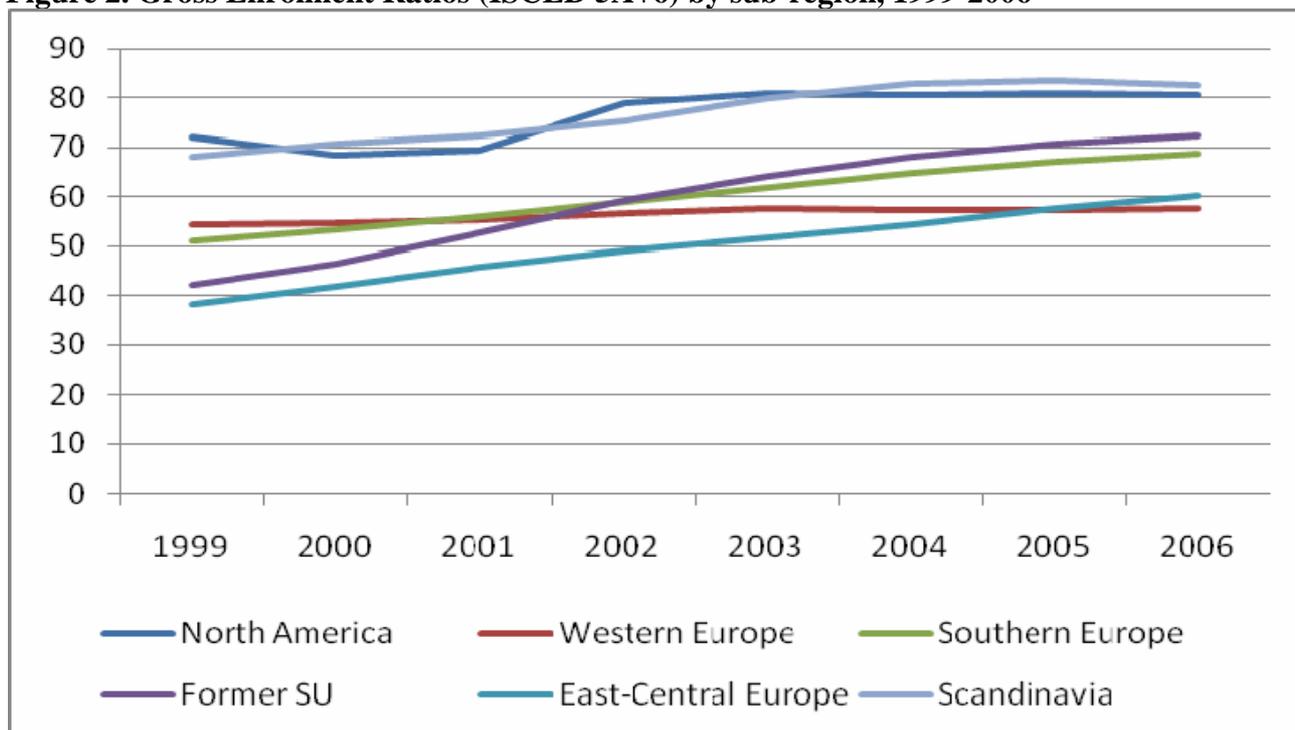
Another way to look at participation statistics is by looking at something called the Gross Enrolment Ratio (GER). This statistic, which is common in international comparative statistics is less frequently used in national statistics: basically, it is a statistic of convenience which is used because of the ease with which it can be calculated rather than because of its accuracy as a measure of participation.² Simply, it is the total number of students in a country (including international students) divided by the number of citizens in that country in the five year-age cohorts which follow the normal secondary school leaving age (in most countries, this means the 18-22 age bracket). As a statistic, it is of continuing importance because of the original theory of “massification” articulated by Martin Trow (1974). Under Trow’s classification, systems of higher education with GERs of less than 15 percent were categorized as “elite,” systems between 16 and 50 percent were considered “mass”, while systems with over 50 percent were considered “universal”.

By this definition, every country in the region now has a “mass” system of higher education. Indeed, most have “universal” systems of higher education, and have had this level of participation for some time. The main development in this respect over the past decade is that most of the former communist states have moved from being mass systems to being universal systems. Indeed, in the entire continent only Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro,

² A “participation rate” is the fraction of a particular age cohort (e.g. 18-21 or 18-24) who are enrolled in higher education. However, in order to calculate this on a national basis, a national statistical agent needs to know the age distribution of the student body, and in many countries this is not the case. So, a simpler measure, known as the Gross Enrollment Rate (GER) was developed, in which the total number of students is divided by the sum of citizens in the five age-year cohorts following the normal end of secondary school (to all intents and purposes, ages 18-22). This is the standard way that UNESCO expresses participation rates, and it is used here because it is the measure most commonly available across all states in our region. For those used to more conventional participation rate figures, GER can appear as a somewhat misleading measure – countries with a wider age distribution of students look better under a GER than they do under a part rate; similarly, countries with longer periods of study for a first degree (e.g. 5 years instead of 3) will tend to look better under a GER system than under a participation rate system. More generally, GERs will always be higher than participation rates; countries that GERs of 50 should not be interpreted as having half their youth of a particular age group enrolled in tertiary education – typically, the figure would actually be a little over half of that.

Serbia, Slovakia and Switzerland have GERs small enough to be considered simply “mass”.³ Despite this, there are still some substantial differences in actual enrolment ratios across the region. Greece and Finland have the highest national GERs at 95%⁴ and 93%. Generally, ratios are highest in North America and Scandinavia, where the sub-regional ratios are at roughly 80%. Next are the areas covered by the countries of the former Soviet Union and southern Europe at around 70%. The countries of Central and Eastern Europe for which data are available have a GER of 60%⁵; perhaps surprisingly, it is the countries of Western Europe, including France, Germany and Switzerland, who have the lowest GERs of all, at just 57%. Western Europe was also the sub-region which exhibited the least growth during the decade.

Figure 2. Gross Enrolment Ratios (ISCED 5A+6) by sub-region, 1999-2006



Source: UIS

A number of countries stand out for their recent rapid expansion. Greece appears to have recorded the highest increase in GER; however, other UIS data indicates that enrolments only increased by 47%. For GER to have doubled, the relevant age cohort would have had to have dropped by 25% in seven years, which seems unlikely. After Greece come a clutch of former socialist countries which saw their Gross enrolment ratios grow by somewhere between twenty and thirty-five per cent. Outside this area, Iceland and Denmark are the only other countries to have seen major increases in enrolment ratios in the past decade.

³ Technically, Luxembourg has a GER of just 10%, making in an “elite” system of higher education, but this is simply a reflection of the fact that most of the students in this tiny country attend universities in neighbouring France and Germany.

⁴ There is some doubt about this figure: while UIS data records that Greece doubled its GER between 1999 and 2006, other UIS data indicates that enrolments only increased by 47%. For GER to have doubled, the relevant age cohort would have had to have shrunk by 25% in seven years, which does not appear to have been the case. The figure – or at least the scale of the increase – therefore needs to be treated with some caution.

⁵ Note, though, that this figure does not include Albania, Bosnia-Herzegovina, Macedonia, Montenegro, and Serbia, all countries where enrolment rates are known to be substantially lower, which are excluded due to the unavailability of data.

Table 1. GERs of the Region's Fastest-Growing Systems

	1999	2000	2001	2002	2003	2004	2005	2006	1999-2006 Change
Greece	47	51	59	66	73	80	90	95	48
Hungary	33	37	40	45	52	60	65	69	35
Iceland	40	46	48	54	62	68	70	73	33
Lithuania	44	50	57	62	68	73	76	76	33
Russian Federation	40	45	52	59	65	69	71	72	33
Romania	22	24	28	32	36	40	45	52	30
Slovenia	53	56	61	67	69	72	79	83	30
Ukraine	47	49	52	57	61	65	69	73	26
Denmark	56	58	60	63	67	74	81	80	24
Czech Republic	26	29	31	35	37	43	48	50	23
Latvia	50	56	63	67	71	75	75	74	23
Poland	45	50	55	58	60	62	64	66	21

Source: UIS

Typically, in the first, early phases of expansion known as “massification”, higher education expands by attracting the relatively better-off in society – people with already high levels of social capital and a tendency to have oriented themselves in an academic direction from a very early age. The barrier to their participation was not usually that they lacked aptitude or even finances; rather, it was a simple lack of places. The engine of massification, therefore, was simply the construction of new institutions and the mass hiring of new teaching staff. In most of Europe, this was achieved almost exclusively by building public universities with public money; in North America it was achieved by building public universities with a mix of public and private (mainly tuition) dollars.

What is especially noteworthy, therefore, about the massification and incipient universalization of higher education in East-Central Europe and the former Soviet Union is the extent to which it was achieved not just through private expenditures, but at private institutions as well. In Estonia, half of all institutions are now private institutions created in the past fifteen years or so; in Latvia, over a quarter of all students are now enrolled in private institutions. In the Russian Federation, the region's largest country, it is estimated that over a third of all institutions and about a sixth of all students are in the private sector. In short, the Eastern half of the continent achieved massification through very different means than the rest of the region. But every path to massification and indeed – to coin a phrase – “universalization” creates its own set of problems. The fact that the former socialist countries took a different route to universal higher education means that the set of problems they face going forward will be quite different than the set of problems faced by Western European countries at a similar stage.

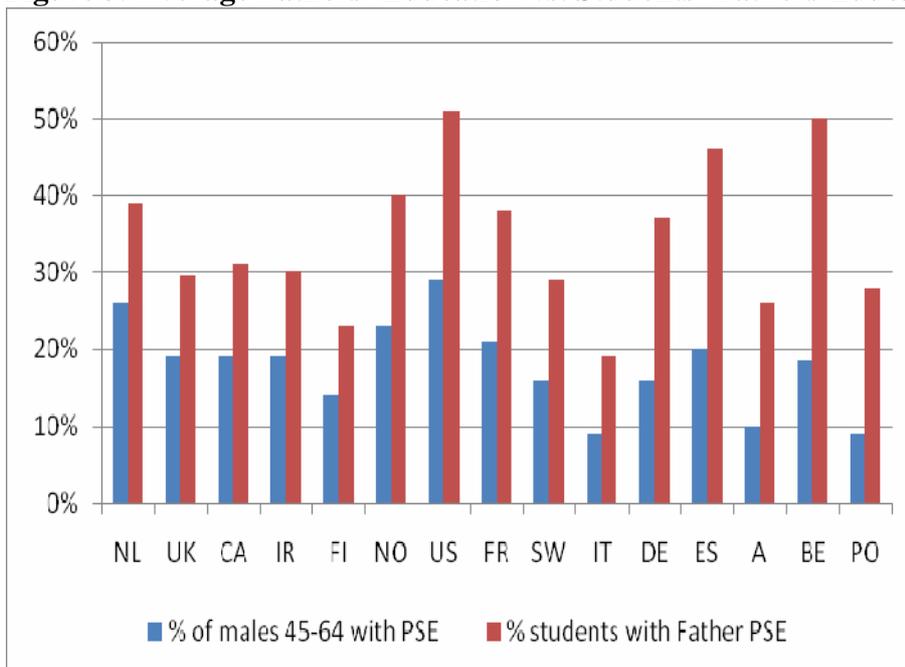
The challenges of expansion under conditions of universal education are very different from the challenges of expansion in mass high education systems and in most respects are less tractable as problems. Universalization involves attracting a very different sort of student to advanced study than does massification. By definition, as one passes 50 percent, to continue to increase participation means to involve people who are below the median in terms of academic achievement and these people tend to come from society's more disadvantaged groups who have always been less likely to attend post-secondary education. The patterns are similar everywhere. Youth from low-income families are less likely to attend than those from higher-income families. Youth with disabilities, or youth from racial minorities or Aboriginal groups all tend to have lower rates of participation than other youth. Similarly, immigrants in most countries find that newer citizens have more difficulty entering tertiary education (Canada, which has quite different immigration policies and patterns than the rest of the region, is a notable exception – there, immigrant youth are much

more likely to attend higher education than native-born youth). Where massification means a focus on the raw number of students attending higher education, universalization necessarily means an increased focus on fairness in attendance. This is almost an arithmetic truth, because once the 50 percent mark is reached, to continue growing in numbers necessarily means taking in more students from groups that are historically under-represented.

It is difficult to understand what kind of progress is being made internationally in this quest for “fairness” or “equity” in participation, for the simple reason that there is not an international standard for measuring it and difference countries have chosen to try to capture the issue in very different ways. In America, the unit of measurement for equality of participation is usually race, though family income is used as well. In the UK, measures of “class” predominate. In much of Europe, there are concerns about the participation rates of recent immigrants, but administrative or survey data that can measure participation rates of these groups is quite limited. About a decade ago, however, the Eurostudent project began publishing a comparison of equality based on parental education levels – a measure which was later dubbed the “Education Equity Index” and brought into use in comparisons involving non-European OECD countries. This data is somewhat patchy (no data is available in many countries) and cannot – as yet – tell us anything about changes over time as it has not been collected for very long. It can, however, show some basic differences in equality of access across different systems.

Figure 3 shows the educational equity index for fifteen countries from our region. The index is expressed as a ratio: the percentage of males aged 45-64 (a rough proxy for “all fathers”) with PSE, divided by the percentage of students who report having fathers with PSE. Countries with a high ratio have a student body which is roughly similar to the general population in terms of parental education levels and hence, likely in terms of socio-economic status as well; countries with a low ratio have a student body which is quite dissimilar to the general population in terms of parental education at large and hence are likely drawn disproportionately from an “elite” tier of society. The countries that score well on this measure are mostly Anglophone and Scandinavian, though the best-performing country of all is the Netherlands. The countries which do poorly on this measure are from Central, Southern or Eastern Europe.

