



## Board Meeting 64

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## 2 **Policy paper on public responsibility, governance and financing of** 3 **higher education**

4

### 5 **1. Introduction**

6 Education is a core institution of our society and one of the main pillars of modern  
7 civilisation. It plays a central role in social and economic development, democratic  
8 empowerment and the advancement of the general well-being of societies.

9

10 ESU believes that open access to all levels of education is the cornerstone of a socially,  
11 culturally and democratically inclusive society, and a pre-requisite for individual and societal  
12 development and well-being. ESU sees higher education as a human right, which is  
13 guaranteed in the United Nations Declaration on Human Rights<sup>1</sup> and the International  
14 Covenant on Economic, Social and Cultural Rights.<sup>2</sup>

15

16 How education is seen in society, how it is funded and