Figure 3. Average Fathers’ Education vs. Students’ Fathers Education



Note: data for fig.3 is taken from the Global Higher Education Rankings (Cervenán and Usher 2005) and, for Norway, Estonia and Portugal, from Eurostudent 2005.

As Scott (2009) notes, the argument about *fairer* patterns of attendance (as opposed to simply larger number of attendees), has had a longer provenance in North America, where universal higher education was achieved some decades ago, than it has in Europe, where for the most part the mark was reached in the 1990s. But this is likely simply an outgrowth of the fact that the United States has been dealing with universalization longer than anyone else. The 50% figure was achieved in the United States in the mid-1970s, not long after the adoption of a national system of grants (the Basic Education Opportunity Grant, or BEOG, later to become the Pell Grant) and in Canada at about the same time. The first European country to reach this level was Finland, in 1991, but within a decade all of the EU-15 bar Germany and the somewhat anomalous case of Luxembourg all had reached it.

Intriguingly, as universalization has progressed, there has been a noticeable failure of policy discussions surrounding the process of universalization to converge. In countries where tuition fees exist, there has been a natural inclination to focus on the extent to which financial factors are a barrier to access. And while clearly financial factors are at a significant factor in some places (Advisory Committee on Student Financial Assistance, 2001), there has been a general move away from the idea that any kind of financial incentive alone can widen access very much. Instead, there has been a pre-occupation with other, non-financial types of measures to widen access. In North America, these have tended to take the form of what are known as “early intervention” measures – programs delivered through schools or community groups which mix some form of academic and/or social intervention (e.g. mentorships) to reach students who are considered promising candidates for PSE but whose social background might not orient or prepare them properly for PSE. In the United States, these programs come under the heading of the TRIO programs, in the UK they come under AimHigher, etc. In a crude kind of way, these programs are trying to widen participation by re-distributing social and cultural capital, thereby complementing student aid programs’ re-distribution of financial capital. In much of Europe, however, this discussion is non-existent; it sometimes seems, in effect, that many policymakers genuinely believe that the condition of “accessibility” is satisfied by the absence of tuition. Whether this is true or not is unclear, but the absence of a policy community devoted to widening access through non-financial means in most of Europe is quite striking to North American eyes.

One of the problems with evaluating these different dialogues is that there is precious little information in most countries about the reasons why some youth choose not to enter PSE, and hence little basis for evaluating whether or not the policy dialogues are appropriate or not. It is not obvious that the reasons for youth non-attendance are the same everywhere. Even between such ostensibly similar countries as the United States and Canada there can be significant differences in access patterns and the nature of the barriers can be quite different (Frenette, 2006; Belley and Lochner, 2009) – financial barriers appear to be a much bigger issue in the United States than they are in Canada, for reasons that are not entirely clear, but not related to the affordability of public higher education, which is actually more expensive in Canada than in the United States (Usher and Steele, 2006). The fact is that attitudes to education and to policy tools designed to aid access to education differ as well. In Europe, for instance, Sweden and the Netherlands have nearly identical systems of student loans – generous in size and open to all. But whereas five out of six Swedish students borrow, only one out of six Dutch students borrow.⁶

But widening access is not simply a matter of introducing re-distributive programs for financial or social capital. It is also a matter of changing the nature of higher education itself. This is because the most successful learners – that is, the ones most likely to have entered higher education early on in the massification process – are the ones who are most academically attuned to higher education institutions. As universalization progresses, most new students are simply less interested in the kind

⁶ The amounts borrowed by Swedish students are also startling – according to Usher (2005), Swedish students graduated, on average with more debt than students from any other country in the world, including the United States, despite having no tuition.

of education provided by existing higher education institutes or are simply less academically gifted. In order to attract these students, new tactics need to be introduced. The old-school universities – the ones that were traditionally used to train the new elites – do not provide a type of education which is universally desired by youth or universally desirable in the labour market. So there has been a move to create new forms of higher education at new types of institutions – education that is less theoretical, more practical and (in theory at least) more welcoming to non-traditional students. Thus, universalization has to some extent driven institutional diversification over the years – a subject we will return to at greater length below.

But the question, of course, is how to finance all of this growth. Since the recession of the early 1990s, public finances have been much less expansionist across North American and Western Europe – and the straightened condition of the economies of the former Communist bloc have not left room for expansion of public funding either. As a result, money to pay for increasing or widening participation has been more or less restricted to whatever can be made through the progressive rationalization of the system and system productivity on the one hand, and private funds (mainly tuition fees) on the other. It is striking that major enrolment gains in our period seem to have been restricted by and large to those countries – Canada, the United States, the United Kingdom and the former socialist countries of east-central and eastern Europe - where fee policies are substantially liberal and permit significant cost-sharing. This is an important question which we will return to below in our section on financing.

One trend in participation which has been quite consistent across the entire region is the continuing expansion of female enrolments in higher education and the resulting emerging gender gap. In almost all countries, women now form the majority of the undergraduate student body, and they take up an ever larger share of enrolment with every passing year. The reasons behind this trend are not clear. It is perhaps significant that across the region gender gaps tend to be wider among groups which are traditionally under-represented in higher education (blacks in the US and UK, aboriginals in Canada, etc.).

True, these gains are not distributed equally throughout the academy. The gender gap has not closed (though it has narrowed) at the level of graduate studies and among faculty there is still a pronounced bias towards males. In terms of distribution at the discipline level, women remain a minority everywhere in mathematics, engineering and related disciplines. The stubbornness of math and engineering in resisting the overall trend of increasing female participation is somewhat puzzling. One recent paper (Drewes, 2009) looking at academic production functions suggests that it might in fact be a case of comparative advantage rather than absolute advantage: though females “outproduce” males (in an academic sense) more or less across the board, the gap in achievement is less pronounced in these disciplines than in others, and this creates an incentive for males to flock to them.

Whatever the reasons, the general trend of an increasing participation gap between women and men shows no sign of slowing and it is likely that we can expect this gap to continue to widen. This widening participation gap has yet to really emerge as a political issue anywhere, but it is difficult to see how the gap continue to grow without it becoming one eventually. Whether the trend can be reversed through any overt government policy action is an open question, though.

Another barrier to wider participation is distance – youth from regions not possessing an institution of higher education are substantially less likely to attend than youth with easy access to an institution (Frenette, 2004). This is not a pre-occupation in all countries in the region, as some are so densely populated that it is not an especially urgent question; however, in larger countries like Canada, the United States and the Russian Federation the question of distance has taken on more importance. Over the years, many have touted the virtues of distance education as a means to

provide these people with an education cheaply. Since the dawn of the internet age fifteen years ago, there has been a view that perhaps with greater application of technology, this can become a realistic goal.

However, the reality has been somewhat different. Though there are few good international or comparative studies on the use of distance education, a fairly consistent pattern seems to have emerged across the region. Distance learning is still only rarely used for purposes of giving instruction to undergraduates – the dominant trend in providing access to education for people in more remote communities is still to construct new institutions. There are two reasons for this. The first is that the construction and maintenance of institutions – even very small ones - have benefits that go beyond mere education. They also provide jobs and the potential of economic spin-offs – and the electoral calculus of democratic societies creates incentives for politicians to create ever more of these kinds of organizations. The second is that few people seem to think that distance education is well suited to provide basic undergraduate education. First cycle programs are about human capital formation and – to an increasing degree - about socialization as well. These things require “rubbing elbows” (that is, casual face-to-face contact and communication) with other students and with teachers and professors – things which for all the interactive technology in the world are far more easily achieved in person, at traditional bricks-and-mortar institutions.

Where distance education in the electronic age had really taken off is in professional education – that is, in post-baccalaureate and graduate degrees. Here, “rubbing elbows” is less important. As second cycle programs, they are less about teaching people how to think and much more about getting competent advanced learners to master a particular set of skills or field of knowledge. But in this case, distance education is actually not about distance – it is more about the virtualization and modularization of education. These techniques were originally designed to promote distance education but increasingly they are being used to reach working-aged students in urban areas; people who have no problem physically accessing a campus but who have time constraints and work commitments during normal institutional working hours and so are looking for an asynchronous form of education that permits them to learn when they can. In theory, something similar could be worked out for first-cycle courses. However, the demand simply isn’t there and even if it was, it is not clear that traditional-aged first-cycle learners have the necessary discipline and self-motivation to make asynchronous education workable on a large scale.

A question occasionally posed about all these efforts to widen participation is: is it worth it? Though a number of studies have demonstrated the public benefit of raising levels of tertiary participation, the fact remains that the utility of higher education as a private good is at least partially because it is a positional good. As more and more people obtain a particular qualification, the more important it becomes to obtain said qualification because of the consequences of being left behind (a logic which feeds the demand-side of the massification/universalization equation). But at the same time, since the value of a degree is at least partially due to its ability to signal to employers that the holder has better-than-average skills (employers tend to use degrees as screening devices during the hiring process) if too many people start obtaining a qualification then it loses its value as a positional good. The only way for people to regain a positional advantage is to take still more education and receive additional qualifications. This is still a good thing to the extent that the extra education is producing returns in terms of long-term productivity, but longer spells in education at ever higher levels is a costly proposition, and this “education arms race” caused by education’s partial status as a positional good has the potential to increase costs (either public, or private, or both) significantly over even the medium term.

Over the past ten years, the era of massification has come to a close across most of the region. Apart from a few small outliers (Albania, for instance), countries have moved their gross Enrolments rates either over or very close to 50, which is the (admittedly arbitrary) line which Trow used to divide

“mass systems” and “universal systems”. In other words, we have entered the age of universal higher education. This is a massive accomplishment, and one which the rest of the world will continue to strive to emulate.

The Quality Debate

The quality of higher education is hardly a new pre-occupation. But the past decade will almost certainly be remembered as the one in which notions of quality assurance became more harmonized through the Bologna Process and one in which quality measurement – either through rankings or through surveys such as the National Survey of Student Engagement in North America – became ubiquitous.

Broadly speaking, there have been two approaches to quality in higher education in the past twenty years. The first generally goes under the name of “quality assurance” or “accreditation” and has traditionally tended to focus on ensuring that certain minimum levels of resources (i.e. inputs) are present to ensure a “quality” education, as well as requiring institutions to have their own policies regarding quality monitoring and improvement. The second approach, which includes both rankings systems and systems of performance indicators, is a more quantitative approach which tries to assess based on instructional conditions and learning outputs.⁷ Neither of these approaches was born in this decade, but both approaches had substantial success in establishing themselves over the past ten years. Towards the end of the period some pan-European education groups tried to describe the two as essentially antithetical, with quality assurance being contrasted favourably with rankings. But to view these two as substitutes to one another is a profound mistake; as Jongbloed (2003) once memorably analogized, quality assurance is the equivalent of a restaurant health inspection while rankings are the equivalent of a Michelin guide. Both have their place; neither can replace the other.

The quality assurance/accreditation model (which can be applied either at the institutional or the programme level) of improving quality has always been based on a few key elements. However, Europe is now moving to a relatively common standard which is described by Kohler (2009) as follows:

First, higher education institutions are expected to submit a **self-evaluation report** on the object to be evaluated, accredited, or audited. The self-evaluation report is followed by a **site visit**, or in some cases two site visits, of a panel of experts appointed by the agency concerned. The **evaluation operations** and the subsequent **report** of the evaluating team is expected to **apply predefined criteria** and **processes** and must be **evidence-based**, looking both at concepts and practices of the object concerned. It may limit itself to statements in terms of fact finding, but in most cases it also arrives at conclusions in terms of recommendations or affirmative or negative judgement. This is usually followed by **final judgement** passed by a specific body of the agency established for that purpose, thus making sure that there is a calibrating check across the entire field of operation and thus formally accepted institutional responsibility of the agency. In some cases this judgement is **valid directly** vis-à-vis the institution which applied for the process, in some cases it is **passed on to** the competent **governmental authority**, usually the ministry of education, to adopt the decision formally and to make it known to the institution. If dissatisfied, institutions may **appeal** using specific appeals procedures, and – as may be the case in some systems – to law courts.

⁷ Tremblay (2008) also identifies “audits” as a third form of quality assessment procedure, but these are relatively well and so are not discussed in detail here.

Though Kohler's description of the quality assurance process is European, it is not in its essentials that different from the processes of accreditation known in the United States (though the role of the government authority may be quite different).⁸ Still, even here there is scope for considerable differences in national practices. The nature of the pre-determined criteria for examination may differ significantly from country to country. So, too, can the nature of the site visit team, with student participation (or non-participation) being a key variable. The transparency of the exercise is also not always the same – the manner in which results are released and to whom they are released can also differ extensively.

In 2003, the ministers responsible for the Bologna Process began a consultation designed to lead to a common but not unified system of quality assurance. Two years of consultation among quality assurance agencies, higher education institutions, and student representatives followed and the result was the adoption in 2005 of the Standards and Guidelines for Quality Assurance in the European Higher Education Area (ESG). The main features of this consensus are as follows: institutions have primary responsibility for quality and are required to have processes of internal quality assurance. Institutions are subject to external oversight by an agency charged by government to assume competency of quality assurance mechanisms. And finally, quality review agencies themselves are submitted to quality assessment procedures through the European Quality Assurance Register, which is a joint project of the European Network of Quality Assurance Agencies (ENQA), together with the European University Association (EUA), the European Association of Institutions in Higher Education (EURASHE), and the European Students Union (ESU). In principle, this structure means that national quality assurance bodies now coordinate to determine mutually acceptable evaluation frameworks, and thus, visions of institutional quality. Simultaneously, institutions are empowered to evaluate themselves, but within the framework of wider agreements on institutional quality and evaluation that their representative organizations have worked to develop. This is indicative of a broader governance trend: increased institutional operational autonomy coupled with strengthening webs of external coordination.

The Bologna Process, then, has had an incontestable effect on quality assurance schemes the national level. The effect of Bologna was largest in small countries and countries further east, where such arrangements were least developed. And not before time – the legacy of the break-neck expansion of higher education of the last fifteen years (see above section on *massification or universalization*) was widely divergent standards of institutional quality which required some external surveillance. But it also had an effect at the institutional level. At a time when institutions were being made more autonomous (see section on *governance*, below), Bologna made it clear that institutions themselves bore primary responsibility for quality, not an external agency. Though the process is far from complete, this was a major step towards inculcating each and every institution with a “culture of quality”.

One significant criticism of quality assurance schemes is that their results are not always easily interpretable, and their definitions of quality not always transparent. And it was in part because of a desire for greater transparency and clarity about what constitutes quality that performance indicators and their close cousins, rankings, were initially created. But for all that these two approaches are thought of as being antithetical to one another, the success of the quality assurance model in the past decade did not mean that the more reductionist and quantitative methods of measuring quality were in retreat. On the contrary, performance indicators and rankings grew to unprecedented heights of importance during this decade.

⁸ In Canada, institutions do not receive accreditation, and nor do programs outside the professions (e.g.: law, social work, dentistry). However, it is common practice for every program to undergo a periodic review. In most places, this review is not a two-stage internal/external review, but rather a single stage review which incorporates both some external reviewers into a primarily internal review structure.

Performance indicators were adopted in nearly all US states during the 1990s and continued to be collected and published throughout this period. However, despite the fact that they were initially intended as a steering mechanism for higher education institutions, the fact is that in fact they have had remarkably little impact on funding policies (Burke and Manassians, 2003). In fact, their use has only infrequently extended beyond the simple act of collecting and publishing data; few policy-makers seem to use them when making policy and their use has not seriously altered patterns of institutional funding. Similarly, although performance indicators are in use in other jurisdictions such as Germany, they have not played much of a role in policy over the past decade.

On the other hand, one specific form of performance indicators – that is, rankings and league tables – have captured a great deal of both policymakers and the public. At the start of our period, these existed only in the region’s three Anglophone countries. By the end, most of the large countries had their own systems of rankings, and the entire region was covered by two major sets of international rankings. Though national rankings and league tables⁹ have not been brought directly into the policy-making and funding process in the Europe Region as they have in countries such as Nigeria, Kazakhstan and Taiwan, they have nonetheless had a substantial effect on universities as a whole.

In Europe and North America, rankings are usually the purview of commercial publishers and tend to be published for purposes of helping undergraduates choose a university (at least ostensibly – to some degree, there is an element of playing to academic vanity as well). Examples of these are widespread: *US News and World Report*, *The Guardian Good University Guide* (UK), *Maclean’s* (Canada), *La Repubblica* (Italy), *Hoger Onderwijs Keuzegids* (the Netherlands) and *Perspektywy* (Poland). The cause of their popularity is fairly obvious: as the cost of higher education rises (guides are considerably more likely to exist in countries with tuition fees than in countries without them), there is a desire on the part of students and parents to be able to understand the nature of their investment and compare it to other possible alternatives. These rankings, which are for the most part published in the form of “league tables”, purport to rank institutions ordinally based on their scores on a set of indicators which are chosen and weighted by the publisher of the rankings. This produces a “best” institution, and a “worst” institution, and everything in between, measured with what many people would describe as a largely spurious level of precision.

At a technical level, rankings have been modified quite a bit over the course of the decade. Student survey data is more frequently incorporated into the results; smaller field-of-study units are now compared as well as entire institutions, thus allowing a more fine-grained approach; the weighting of indicators, always a source of criticism for its lack of scientific basis, has become less common, and, perhaps most famously, web-based rankings such as those run by the CHE-Centre for Educational Development in Gütersloh, Germany, have emerged to replace “one-size fits all” rankings with “personalized” rankings. Some of these innovations have helped to ease some of the criticisms around rankings, but complaints about rankings continue. The basic criticisms are that they are simplistic reductionist (true – that is, indeed, their point); that they encourage competition amongst institutions (true – but a) this is not necessarily a bad thing and b) institutions compete for prestige regardless of the presence of rankings); and that they present perverse incentives for institutions to “manage to the indicators” (true, and depending on how useful or useless the indicators are, potentially the best criticism of published rankings). There were many suggestions, particularly in the United States, that rankings were distorting the admissions process and whipping up a mania about the college selection process. But whatever their effects on consumers, national rankings had little impact on government policy.

⁹ All league tables are rankings, but not all rankings are league tables. A ranking implies that comparisons are being made; a league table implies that the results are being printed in such a way as to display institutions in an ordinal fashion from best to worst. The CHE’s “personalized rankings” would be an example of a ranking which is not a league table.

However, government reactions changed when the first set of major *international* rankings began to be developed. In contrast to national rankings, which had little effect on national policy, the publication of international rankings would provoke a much more substantial policy response.

In 2003, a researcher working at Shanghai Jiao Tong University, Nian Cai Liu, first published the Academic Ranking of World Universities. Even though this ranking appeared at more or less the same time as another global ranking published by the Times Higher Education Supplement (THES) which produced broadly similar results, it was the Shanghai rankings which created the greater commotion and was to lead to some profound changes in policy across Europe. There were several reasons for the Shanghai rankings' greater influence: for one thing, its decision to concentrate on research output as opposed to things such as the presence of international students or staff-student ratios meant that its definition of world-classness was much more in line with academic norms (Sadlak and Liu, 2007). For another, its choice of mainly bibliometric indicators allowed it to be much more scientific and replicable than the THES, which relied very heavily on the results of a reputation survey which was conducted in a fairly opaque manner. Perhaps most importantly from a political perspective, the Shanghai rankings were Chinese rather than English and, and developed on a non-profit rather than a commercial basis: hence they were not seen as having such a vested interest in the Anglo-American model of the university.

Table 2. Distribution by sub-region of Top 100 and top 500 Universities in the Academic Ranking of World Universities, 2008

Region	Shanghai Top 20	Shanghai Top 100	Shanghai Top 500
North America	17	58	180
Western Europe	2	25	134
Scandinavia		8	33
Former Soviet Union		1	2
Southern Europe		0	35
East-Central Europe		0	6
South-East Europe		0	0
TOTAL	19	92	390

Overall, the Shanghai rankings showed our region in an extremely positive light: 92% of the rankings' top 100 institutions around the world were located in Europe and North America, as were 78% of its top 500. This is a testament both to the region's economic clout as well as its commitment to free academic and scientific inquiry. But while the Shanghai rankings had little effect in North America, (presumably because it showed American - and to a lesser degree Canadian - universities as performing very well in terms of research metrics), in Europe – particularly Western Europe - the effect was electric. Just as the European Union was committing itself to the Lisbon Strategy, which set a goal for Europe of becoming “the most dynamic and competitive knowledge-based economy in the world... by 2010”, here was a significant piece of evidence suggesting that Europe's universities at least were lagging their American counterparts quite badly. Though there were more European universities than American ones in the rankings as a whole (210 to 151), the closer one got to the top of the rankings, the better the American universities did, taking 54 of the top 100 spots and 17 of the top 20.

The European response to this was two-fold. The first was, not surprisingly, to critique the rankings on several grounds. There was, firstly, the undoubted Anglophone bias of the rankings. This was partially a function of using bibliometric data from sources such as Thompson ISI's Web of Science, which concentrates on the world's “standard” (and largely English) scientific journals; it

was also partially because the role of institutional size in the rankings in effect privileged large American-style multiversities over institutions in countries whose educational systems were geared towards smaller, specialist research institutions (such as France and the Russian Federation). There were also criticisms of the occasionally picayune nature of the methodologies used (the method in which Nobel Prize winners were included in the rankings was singled out for special scorn). As a follow-up to this, there were attempts to create a specifically European ranking which would – presumably – aim at being at least somewhat more holistic and less reductive than league table rankings. The multi-dimensional approach taken by the CHE and its partners with their various type of rankings projects would appear to be the way of the future here.

But the second response, which Hazelkorn (2008) has documented in some detail, was quite different: to embrace the rankings and make them a tool of government policy. In France, it became government policy that two French universities make the top 20 by the year 2020; Ireland made it a goal to place one in the top 20. On one level, this response was absurd - short of a truly heroic injection of new resources, reaching these goals in this period of time is an impossible task. But on another level, it revealed three very important things – first, that European governments were prepared to view the Shanghai rankings at least as a legitimate measure of institutional quality (at least as far as scientific research was concerned); second, that they saw the research output of their top institutions as a proxy for national research output and third, that national research output was a matter of national prestige, worth spending a large amount of money to promote and maintain. And, in a sense, they were probably right – in the knowledge-based economy, being able to attract and maintain large concentrations of highly skilled scientific researchers is a key to promoting innovation and economic growth. It is, as Sadlak (2008) has noted, perhaps, the beginning of the era of the “new geo-politics of higher education”.

A final important development in the field of quality and quality measurement occurred in North America. Although commercial rankings had had little impact on government policy, they were felt to have a pernicious impact because in the absence of a culture of data transparency, the indicators contained in the rankings often became *de facto* benchmarks as far as governing boards were concerned. This was seen as having pernicious effects on institutional policy-making, because they spoke to inputs or outputs but not to the actual process of learning that occurred within an institution. Since institutions consider themselves to be in business precisely to help people learn, it seemed deeply unfair that “quality” was being judged on measurements which effectively ignored the educational process. One observer likened the process of measuring educational quality through such measures with the drunk who loses his keys in the street but goes to look for them under a streetlight because “the light is better over there” (Chun, 2002). But the simple fact was that inputs and outputs were easier to measure and describe than the learning process: hence their attraction, especially to policymakers.

Thus was set in motion a search for a set of indicators that would actually describe the effectiveness of the learning process within institutions in a simple, easy-to-understand manner. With funding from the Pew Foundation, George Kuh and a small group of researchers worked with a consortium of educational institutions to develop such an instrument. The result was the National Survey of Student Engagement (NSSE – pronounced “Nessie”), which was piloted in 75 institutions in 2000. The program grew quickly to several hundred institutions in North America (and, more recently, overseas as well) and spawned a sister-survey known as the Community College Survey of Student Engagement (CCSSE or “Sessie”).

The NSSE is a fairly simple survey, just four pages in length, which asks students about their learning experiences at institutions, such as average frequency and duration of homework, frequency of contact with faculty or other advisors, number of books read for courses and for pleasure, etc. Drawing on about three decades of research on the effectiveness of educational

practice among college students (in the American sense of the word college), these results are then turned into a series of institutional “scores” which describe how well the university does at creating a “learning environment”.¹⁰

As its rapid spread through the North American educational community attests, NSSE has been very popular among institutions. Each participating institution receives its own scores as well as those of other institutions within its “peer group” (based on the institution’s Carnegie classification¹¹). The dominant sentiment among those who use it is that it is a superior management tool – it provides precise, quantitative data regarding aspects of the learning experience which can be used to modify policy and practice within an institution. In this sense, it is simply a superior instrument which an institution can integrate into its existing “self-audit” regime.

While the NSSE does in some sense represent an advance over the earlier input/output techniques, it is not without its flaws. NSSE does not actually measure learning outcomes; instead, it measures the presence of policies or practices which have been shown through many decade of research to be correlated with good learning outcomes.¹² If the surveys show that these practices or conditions are present, then NSSE assumes that good learning outcomes are occurring. Even if one accepts this assumption, one must bear in mind that the NSSE is essentially content-free; it can determine whether “learning” is taking place, but says nothing about *what* is being learned. Methodologists may also question the accuracy of a survey that relies on students self-reporting on questions such as “how often have you worked harder than you thought you could to meet an instructor’s standards or expectations?” Finally, although the relationship exists intuitively, little evidence has been produced linking good “learning” results to future career and life outcomes.

Another recent approach to quality measurement has recently been developed by the Council for Aid to Education (a subsidiary of RAND Corporation), and is called the Collegiate Learning Assessment (CLA). The CLA is meant to test general skills such as ability to communicate and critical thinking not at an individual level but at an institutional one.¹³ A selection of first and final year students sit the CLA test; the two groups are treated as a synthetic cohort, and the difference in average scores of the two classes is calculated. On its own, this difference means nothing because presumably a portion of any gain can be attributed to the effects of aging rather than the process of education – what matters is the size of the difference compared to the difference of other peer institutions. The efficacy of institutions in teaching general skills is then calculated by the difference in differences.

It could be argued that this approach is superior to NSSE; it measures learning directly instead of inferring it and it looks at individual students’ results as opposed to simply measuring the learning environment.¹⁴ However, the CLA is still in its infancy and has no track record to speak of; it remains a potential tool rather than an actual one. Still, the basic approach of testing general skills at

¹⁰ See Kuh (2001, 2003) for further details on NSSE. Details on the CSSE may be found at the website www.csse.org

¹¹ The Carnegie classification is the standard typology used to classify American post-secondary institutions; A full description may be found at <http://www.carnegiefoundation.org/Classification/>. This particular relationship between NSSE and Carnegie now has a feedback loop as since 2007 Carnegie classifications have used NSSE results as an indicator to assist in the classification process.

¹² “Good learning outcomes” in the US context tends to refer to “retention” and completion rather than mastery of a subject of body of knowledge.

¹³ See the Collegiate Learning Assessment Conceptual Framework Document at:

<http://www.cae.org/content/pdf/CLA.ConceptualFramework.pdf> and the Summary Technical Report at

http://www.cae.org/content/pdf/technical_report.pdf. For a broader discussion of the CLA see Benjamin and Chun (2003).

¹⁴ Indeed, during the beta-test phase, all students who took the CLA also took the NSSE in order to provide external validation.

more than one point in time to measure educational effectiveness is widely understood and accepted (if not always liked).

Regardless of whether the concept of quality is being approached from the standpoint of quality assurance or that of quality measurement, there has been some movement over the past decade on the definition of quality. In prior decades, quality has been at least some degree synonymous with the quantity and quality of inputs. In part, this reflected a genuine belief that more money and more resources necessarily had a positive effect on outcomes; in part, it reflected the fact that inputs were much easier to measure than outcomes. However, over the past decade there has been a gradual move towards looking at outcomes. This move is in no small part due to new theories of public management which recommend setting broad outcome objectives and allowing agents (in this case, universities) considerable leeway in deciding how to meet these objectives. But, as is so often the case, the kinds of outcomes being examined are the ones easiest to measure and monitor – publications and citations where research is concerned, and employment rates where teaching is concerned. This has led to fears that other important aspects of institutional life, such as their social missions, are being ignored by the quality agenda. Presumably, this can be rectified in time; just because performance on social missions have yet to be measured does not mean they are inherently unmeasurable. The move to outcomes measurement has been broadly positive, but much work remains to be done for it to gain broader acceptance.

Internationalization

If any the trends of the last ten years have been truly *of* the last ten years rather than simply a continuation of a long-standing trend, it is the move towards the internationalization of higher education. Though previous decades had not been without gestures in the direction of internationalization (for example, the creation of the European Union's Erasmus Program), it was in the last ten years that the idea has really taken root. The most obvious expression of this movement was the Bologna Process. Originally signed by 29 European ministers of education in 1999, the Bologna Declaration was an attempt to bring greater pan-European commonality in terms of degree cycles, credit accumulation and quality assurance practices, as a means to facilitate student mobility across the continent. Since then, the declaration has been adopted in 46 countries, and the process now encompasses 4,000 higher education institutions and 16 million students, making the system comparable in size to that of the United States.

The creation of the European Higher Education Area was to a large degree predicated upon the adoption of a common degree structure known as the 3+2+3 (a first cycle of three years, a second cycle of two years and a third cycle of three years). This, it was felt, would make credentials more easily transferable across national borders, both for purposes of employment and in terms of degree progression. Although the Bologna process began in the late 1990s, progress on the harmonization of degree lengths took some time to become a reality. In many countries, especially those that did not have three cycles and possessed very long first degree cycles, there was considerable resistance to the introduction of the new degree structure. However, since the adoption of the Bergen statement in 2005, progress has been much quicker and, in the words of one observer "the Bologna Process has triggered off enormous activities for higher education reforms, and substantial efforts are undertaken for structural reforms in terms of a convergent model (Teichler 2004, 9)¹⁵".

As Kohler (2009) has noted, the creation of a continental higher education area was primarily about improving pan-continental labour mobility which was previously impeded by the plethora of credential types and names and which made it difficult for employers in one country to assess labour skills and competencies gained in foreign countries. But Bologna ended up having some

¹⁵ Teichler notes that these changes have been documented by Haug et al., 1999; Haug and Tauch, 2001; Reichert and Tauch, 2003; UNESCO, 2003.

significant side effects in terms of education. The European Credit Transfer System (ECTS) appears to have substantially simplified the process of taking terms or years abroad. The harmonization of systems of credit has in turn also simplified the creation of joint programs offered across two or more institutions in different countries, thus guaranteeing that students will have an international experience over the course of their degree.

Of course, internationalizations initiatives need not be accompanied by major policy initiatives like Bologna. Simple supply and demand has been a major factor behind international mobility for years. This could be seen not only in terms of the influx of students from Asia and Africa into Europe and North America over the past decade, but also in America itself, where demand for year-abroad programs also grew substantially. Goucher College in Baltimore was perhaps exceptional in its making a semester of study abroad a condition of graduation, but there is a general trend in the United States (particularly at small, expensive Liberal Arts colleges) to encourage and accommodate much more international experience during a student's education.

Globalization and its attendant requirements for a workforce which is at ease in multiple languages and cultural settings are clearly powerful spurs to the development of internationalization. It is presumably no coincidence that the one area of the academy where internationalization has most thoroughly worked itself into basic curriculum design is in Master's of Business Administration (MBA). Nearly all the major MBA schools have linkages with other schools around the globe, and offer programs with significant periods of study abroad. No other field of study even comes close in terms of internationalization.

One area where internationalization has not, despite all the talk, made a great deal of headway is in terms of changing the basic higher education experience at a curricular level. Although great strides have been made in terms of encouraging and facilitating point-to-point transfer of individual students for limited periods of time, it remains the case that only a very small minority of students actually use schemes like Erasmus to move from place to place, and that this is likely to be the case for some time to come. The great promise of the internationalization of higher education is that it should be able to deliver a more international education without a student actually having to leave his or her institution. Obviously, mobility programs do help in this respect, as students at a receiving institution certainly benefit from having the perspectives of in-bound foreign students added to their classrooms. And, of course, the power of ICTs do allow students to interact with students and lecturers around the world in real time. But a truly international experience in higher education requires institutions to begin thinking as MBA programs do and truly integrate internationalization into the fabric of each and every program, not just in terms of encouraging point-to-point mobility but in infusing the entire curriculum with an internationalist outlook. There are very few, if any, examples of institutions internationalizing themselves to this degree, but it is the logical next step in the development of international higher education.

Institutional Change: Convergence or Diversification?

While the trends for students are relatively easy to describe, the same is not true of institutions. Trends among institutions are simultaneously pushing in opposite directions – some towards convergence and harmonization and others towards diversification. To some extent, the different trends are geographical: with the EU broadly heading towards more harmonization, and North America broadly moving towards more diversification. But institutions are complex entities, and within the same institution some dimensions of activity might be subject to convergence trends and others might be subject to diversification trends.

On the one hand, there were a number of trends – primarily those related to the economy and to massification – which were pushing institutions to become more diversified, and to meet an ever-

expanding set of niches for education and training. On the other hand, there were pressures which were pushing institutions towards more standardization. One was the European process known as “Bologna”, which achieved impressive results in the last decade with respect to standardizing degree lengths and structures across Europe. Another was the increasing importance within the academy of research production as the *sine qua non* of scholarly life and the desire of most institutions to become more research-intensive (a process that was substantially accelerated by the spread of published university rankings). The result was a complex overlay of pressures both for and against diversification.

Forces Acting to Increase Diversification of Institutions

In favour of diversification was the long-term shift of mission for higher education systems that began decades ago: the shift from universities as elite institutions with a limited and specific educational mission to the main engine of the knowledge-based economy (Altbach 1998). This is partly due to massification; as participation has widened and institutions have to serve a larger and larger student clientele, they have also had to provide an increasingly diverse range of services and programs. But changes in the structure of labour and the economy have contributed as well. This trend is of much older provenance than the current decade, but certainly the last ten years have witnessed the entrenchment of this perspective. Institutions now are required to meet varied economic expectations around program delivery, accountability, and training for work in the labour market. There are a number of implications flowing from these trends; Guri-Rosenblit, (2004). Noted higher education scholar Philip Altbach described the diversification process in the following way:

Whether planned or not, massification contributes to creation of different kinds of academic institutions serving diverse population, with varying quality, purposes, and resources. No nation can afford to educate all of its students in traditional universities, nor can all of those seeking postsecondary education meet the admissions standards of such institutions. Typically, traditional universities are at the pinnacle of the system, with less selective universities, postsecondary vocational institutions, and a range of other specialized schools serving a diverse clientele (Altbach, 2008, xviii).

Widening participation in Europe meant providing access to more under-represented groups of students (students with disabilities, rural students, low-income students and adults, children of immigrants), and improving pathways to degrees from outside the formal higher education system. This meant a larger focus on part-time students, recognition of both formal and non-formal prior learning, bridge programs between occupations and (sometimes shorter) degrees, all of which increased the complexity and diversity of the system. With higher education systems themselves facing an increasingly complex series of demands, there was much more space for *individual* institutional missions to become diversified and specialized as part of a *collective* effort to meet a broader set of societal demands.

Another major factor in diversification – in Portugal, East-central Europe and the former Soviet Union at least - has been the increasing presence of private institutions (some for-profit, some not) within the system. Many of these are designed to educate a very different type of student than traditional universities, either teaching specialized subjects or serving students in geographically isolated areas. Though these newer institutions are often seen as being of lesser prestige because of they are younger, smaller in size and (usually) narrower in program offerings than the older institutions, it was in fact precisely their smallness and narrowness that made it possible for them to offer higher education to these smaller communities. Had they been constructed on the older model, they would not have been economically feasible.

Part of the massification drive has meant putting institutions of higher education in ever-more remote regions. Once there, institutional missions are rarely “just” about access and teaching: instead, they include what Kazlauskiene (2007) has called “regional engagement”. An institution with a regional engagement mission needs to forge tight links with the local economy (and hence local stakeholders), both so that it can adapt programs to the local labour market and so that it can more effectively transfer knowledge, skills and technology to the community. Institutions tend to benefit from strong community support and revenue opportunities which come from student enrolments and partnerships with local business; communities benefit from improved human capital, possible spin-off businesses and a gateway to the wider world through the institution’s multiple connections to the global academic community (OECD 2007). The result was a type of institution which the OECD referred to as being “globally competitive and locally engaged”, playing an increasingly important role as providers of knowledge, facilitators of cluster development and key actors in regional innovation systems” (ibid, 31). These new types of institution are not universally-loved: there are concerns that their missions are not necessarily compatible with traditional academic value and that the relentless focus on massification is leading to the deterioration of academic working conditions. Be that as it may, it seems unlikely that the rise of these institutions will be reversed.

Forces pushing for Convergence

On the other side of the coin are the forces pushing for greater unity in the provision of higher education. The most notable expression of this has been the desire for the greater production of scientific research and the trend for more institutions in Europe and Canada to try to emulate the model of the American research university. There are, broadly, two sets of mutually reinforcing reasons for this.

The first reason has to do with the changing nature of the global economy. The notion of the knowledge-based economy has dramatically influenced the role of higher education institutions, especially the ways in which they are managed and envisioned. One of the most important roles is now the production of knowledge. Although many observers (e.g. Friedman 2005, Cairncross 1997) have predicted the “death of distance” in a weightless economy, this seems to have been truer of manufacturing than of innovation. In fact, the geographical agglomeration of talent in the form of scientists and venture capital may be more important now than ever before, and large research-intensive universities are among the most effective aggregators of highly qualified personnel. Though this was understood by European policymakers before this decade, it was not clear until quite recently exactly how far European universities were behind American ones were in the production of knowledge and the agglomeration of talent. But thanks in part to ranking exercises like the Shanghai Academic Ranking of World Universities and others which measure such things as publication counts, citation counts and patent awards, the scale of the gap has become much clearer. And as the gap has become clearer, there have been attempts to close it (see relevant parts of the paper on *quality*).

The second reason has to do with academic prestige and the norms of the academic profession. The coin of academia is reputation – personal, scholarly reputation. And reputation within academia is earned primarily through research. This has always been the case, but the advent of advanced information technology and the internet has magnified the effect. Some prestige can of course be gained through teaching, but such prestige is always a local affair – teaching is a rival good and there are only so many students who can fit in a lecture theatre to listen to a great teacher. Scholarly communication via published peer-reviewed research, on the other hand, is a non-rival good – it can be transmitted around the world instantaneously to as many people as care to read it. The possibilities of research as a way to improve one’s reputation are thus exponentially larger than teaching – hence, the incentive for academics is to invest as much of their time as possible in

research. However, not all institutions are able to provide academics with equivalent opportunities for research, either in terms of material resources or time away from teaching.

This is where the two reasons converge: government policy in many countries over the past decade has increasingly privileged the production of scientific research by enriching the funds available for researchers. Institutions thus have a pecuniary interest in getting their staff more involved in research. This coincides neatly with academics' own interests. The result is a situation where institutions and academics both have incentives to intensify their own research activities and hence more closely replicate the American research university model.

In those systems that have opted for a set of hierarchical or vertical distinction with very distinct levels of degree-granting institutions (i.e. universities, colleges and polytechnics), one of the biggest policy challenges in non-unitary systems has been the introduction of vocationally-oriented institutions within the higher education system. One of the most significant challenges for these systems has been to avoid "academic drift" where institutions established as vocational, career-focused centres work to aspire to more "elite" academic and research status (Santiago et al 2008, 97). This has been an especial challenge in Canada, where this drift has now resulted in the creation of several types of non-traditional bachelor's degrees delivered entirely outside the framework of a university, and the creation of new types of universities which offer everything from vocational apprenticeships to master's degrees.

Similarly, the last decade has seen an increase in the focus on graduate education, especially in fields related to science and technology as governments and institutions seek to support the knowledge-economy. As Ellen Hazelkorn notes "...PhD students are seen, by all governments, as a talent metric vital for economic development and innovation." (2008, 9). This could present another place for possible future dissidence. Especially as government and institutional focus continues to be on graduate student attraction and support for commercialization of their research, graduate students possess more power than is currently being exercised.

The other major force for harmonization over the past decade – in Europe at least - has been the Bologna Process. The move to a common degree structure and program lengths has by design reduced the diversity of programs across the continent. And European harmonization does not end with Bologna. The "Tuning" process, which was initiated by faculty at the institutional level shortly after the signing of the Bologna Declaration, is an attempt to determine the desired learning outcomes of higher education on a programmatic basis (i.e. in areas such as business education or chemistry) using a methodology that produces 'reference points' for statements of learning outcomes, levels of learning, and desired competences. Desired learning outcomes are agreed upon through a broad based consultative process that includes stakeholders inside higher education institutions and external to them (i.e. employers, graduates). The criteria-referenced competency statements are not 'straightjackets' designed to standardize curricula. They do represent an effort to develop a common "language" for academic-subject specific knowledge and generic competencies, accompanied by benchmarking at the discipline level, but they do not prescribe the curricular and pedagogical means to do it.

So what can we say overall about convergence and diversification in Europe and North America? Clearly, there are a number of contradictory pressures facing universities. Catering to student choice is pushing institutions and systems to provide more individualized, niche degrees while catering to student mobility is pushing institutions and systems to ensure convergence processes like Bologna which promote harmonization of program lengths and program outcomes. National higher education systems have embraced contradictory policies – both in support of elite and mass education which makes those systems unstable (Bleiklie, 2004). This is perhaps nothing new – institutions have always faced contradictory pressures from a variety of stakeholders. What is

perhaps most salient about the past decade is how many of the pressures for both convergence and diversification were from global or supra-national sources rather than national or local ones. But this may not be permanent: Teichler argues that structural changes within higher education systems may be cyclical, with “segmentation and hierarchization” occurring when systems fear an over-supply of graduates and convergence of programs and reductions in differences between institutions occurring when demand for education decreases, (2004). If this is correct, then the coming demographic shift and the declining numbers of students of University age in much of our region may go into reverse in the next few years.

Governance

Developments in the field of governance of higher education have been highly uneven over the past decade. In North America, where institutions began the decade with considerable amounts of institutional autonomy, there were few substantial changes in governance arrangements; indeed, governance barely rated as an issue there. Western Europe saw more change but it was in eastern and east-central Europe, which inherited some very centralized decision-making structures from communist times, that the changes were the greatest. In a very general kind of way, Europe moved towards a North American model of institutional governance in that institutions became more autonomous in their decision-making and governments took less of a direct role in the management of institution. But governance is multi-dimensional, and in many ways Europe remained quite unlike North America.

Broadly speaking, one of the greatest shifts in institutional governance in Europe over the past ten years has been the devolution of managerial authority from national governments to higher education institutions (Crozier et al., 2007; Eurydice, 2008; Eurydice, Eurydice, 2006; Eurydice, 2000; Stensaker et al., 2006). Focus on this broad trend, however, obscures the extent to which higher education governance has shifted. Far more has occurred than a simple transfer of authority between static entities. Institutions have changed themselves as governments have developed new methods of ‘guidance from a distance’ that replace direct management. Governments have not simply transferred authority to traditional collegially self-governing universities; rather, they have transferred authority to an entirely new managerial level that has largely superseded collegial self-governance (Eurydice, 2008). Simultaneously, governments have moved toward greater emphasis on quality assurance and accountability structures, enhancing rather than reducing their ability to direct higher education systems (Santiago et al., 2008). While they have increasingly devolved day-to-day decision-making powers to a new level of university managers, governments have arguably intensified the extent to which they oversee and direct higher education.

The set of actors involved in higher education governance has also shifted tremendously. Whereas discussions of governance in the 1980s through the 1990s focused mainly on the changing nature of university management, state oversight, and market forces, this last decade was marked by an increased focus on the broadening international and network aspects of governance (Eurydice 2008; Santiago et al., 2008; Stensaker et al., 2006). However, though international network actors have had a growing influence, ministries of education and institutional leaders remain the most potent actors in higher education governance (Stensaker et al., 2006). This section will focus on the evolving roles of these primary actors.

Changes to national level governance of higher education institutions and systems have been driven largely by the acknowledgment of the role that higher education plays in economic development and social well-being. Across the Europe Region, there is broad consensus at the national level that higher education is a primary economic driver. This, combined with the general shift to managing by outputs rather than inputs, had led governments to begin to demand specific market-relevant outputs from higher education institutions. To that end, they have developed a number of

governance mechanisms to ensure that demands are met. To a considerable extent, these new instruments use monetary incentives to leverage desired system outcomes. Such governance mechanisms utilized by governments include performance-based funding for teaching and learning activities, targeted funding to achieve explicit objectives (e.g. development of partnerships with the surrounding region), competitive research funding; objectives-based contractual arrangements with institutions; and publication of information on institution's performance (Santiago, 2008). In effect, the state has stopped trying to run institutions directly and provided institutions with incentives, but it continues to maintain control by managing through incentives. (Warden, 2008).

It should be noted that incentive funding has not, for the most part, replaced block grants or input-formula funding (i.e. based on enrolments) in most of our region (Eurydice, 2008). But then again, it does not need to – most institutions are working with such small financial cushions that even small amounts of incentive funding can cause them to re-orient their activities significantly. Output-based funding formulae are most common for research, where outputs can easily be counted in terms of citations, publications, patents, etc. Only Denmark has gone to the extent of relying on output-based measures (e.g. degrees awarded) to award the majority of its funding for teaching activities (Vossensteyn, 2004).

These processes often come into effect as instruments of wider revisions to governance policy, “In some [European] countries, reforms in these areas were introduced in the form of broad framework acts that encompassed the entire domain of institutional autonomy, finance and quality control (Eurydice, 2000, p. 87).” Thus, while institutional autonomy is intended to give universities sufficient latitude to explore new approaches to program delivery, management, fundraising, and partnership building, it needs to be understood that it is being promoted in the context of efforts to have university managers view their activities in the context of wider system goals. The overarching phenomenon of new institutional managerial control in the context of increase external expectation is often referred to as the “new managerialism.” Brown (2007) uses the term as follows:

...to indicate that a more conscious and systematic effort is made by the authorities at a university... to manage the affairs of the institution, including the activities of the academic staff, and to fulfill certain overall organizational objectives rather than leaving outcomes to be determined simply by the interplay of the various interests within the institution. The shift reflects the increased external stakeholder interest in higher education that has accompanied massification and the knowledge economy with the central role for universities as producers of knowledge. (p. 22)

Even though the transfer of control to university managers has occurred unevenly across Europe, some trends in the division of governance responsibility between institution and state have emerged. The receipt of governance responsibility has placed institutions in increasingly complex webs of external obligation. (Stensaker et al., 2006). University managers have found themselves in control of former state agencies (universities) that are now corporations, legal persons (Santiago et al., 2008, 91). Transitions toward professionalized management are proceeding across the Europe Region, albeit at different paces due to the varying pace of governance reforms and the fact that the legal position of institutions varied considerably across the Europe Region prior to reform (Eurydice, 2008).

The extent of the change in governance, in Western Europe at least, is observable from two reports produced over the course of the decade. The first, published by Eurydice in 2000, was entitled *Two Decades of Reform in Higher Education in Europe 1980 Onwards*. In this report, Eurydice profiled the evolution of institutional autonomy from 1980 to 2000. In many European countries during that time period, full or partial autonomy in most of the critical areas of institutional activity (budgeting, hiring/firing, administration, and course planning) was granted to higher education institutions by the State (Eurydice, 2000 p. 91). Few European states included in the 2000 Eurydice study retained

direct state-control in any of these areas; however, the study did not include part of East-Central and Eastern Europe, where the state retained a greater level of control.

The second report, published by the Centre for higher Education Policy Studies (CHEPS) and entitled *The Extent and Impact of Higher Education Governance Reform across Europe*, looked at a slightly different set of factors, but still looked at five broad features of governance in 32 European countries and assessed how they increased in importance, decreased in importance or stayed the same between 1995 and 2005 by surveying university managers.

A central conclusion of the study was that, “traditional notions of collegiality and consensus based decision making are under pressure, making room for ‘businesslike’ leadership and management, aimed among other things at professionalizing institutional governance and management (Stensaker et al., 2006, p. 27).” Table 3, below presents an abridged version of the study’s conclusions.

Table 3. Changes in Institutional Governance in Europe 1995-2005 (CHEPS 2006)

Country	Competition	State Regulation	Academic Self-Governance	Managerial Governance	Stakeholder Guidance
Austria	Some Increase	Some Decrease	Some Decrease	Some Increase	Some Increase
Belgium (FL)	Large Increase	Some Increase	Some Increase	Some Increase	Some Increase
Belgium (FC)	Large Increase	Some Increase	Some Increase	Some Increase	Some Increase
Bulgaria	No Change	Some Decrease	No Change	No Change	No Change
Croatia	No Change	No Change	No Change	No Change	Some Increase
Cyprus	No Change	No Change	No Change	Some Increase	No Change
Czech	Large Increase	Some Increase	Large Increase	Some Increase	Some Increase
Denmark	Some Increase	Some Decrease	Some Decrease	Some Increase	Some Increase
Estonia	Some Increase	No Change	No Change	Some Increase	Some Increase
Finland	Some Increase	No Change	No Change	No Change	Large Decrease
France	Large Increase	No Change	Some Increase	Some Increase	Some Increase
Germany	Large Increase	Some Increase	No Change	Some Increase	Some Increase
Iceland	Some Increase	No Change	No Change	No Change	No Change
Hungary	Some Increase	Some Decrease	Some Increase	No Change	No Change
Ireland	Large Increase	Some Increase	Some Decrease	Large Increase	Some Increase
Italy	Some Increase	Some Decrease	Some Decrease	No Change	No Change
Latvia	Some Increase	No Change	No Change	Some Increase	Some Increase
Liechtenstein	Some Increase	Large Increase	Some Increase	Some Increase	Some Increase
Lithuania	No Change	Large Increase	Large Increase	Some Increase	Some Increase
Malta	No Change	No Change	No Change	Some Increase	Some Increase
Nether.	Large Increase	Some Increase	No Change	Large Increase	Large Increase
Norway	Some Increase	Some Decrease	Some Decrease	Some Increase	Some Increase
Poland	Large Increase	Some Increase	Large Increase	Large Increase	Some Increase
Portugal	Some Increase	Some Decrease	Some Increase	Some Increase	No Change
Romania	Some Increase	Some Increase	Large Increase	Large Increase	Some Increase
Slovakia	Some Increase	Some Decrease	Some Increase	Some Increase	Some Increase
Slovenia	No Change	Some Decrease	No Change	Some Increase	No Change
Spain	Some Increase	Large Increase	Some Increase	No Change	No Change
Sweden	Some Increase	Some Increase	Large Decrease	Some Increase	No Change
Turkey	Some Increase	Some Increase	Some Increase	No Change	No Change
United Kingdom	Some Increase	No Change	No Change	No Change	Some Increase

The CHEPS survey of university managers found that institutions tend to possess a great deal of control over some areas of responsibility, whereas in other areas institutions had little influence. Among other things, the study concluded that:

- Institutions' freedom to define their institutional missions is typically constrained constitutionally or by government priority.
- Organization of top-level university management is often determined by government, but the degree of government determination of internal governance structures below the very top is highly heterogeneous across Europe.
- The introduction of new study programs is largely the prerogative of institutions, except with regard to some mandated professional programs.
- With important national oversight, quality assurance in the area of teaching and learning is largely an institutional responsibility shared by university management and the academy.
- With regard to budget allocation, there is great variability in the extent to which institutions must follow government guidelines or choose to follow them.
- With regard to employment and staff, it was found that across Europe, institutions have considerable autonomy in defining conditions and terms of employment, though national guidelines for staff compensation are common.
- In the area of student selection and enrolment level determination, state involvement across Europe varies widely. In some countries, governments still determine both enrolment levels and entrance requirements whereas in others these responsibilities have been devolved to institutions, with many countries falling somewhere in-between.

- In the area of public-private partnership development, there is very little regulation and institutions tend to have a great deal of latitude.

Still, while the broad direction of policy changes is in favour of greater autonomy, current levels vary a great deal from country to country. At one end, the levels of autonomy are similar to those enjoyed by institutions in North America (which, on average, exhibit considerably more autonomy than those in Europe). At the other end, in parts of Eastern Europe, there is still significant government involvement in universities, though even here the movement is towards greater autonomy. One region, however, is somewhat anomalous. In most of Europe and North America, greater institutional autonomy has been accompanied with a greater degree of managerial governance inside the university, with stronger central administrations, along the lines set out by Clark Kerr in his famous missive about multiversities (1963). However, in south-eastern Europe, and specifically in much of the former Yugoslavia, movement in this direction has been absent. The administrative tradition inherited from the former regime was not the extreme centralism found in many neighbouring countries – rather it was the extreme decentralism that characterised so many Titoist institutions. This has persisted into the new era, making it difficult for institutions to properly take advantage of commonalities among programs of study and internal economies of scale.

To sum up: over the past decade, institutional autonomy has expanded across Europe, though unevenly and in ways that are specific to each national context. This autonomy has brought with it a host of new responsibilities to both society and state. The expansion of institutional autonomy is changing universities themselves. A new managerial level has grown at the top of European universities for the purpose of directing institutions to newly defined societal obligations while managing engagement with new areas of institutional activity such as enrolment management, capital investment, and the building of partnerships with the private sector. In the process, collegial self-governance has been relegated to the specific areas of direct concern to the Academy, such as assurance of the quality of teaching and learning and the introduction of new fields of study. Though it is impossible to say whether policy in Europe will continue to devolve ever greater powers to institutions, it does seem unlikely in the short term at least that the trend will reverse itself so that the state can re-assume greater direct control. In that sense at least, the past decade seems to have brought the North American and European models of university management closer together.

The devolution of decision-making and responsibility from government to institutions has not, however, simplified system-level governance – quite the contrary, in fact. As noted earlier, it is not that governments have stopped steering the system: they have just shifted from doing so directly to doing so indirectly by incentivizing certain outcomes. But this is a major innovation and most governments are still on a learning curve with respect to understanding how to use this new steering mechanism. The first major implication of the devolution of power is a need for much more information on institutional inputs, throughputs and outcomes. Evidence-driven policy requires a bare minimum of evidence to work, and this simply does not exist in many places on many issues. This is not only an issue in terms of looking at outputs; in some countries governments have attempted to use student choice as a lever to improve quality and efficiency, but in the absence of useable, detailed data on conditions and results at each institutions, it is hard to see how student choice can achieve this.

But the problems of system-level governance are not limited to a lack of usable data. As noted earlier, higher education systems are being asked to take on increasingly diverse set of missions. Some of these missions involve co-ordination across different policy areas – such as the secondary education system, or the health system. And with institutions now having been given more autonomy, co-ordination takes on a much more complex character.

Marketing and Commercialization

One of the most remarked-upon developments over the past decade on both sides of the Atlantic has been the increasing attention paid by institutions to the marketing of their efforts. Institutions are much more likely now than a decade ago to be involved in activities of advertising, branding, and marketing which leave some people with more traditional views about universities quite uncomfortable.

In part, the new focus on marketing is a simple matter of a search for dollars. As systems of higher education expanded rapidly, per-student funding in general declined. In North America and Western Europe, this happened some time ago (but created problems which continue to this day); in east-central and eastern Europe it happened in this past decade. In those countries where institutions were permitted to charge tuition fees to offset this drop in per-student income, attracting new students was an important financial survival mechanism. This search for students has been accentuated by demographic shifts: as youth become scarcer, so the competition for students becomes fiercer. These shortages need not be on a national level; in Canada, institutions in large urban centres are badly over-subscribed while institutions in more rural areas, and parts of the country that are in long-term economic decline, are having trouble maintaining their enrolments. A more intensive marketing campaign, complete with institutional branding and advertising, is the result.

Some argue that the focus on the branding of institutions and national systems of higher education is illustrative of a broader trend that has unfolded over the past two decades: a shift in the rationale for higher education toward increasing emphasis on the private nature of post-secondary education. Entin and others refer to global economic changes beginning in the 1970s that have, over the last 30 years, impacted higher education (2005: 26; Giroux 2002; Lafer 2003 & 2001) through budget cuts and increases in tuition. Altbach (2008) discusses this trend:

The implications of the domination of the private good argument in higher education are immense....Public higher education has increasingly been asked to depend on student tuition and entrepreneurial projects to support itself. The state has systemically withdrawn its financial support for higher education. The results of this are clear worldwide. Increased tuition fees for students, less basic research, and more academic entrepreneurialism characterize academe in most places.

Or, as Lafer (2001) puts it: universities have moved away from the “community-of-scholars model, fashioning themselves instead in the image of private corporations.” No doubt, these views are true to some extent: but it is worth remembering that in most cases, the cause of the lower per-student funding (and hence all the dreaded “commercialization”) was the massification and universalization of higher education.

To the extent that commercialization is about a “battle for students”, there are a number of other trends which are encouraging institutions to move in this direction. One, obviously, is demographics: young people are becoming scarcer in much of our region and even in countries with growing populations, some areas are becoming de-populated. This makes the task of increasing enrolment that much more difficult and encourages institutions to intensify their efforts to seek students at home. It also leads them to seek students abroad. In Europe, thanks to the Erasmus program and the generally greater levels of mobility among, internationalization has long been a reality. But increasingly, and not just in Europe, the search for students is taking institutions into the developing world. Again, taking in students from abroad is not new, but its purpose has morphing from being a source of cultural exchange to being a source of foreign currency. But to attract

students from abroad requires intensive marketing – students in China will have little knowledge about most European or North American universities, so institutions wishing to recruit need to invest heavily to promote “brand recognition” (at least for those institutions whose existing brand recognition is less than that of Harvard or Yale or Oxford). At least some of the institutional obsession with rankings needs to be understood in this light: since students in remote parts of the world will have few sources of information about education in the west, these independent and purportedly authoritative data sources take on huge importance: indeed, as Hazelkorn (2008) notes, a very high proportion of institutions actually use the results of various rankings as part of their publicity material.

Along with this need for advertising and branding has come a trend of investing in higher levels of services and facilities (such as more modern dormitories or recreation facilities), all of which make can be justified as making for a better “learning environment” but can equally be criticized as being “non-essential”. These higher levels of services, naturally, bring with them higher levels of costs, which tend to be borne by students.

The Use of ICTs in Higher Education

As in the rest of society, the use of ICTs has increased significantly in higher education over the past decade. Broadly, it can be said that ICTs have had impacts in three quite distinct areas of higher education activities – research collaborations, institutional management and instruction. These three issues will each be treated in turn.

One of the most important outcomes of increased ICT in academia has been the facilitation of research collaborations between researchers or teams at different universities. Though obviously collaboration between colleagues at different institutions was well known prior to the past decade, the use of ICTs is now enhancing the possibilities of inter-institutional collaborations immensely. To a much greater extent than ten years ago, research collaborations are now taking place between institutions rather than simply within them. This has made much more functional the notion of “networks of excellence” – it has also made it much more difficult to claim that a particular piece of research actually originated at a particular institution, since articles are more likely to have authors at multiple sites.

It is not clear if the past decade has witnessed an increase in expenditures on ICTs for management and administrative services in the past ten years, but it is clear that there is a great deal more computing power available for these tasks. Institutional managers certainly have much more data available at their fingertips to help them guide their institutions; students can certainly interact with their institutions more easily (e.g. registering and paying for courses on-line). Yet it is striking that with all this data been collected and transferred within institutions how little *common* data there is amongst institutions and how weak some national data systems are with respect to education and education expenditures. This is, perhaps, to underline the role that governments still need to play in order to enforce common reporting rules.

But the greatest promise of ICT was a shift in the way learning occurs. Much more information is now available electronically via the World Wide Web than was the case a decade ago; students at even the tiniest university have access to far more information than was the case a decade ago, and this to some extent levels the playing field somewhat between smaller and larger institutions. ICT can also be employed within the classroom itself (through interactive presentations using laptops or “clickers”) and can act as an enhancement to the in-class experience through technologies such as BlackBoard and podcasting.

The point of all this is in fact to transform teaching and to change its production function. Most professors in our region are still essentially using the same technology that Socrates and his competitors the sophists were using in the Athenian agora 2500 years ago – the lecture. The lecture conveys information through verbalization on the part of an expert. Traditionally, there have only been two ways that a teacher could increase his or her productivity: either by stuffing more students into the classroom, or by enhancing the out-of-class experience by making more related knowledge available to students so that they may absorb it in their own good time outside of class (in this respect, Google and the world of information on the web is simply an extension of the earlier technologies of the book and the library). In theory, ICTs can make learning more efficient by allowing more interaction inside a class (thus allowing both the teachers and the taught to assess progress on the fly) and more collaborative learning on the one hand, and by extending the boundaries of the classroom (both spatial and temporal) by permitting more asynchronous communication (e.g. e-mail) amongst a learning community. These kinds of efficiencies are important not only to improve student learning outcomes, but also to permit some reductions in per-student costs (Foster 2007): Dykman (2008) notes the possibilities inherent in the “unbundling of teaching roles” by saying:

Unbundling can significantly lower the costs of education in the long term through achieving economies of scale by isolating and standardizing parts of the teaching process. The development of academic content to students, the interactions with students, and assessment of student performance are functions of teaching that are essentially unbundled in an online environment, because each of these is supported by the professor by different subsystems of the technology (Dykman et al, 2008, 12).

In practice, though, effecting this shift has not been so easy. It is very easy for ICTs in education to simply be “papered over” and existing course, the addition of technology merely a decorative add-on to a continuation of a 2500 year-old technology. For ICT to genuinely change the classroom experience requires truly re-thinking pedagogy in order to embed the old material in a new way which is both engaging and genuinely takes advantage of the possibilities of the new medium. It is emphatically not simply a matter of posting lecture notes on-line (which is what some early ICT efforts amounted to). The problem is that most institutions do not have the expertise to really make this change themselves and while some for-profit companies such as BlackBoard have tried to work with institutions to help them adapt to the new pedagogy, there is concern about the long-term implications of in effect outsourcing the platform on which curricula are delivered. The result is much less change in teaching styles and technologies than one might have hoped. Even major acts of “academic philanthropy” in this area (Guri-Rosenblit & Sebkova, 2004), such as MIT’s Open Courseware Project (in which the university put all of its curriculum on-line for free use by any and all interested parties), have failed to spur major changes in the way curricula are developed.

One place where technology has taken off, however, is in what used to be called “distance-learning” but which is now increasingly called “e-learning” (in large part because distance education’s clients are no longer necessarily that distant and their barriers may be temporal rather than spatial). Since the lecture has never really been the dominant technology in distance education, there has been less resistance to the adoption of new technologies and new ways of embedding curricula. The adoption of these new technologies has been especially significant at the level of the Master’s Degree among working professionals. This is partly because this type of learner is well-suited to a more independent learning style and the “just-in-time” delivery of information and instruction, and partly because these kinds of programs are more likely to be run on a commercial basis and to have large amounts of money available to them for development.

The full potential of e-learning is still relatively unexplored (Altbach 2008, Dkyman et al, 2008) and at the undergraduate level may remain unexplored for some time. Yet despite this, the

implications of increased use of ICTs in teaching are relatively clear. The first is that the locus of teaching need not be a physical space; a host of new possibilities for distance education may be opened up, which could be a significant boon for institutions wishing to partner with institutions in developing countries to satiate the large and growing demand for higher education in these countries. Institutions can already be classified as being either “bricks and mortar” institutions (representing the conventional model of the university) “clicks and bricks” institutions, (integrating existing campus infrastructure with computer technology; and “clicks” institutions, offering learning only online (Phipps and Wellness, 2001; Levine, 2000). Currently, institutional prestige is very hard to come by for this third type of education. But this may not last forever and there are certainly more possibilities than there used to be for collaborations among different types of institutions to combine the prestige and quality control of older “name” universities and younger, less prestigious but more technologically adept ones. But notions of quality and processes of quality assurance may take some time to catch up with the possibilities of the technology.

Changes in the Financing of Higher Education:

All of what we have been talking about to date - massification, universalization, diversification and quality – cost money. Money for higher education comes from three sources, which in order of importance are: governments (or taxpayers) via grants voted by the legislature; students via tuition fees; and other entities via cost-recovery exercises and revenue-generating ancillary operations. The dominant discourse about higher education is that there has been a shift in financing from public to private sources and that this has had serious consequences for institutions. As we shall see, this is partially true – but that the story is actually considerably more complicated and nuanced.

First, the issue of the public-to-private shift. As shown in table 4 (which uses data from the most recent edition of the OECD’s *Education at a Glance*), there has indeed been a shift away from public financing and towards private finances. But overall the shift has not been especially large. Indeed, in some countries (most notably in the United States) between 2000 and 2005 the pendulum actually began to swing the other way in favour of a greater share of public financing.

Table 4. Trends in the Proportions of Total Expenditure on Tertiary Education Coming From Public Sources, 1995-2005

	1995	2000	2005
Austria	96.1	96.3	92.9
Belgium	n/a	91.5	90.6
Canada ²	56.6	61.0	n/a
Czech Republic	71.5	85.4	81.2
Denmark ²	99.4	97.6	96.7
Finland	97.8	97.2	96.1
France	85.3	84.4	83.6
Germany	89.2	88.2	85.3
Greece ²	n/a	99.7	96.7
Hungary	80.3	76.7	78.5
Iceland ²	n/a	94.9	91.2
Ireland	69.7	79.2	84.0
Italy	82.9	77.5	69.6
Netherlands	80.6	78.2	77.6
Norway	93.7	96.3	n/a
Poland	n/a	66.6	74.0
Portugal	96.5	92.5	68.1
Slovak Republic ²	95.4	91.2	77.3
Spain	74.4	74.4	77.9
Sweden	93.6	91.3	88.2
United Kingdom	80.0	67.7	66.9
United States	37.4	31.1	34.7
OECD average	79.7	78.0	73.8

Source: OECD, Education at a Glance, 2008

However, simply looking at the changes in the proportion of financing does not tell the whole story. For while it is true that private funds (which are primarily but not exclusively derived from student fees) are playing a slightly more important role now than they did a decade ago, the fact remains that almost all countries have poured a great deal of additional public funds into tertiary education in the past decade. Indeed, in virtually every country in the OECD, public expenditure was higher, in real terms, in 2005 than it was in both 2000 and 1995. Across the OECD, the average country saw an increase in funding of almost 48% between 1995 and 2005. However, there was a significant contrast between countries in the European Union's old core (that is, its original six members), and those in North America and the rest of Europe. For reasons that are not entirely clear, growth in spending in the EU's original six was much slower than elsewhere in the region. The hypothesis that this slower growth was related to increase private funding can be ruled out, however; a look back at table 4 shows that in none of these countries was the increased share of private financing anything beyond the OECD average.

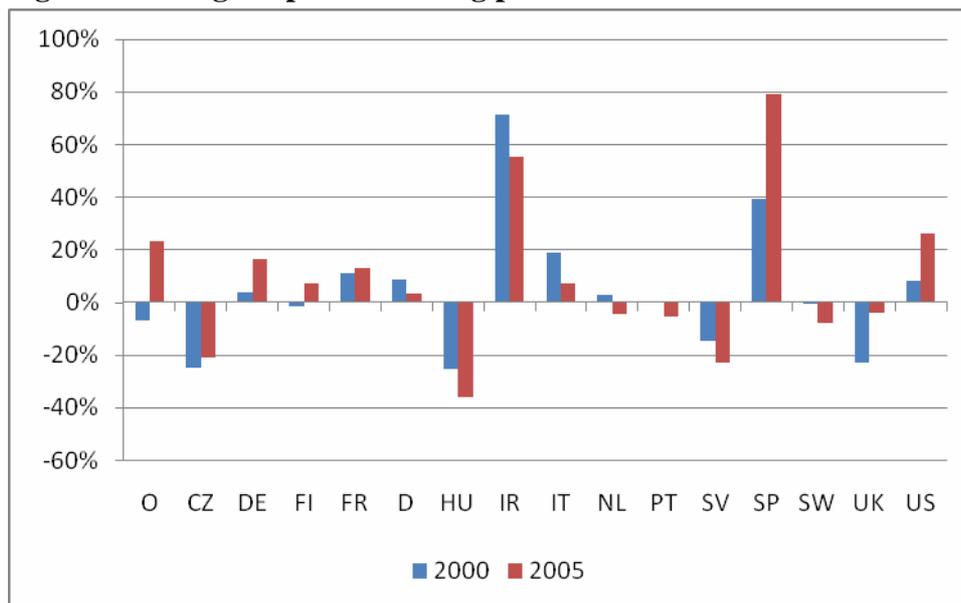
Table 5. Real Changes in Total Public Funding 1995-2005 (2000 = 100)

	1995	2000	2005
Austria	97	100	129
Belgium	n/a	100	101
Canada	69	100	n/a
Czech Republic	86	100	147
Denmark	93	100	115
Finland	91	100	114
France	93	100	106
Germany	96	100	102
Greece	63	100	228
Hungary	78	100	129
Iceland	n/a	100	170
Ireland	50	100	109
Italy	85	100	100
Netherlands	97	100	110
Norway	107	100	117
Poland	89	100	193
Portugal	76	100	101
Slovak Republic	85	100	127
Spain	72	100	119
Sweden	84	100	111
United Kingdom	116	100	148
United States	85	100	132
OECD average	85	100	127

Source: OECD, Education at a Glance, 2008

But if public funding has increased, so too have student numbers. Even if public funding has increased, if public-funding *per student* has decreased, then institutions may still perceive the past decade as having been a time of restraint. Figure 4 shows the change in funding per student relative to 1995 in 2000 (blue bars) and 2005 (red bars). Here, a somewhat different picture emerges. Two countries for which data on student numbers and finances are available for all three reference years stand out as having had massive increases in public funding per student – Ireland and Spain. Three countries from east-central Europe – all of which experienced very substantial increases in student numbers over the decade – saw substantial decreases in public funding per-student. Austria and the United Kingdom saw decreases in the last half of the 1990s, followed by substantial increases in the first half of this decade. Most other countries in the graph saw very small little change in public funding per-student over the decade. It should be noted, however, that several important countries are excluded from this graph because of data gaps; of these, both Greece and Poland stand out as having made very large new public investments in tertiary education.

Figure 4. Change in public funding per student since 1995



Source: OECD, Education at a Glance, 2008

To be clear: although the public share of educational expenditures is shrinking, it is not shrinking because there has been a reduction in public funds. Indeed, it was not even falling in per-student terms in most of our region. It simply was falling because private money was increasing faster than public money. The above figures, if anything, understate this because of the lack of data from places such as Russia and Ukraine, where vast sums of new private money have come into the system through the introduction of private universities.

In many countries, the shift towards greater private expenditures has come about because of the introduction of cost-sharing measures (i.e. tuition fees). Why have governments chosen to introduce cost-sharing? Dutch researcher J.J. Vossensteyn (2004) has argued that cost-sharing has emerged in a context in which “the increasing demand for higher education services exceeds the capacity of the public budgets available for higher education “ Johnstone (2006) has also suggested two other possible reasons for cost-sharing: the first being a notation of equity which suggests both that “those who benefit should at least share in the costs” and that increased system funding allows for financial assistance to those in need (who may not have had system access in the absence of cost-sharing), and the second being a “neo-liberal economic notion that tuition - a price, as it were, on a valuable commodity - brings to higher education some of the virtues of the market [efficiency and responsiveness]”. Because there is typically some mixture of all three of these motives at play in the introduction of tuition fees, it is possible for those in favour of tuition fees to argue truthfully that their policy is about improving equity and those against it to argue truthfully that it is simply an ideological pro-market initiative.

Of the OECD countries above with comparable data from 1995 to 2005, Portugal has experienced the most drastic shift in the direction of private finance of higher education. In 1995, public funding accounted for 96.5 percent of total funding for higher education. This was the third highest figure recorded by the OECD in 1995 preceded only by Denmark and Turkey. With Portugal’s latitude for public spending constrained by efforts to “reduce the national budget deficit below 3 percent pursuant to the Stability and Growth Pact of the European Union (Santiago et al., 2006, p. 174).”, a decision was taken to introduce cost-sharing. By 2005, the relative proportion of public funding of total higher education expenditure had dropped to 68.1 percent, a change of 28.4 percent. Of the 31.9 percent of expenditure on higher education coming from private sources in 2005, 23.4 percent came from household expenditure versus in 3.5 percent in 1995. Cost sharing has proceeded principally through transfer of funding responsibility to students through a series of tuition increases

with the largest jump occurring in 2003-04 (OECD, 2007 p. 113). Portugal is not, of course, the only country to have introduced tuition fees in the past decade, but its case is nonetheless relatively typical.

As a federal state with jurisdictional (*Lander*) responsibility for education, Germany's movement toward greater cost-sharing through tuition fees has been slower and more uneven. Prior to 2005, tuition fees were banned at the Federal level, "After a contentious court battle between the federal government, which wanted to ban fees, and six German states, the country's Federal Constitutional Court ruled in 2005 that the states could set tuition policy (Wilhelm, 2008 p.54)." Since the law has changed, some *Lander* have embraced a jurisdictional level fees, others have allowed institutions to set their own fee levels with a jurisdictional ceiling, while still others have rejected fees outright. The proportionate drop in public expenditure on higher education that these developments have likely caused is not covered in the chart above, as it only covers developments up to 2005. The drop in proportionate public expenditure observed above thus cannot be attributed to the introduction of tuition. Future data will likely reveal a greater drop.

A very different story is observable in Ireland, a country which represents the principle counter-example to the trend of greater cost sharing through transfer of some financial responsibility from the State to students through tuition. In Ireland, between 1995 and 2005, the relative proportion of expenditure on higher education emanating from public sources actually increased by 14.3 percent, the largest increase recorded in this period for an OECD member-state. This change is traceable to Ireland's 1996 elimination of undergraduate tuition fees in an effort to increase the higher education system's accessibility (Swail and Heller, 2004). As a result of the elimination of fees, household expenditure on higher education fell from 28.3 percent of total higher education expenditure in 1995 to 14.1 percent in 2005 (although tuition was eliminated, Irish students still pay an annual registration fee which is almost indistinguishable from tuition). In a recent study, *Higher Education in Ireland*, the OECD has recommended that Ireland reintroduce fees, citing the benefits of having additional funds in the system and the argument that tuition elimination has not increased access for traditionally underrepresented populations (OECD, 2006 p.89).

Several non-OECD states in the Eastern portion of the Europe Region have also seen significant changes in levels of public expenditure on higher education proportional to total expenditure on higher education. Much of this change is observable in former Eastern Bloc countries that have seen expansion of private expenditure in the public system as well as private system growth. While the private sector is not equally strong across the Europe Region (in Croatia and the Czech Republic, for instance, private education is notable by its near-total absence), it is in general much stronger than it is in Western Europe, accounting for as much as a third of total enrolment in some countries. In addition to tuition fee revenue at private institutions, public institutions have also in many countries been given considerable latitude to raise funds via tuition fees. This is sometimes (confusingly and somewhat inaccurately) referred to in the region as the "privatization of public universities". The introduction of fees has occurred despite deep political resistance to fees and (even occasionally constitutional prohibitions on the practice). Generally speaking, in the former Eastern Bloc countries the introduction of tuition fees has come via the "dual track" method, where a certain portion of students – usually those deemed especially meritorious – are not required to pay. On top of these students, institutions are permitted to enrol a number of other fee-paying students (institutional freedom to decide on both fees and the number of students to accept varies widely across the region). Thus, higher education in the region has managed a delicate political balance by both introducing the principle of fees while retaining the principle of free tuition. Several countries in the region have proportional levels of public expenditure that are well below EU levels. In 2003 for the entire EU 27, "79.9% of the funding for HEIs came from public sources (Eurydice 2008 p. 47)." In 2003, the proportion of public spending on higher education in Lithuania

was 61.8 percent, in Bulgaria was 55.2 percent and in Latvia was 44.9 percent, all figures well below OECD and EU averages (Eurydice, 2008).

So what was the effect of all this cost-sharing? Theoretically, cost sharing can allow for system expansion and/or quality enhancement, depending on national and institutional priorities. Across most of our region, the primary impact appears to have been system expansion: nearly all the countries that have seen the tuition increases have also seen substantial system expansion (e.g. the Russian Federation, Poland, Romania). This is not to say that countries without tuition fees have not expanded as well – Greece, Iceland and the Czech Republic represent systems that have expanded substantially without recourse to cost-sharing. However, there are no countries which have introduced cost-sharing that have not seen at least some system expansion – whereas a number of countries with no cost-sharing (e.g. France) have effectively seen zero growth in participation.

Under cost sharing models, there is always a fear that some students and families being called upon to assist in the financing of education will not be able to make the necessary contributions and will thus be excluded from higher education. This is why most cost-sharing models have employed student and family assistance programs in the form of grants and loans to mitigate this financial pressure (Vossensteyn, 2004). Still, even with these, much of the debate around cost-sharing has revolved around the question of whether tuition fees harm access. As an independent variable, it seems that they do not. As Johnstone (2006B) noted: “Evidence from Finland, Norway, Denmark and Sweden, for example, shows that the absence of fees does not help to boost participation of students with low socio-economic status. Neither did the abolition of tuition fees in Ireland in the mid-1990s lead to increased participation from lower socio-economic status students.” Similarly, Usher and Cervenán (2005) found little correlation between low tuition fees and other measures of affordability on the one hand, and measures of participation (either in terms of system size or measures of equality of access) on the other.

Normally, the way that cost-shared systems ensure these better outcomes is by offering grants (which go to poor students) and loans (which go to poor and middle-class students, though in some countries such as Sweden they are available universally) which help offset the cost of education in the short term. As a result, students with lesser means in the end pay significantly less for their education than students from wealthier families and this therefore erases such putative negative effect of tuition as may exist.

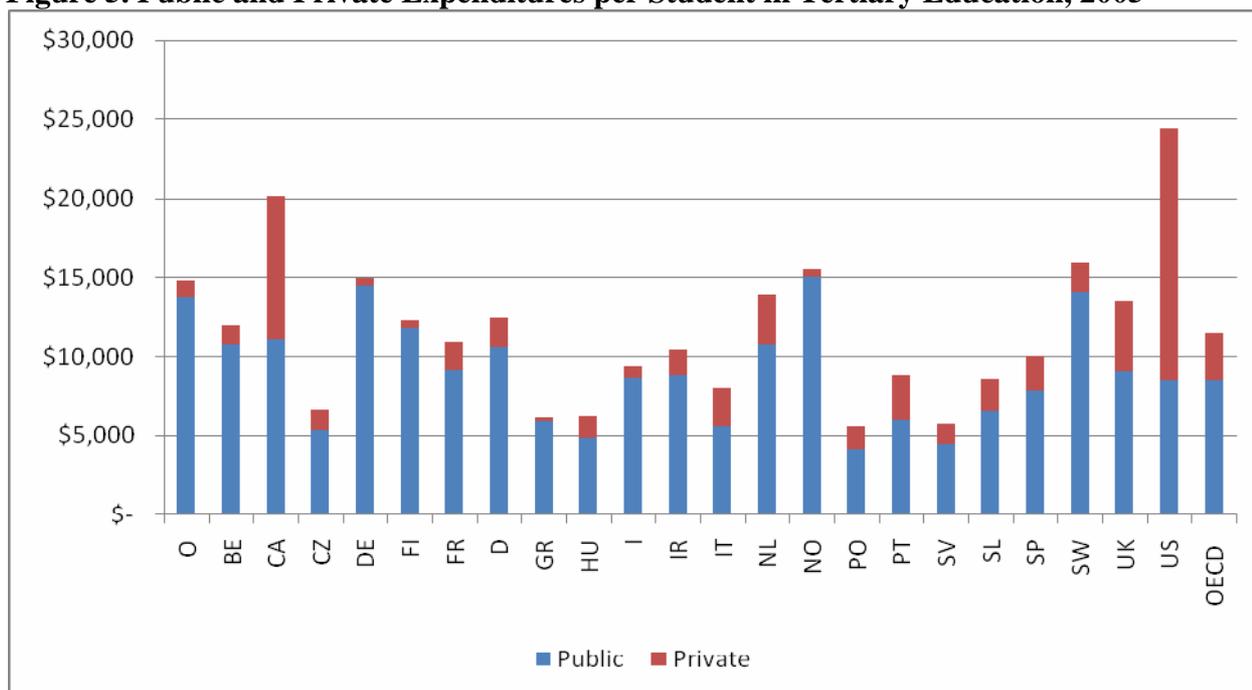
As noted earlier, one of the most important developments in increasing participation in the past decade occurred in eastern and east-central Europe. There, decades of pent-up demand were met by a major increase in cost-sharing, both through the creation of large numbers of private universities (especially in Romania, Poland, Ukraine and the Russian Federation), and the creation of a two-tiered system of tuition at public universities. Under the two-tier system, the highest achieving students¹⁶ received higher education for free while lower-achieving students paid tuition. Although these “scholarship” places are distributed according to an objective standard of merit, everywhere they are largely occupied by children of the elite who had the advantage of being able to access high-quality secondary education. The resulting system looks to be almost exactly the opposite of what occurs in the American system. In both, the rich tend to go to more elite schools and the poor to institutions of lesser repute. The difference is that in America the rich pay extraordinary sums while the poor, after receiving Pell grants, pay very little; whereas in east-central and eastern Europe, it is the poor who pay more - and for the most part they do not have access to student loan programs as these are still quite rare across the region. And yet, despite all this, despite the fact that the cost-sharing experiments in Eastern and East-central Europe have had none of the features that

¹⁶ A significant trend over time in countries with two-tier tuition has been a gradual on-going reduction in the number of fully State-sponsored students and an increase in the number of fee-paying students.

offset the negative effects of rising tuition for the poor, they all – seemingly – have had very good outcomes, at least in terms of being able to expand higher education. However, no data has yet emerged from these countries with respect to how cost-sharing has affected the social composition of the student body in the aftermath. This is a pity as understanding the effects of such a major experiment would go a long way to de-mystifying the effects of tuition on access and participation.

Such a de-mystification is important because the debate about cost-sharing is not going to go away in those west European countries where fees have yet to be really introduced – notably Germany and France. Figure 5 shows per-student funding from public and private sources across the OECD in 2005. With the exception of Norway, there is a very large gap in per-student funding between Europe and the United States, and that difference is almost entirely accounted for by private expenditures – i.e. tuition. It is difficult to see how, with such a gap, Germany, France and Italy can close the gap with the United States either in terms of participation rates or in terms of research or other measures of quality. Some might argue that a more “European” path would be for these countries to emulate Norway and spend much larger amounts of public money. Possibly, this is true. However, even before the present recession and the upcoming demographic crunch, the larger West European countries were in no great hurry to increase their public per-student funding in the last ten years – indeed, it was in these countries that public per-student funding was increasing the slowest. As long as this funding gap persists, cost-sharing will remain an important policy option to consider.

Figure 5. Public and Private Expenditures per Student in Tertiary Education, 2005



Note: Data for Switzerland and Norway are from 2003, not 2005. Data for Canada is for Tertiary A only; the figure for all Tertiary is likely somewhat lower.

Source: OECD Education at a Glance, 2008.

This leaves us with an important question: if per-student public financing over the past ten years has in most countries stayed roughly stable or increased, and private financing has increased faster than public financing, then higher education institutions should be feeling better off than they did a decade ago. But this is often not the lived experience, especially for those within the academic profession. Across the region, the long-term trend is towards the increasing casualization of academic labour and the growth of fixed-term contracts.

Part of the answer also lies in the fact that in some cases, even though public funding has risen, the ability to use it in an unconstrained fashion has not. Where governments have chosen to “steer” the system through various types of earmarked-funds, institutions do not necessarily have the freedom to use the new, larger pots of money in an unconstrained fashion. This can mean that even while institutions as a whole are receiving more money, some parts of the institution may be receiving decreasing amounts of money, which in turn leads to restraint and cost-cutting activities in parts of the institution.

But perhaps a more substantive answer to the paradox lies in a phenomenon first noted by economist William Baumol and which is sometimes known as “Baumol’s Disease”. In education, where quality is primarily defined by a stable ratio of inputs to outputs (i.e. teacher-student ratios), productivity increases are hard to come by. Yet despite the fact that productivity rises are low, educational institutions have to pay rising salaries in order to remain competitive with those in industries where productivity *is* rising. The result is that the main cost of education – salaries will nearly always be rising faster than inflation. Thus, even in an era when total income per student is rising faster than the consumer price index, the need to pay competitive salaries to academics may mean that even this may not enough to maintain staff and services at an even level.

The past ten years, then, have been reasonably good ones for tertiary education. Public funding for it has risen, and private support for it has risen faster. In Central and Eastern Europe, much of this new money has gone to funding a massive surge in participation – it is these funds that have permitted that region to universalize their participation rates, meeting and in some cases even surpassing the participation levels of Western Europe. In some cases (notably the United States) the extra funding appears to have gone to increasing research output and increasing student services as well. The manner in which the money has been spent, as we have seen, has also changed some aspects of institutional governance, providing institutions with more autonomy. In sum, a positive decade, even if not every opportunity has been seized and Baumol’s disease has eaten away at some of the gains. The question, as we approach the start of the century’s second decade, is whether or not this good news is likely to last.

Looking forward to 2020

It has been argued throughout this paper that many of the basic forces shaping higher education in the past decade are not new to this period but rather are the continuation of longer-term trends. In brief, these are:

- The modern knowledge economy is demanding ever-higher rates of skill formation; higher education is seen as the way to accomplish this, and so pressures to continue to “universalize” higher education will continue.
- The modern knowledge economy demands innovation; one of the drivers of innovation is the clustering of talent and the production of new knowledge; universities will continue to perform this task
- Modern theories of management emphasize outputs over inputs; institutions can expect to continue to have their success measured in this way.
- The pressures of European integration and the pull of globalization will continue to intensify the pressures for the internationalization of education.
- The youth population is declining in some parts of our region, and this intensifies the competition for students even if the proportion of students from these younger, smaller age cohorts attending higher education continues to increase.

These trends, broadly, have already influenced universalization, the changing mission of higher education (feeding tendencies both to converge and diversify), the definition and measurement of

quality, the desire of institutions to provide a more internationalized curriculum, the boundaries of institutional governance and autonomy and the branding and selling of universities. There is no reason to think that any of these trends will abate over the next decades, meaning that the basic pressures to which institutions are responding will not alter. The continuing focus on expanding participation will continue to demand a more diversified set of institutions in order to ensure that systems' more diversified goal with respect to participation and economic growth are met. Globalization will continue to put a premium on the ability of graduates to function well in jobs which require multiple languages and sensitivity to different national cultures: this will guarantee an intensification of the trend towards internationalization. Increasing skill requirements will likely make even greater demands on system resources as the demand for graduate programs increases. The latter two of these trends are likely to increase per-student costs significantly.

Some might point to a changing demographic balance as a reason for optimism: even if per-student costs are increasing, the coming demographic dip means the age cohort making up the "traditional-aged student" is getting smaller and will thus be more manageable. The demographic picture, however, needs to be nuanced somewhat. Though it may be true that it is difficult to make demographic predictions with accuracy (LeBras, 2008), making predictions about tertiary-aged students from here until 2025 is relatively easy seeing as all the potential students have already been born. Vincent-Lacrin's (2008) data, which shows demographic projections to 2015 and 2025, suggests that the region's countries can be grouped into three: *countries with expected growth in both the medium-term and long term* (Denmark, the United States and the Netherlands), *countries with expected growth in the medium-term but declines in the long-term* (Iceland, Sweden, United Kingdom, Canada, Switzerland) and *countries with expected declines in both the medium and long-terms*: France, Ireland, Germany, Austria, Russian federation, Portugal, Spain, Greece, Hungary, Czech Republic, Slovak Republic and Poland. But a declining demographic profile does not necessarily mean fewer tertiary students. The pressure to expand access and universalize higher education may offset the declines in population in some of these countries. France and Germany, for instance, have considerable room to increase their participation rates should they choose to as they now have among the lowest GERs in the region. But it does mean that competition for students is likely to be more intensive in these countries than elsewhere, with all that that entails.

It also should not be assumed that any increase in demand over time for higher education will be for traditional undergraduate education. In some places, where there are shortages in some types of trade and skilled labour, the expansion may be in further education rather than higher education. Where attainment rates are already high, further expansion may be expected to occur in professional or graduate programs. Needless to say these distinctions have major cost implications, with the former being considerably cheaper than the latter.

This brings us to the other major variable; namely, funding. The present financial crisis seems destined to have a substantial effect on higher education. In the early phase of the crisis, those institutions which were most dependent on revenue from endowments (primarily those in the United States, but also some in Canada and the United Kingdom) have already run into difficulties because of falling asset values. If these institutions also run their own defined benefit pension programs, they have run into even more trouble because the fall in asset values has put in jeopardy their ability to meet their commitments – costs in these areas must rise, requiring cuts in other areas of expenditures. Public institutions in the United States have a further challenge in that they receive their money from states that are constitutionally bound to present balanced budgets. Thus, they are likely to receive further significant cuts to their budgets in the months ahead. Undoubtedly, all this will tend to narrow the per-student funding gap between the United States and Europe.

However, European universities are unlikely to emerge unscathed from the next decade, either. Bondholders are unlikely to keep buying government debt indefinitely; the current fashion for

running large budgetary deficits to ward off the effects of economic recession will need to end at some point in the near future and that will affect the ability of governments to continue providing funding to institutions. Indeed, among the countries which have been hardest hit by the initial onslaught of the recession, such as Ireland, Hungary and Latvia, it already has. Within two or three years, it is quite likely that we will see the return of public sector austerity measures similar to those seen in the early 1990s.

Add to this the other half of the major demographic shift currently underway. By midway through the decade, large numbers of the “baby boom” generation born between 1946 and 1960 will have retired. In many, many countries, especially in Europe, this will have a significant impact on public finances. Health care and pension costs will rise, and raising additional tax revenue to pay for it may be politically difficult. This means that expenditures on education might be under extreme pressure. To an extent the pressure might be alleviated if enrolments fall in line with youth population decreases, but that would effectively require higher education systems to stop widening access in order to keep per-student funding stable.

With public funding likely at a standstill, how will increased participation, greater investment in research and higher quality be paid for? While funding from sources such as private donations, philanthropy and sale of ancillary services can help at the margin, there are really only two possible ways to pay for this. The first payment option is to increase institutional efficiency and productivity; in short, finding ways to teach more students with fewer faculty. But for this to mean anything other than simply larger class sizes, intensive research into the improved use instructional ICTs needs to take place, and ways need to be found to help students become better independent learners in a shorter space of time. As we have seen, this is unlikely to happen quickly. The likely result here in the short term is therefore an intensification of the pressure to casualize academic labour and reduce per-student costs. Alternatively, governments can push new students into cheaper forms of education; instead of putting them through large research institutions with high per-student costs, they can put them into lower-cost institutions with shorter programs (this would appear to be the strategy of President Obama, whose administration has taken a particular interest in increasing sub-baccalaureate attainment as a means of pushing up overall graduation rates). The second payment option is to inject more private money into the system through cost-sharing (i.e. tuition fees), but this seems to be a politically unpalatable choice across much of Europe, even if it is accompanied by the introduction of a series of loans and grants.

Scarcer funding will constrain the choices facing governments, but the underlying problems and tensions which each national system will face over the coming years will be the same ones they are dealing with now. In most of Western Europe, the pressing question will remain how to make their universities more competitive with American research institutions in order to help make Europe more competitive and productive as per the Lisbon agenda. One can expect that governments will try to “steer” institutions towards these goals with various types of incentives. In France and Germany especially there may also be a renewed debate on expanding participation, especially now that their participation rates have fallen behind not just America but most of the rest of Europe as well. In Central and Eastern Europe, having achieved universalization last decade in a somewhat break-neck manner, there will undoubtedly be a focus on quality assurance. There may also be an increased concern about fairness in participation, this might not have mattered much in the first throes of universalization when the important thing was to try to satisfy the expansion of demand as quickly as possible. However, if the pattern of North America and Western Europe repeats itself, then as massification turns to universalization, these questions of fairness are likely to become more important.

But these things all require money. With money from public sources likely to remain highly constrained for the first half of the next decade at least, this money can only come from students or from internal productivity gains. Neither is likely to be achieved easily. The first will undoubtedly provoke confrontations with students unwilling to pay more for their education; the latter will – if not handled carefully – provoke significant conflict with a professoriate which has seen institutions fill with fewer full-time permanent positions and more non-permanent positions, and faculty members going from one position to another, from one institution, without a permanent appointment (or, in the eastern half of our region, increasingly holding positions at multiple universities simultaneously).

It is unlikely to be a dull decade. And whatever the outcomes, they will not be simple.

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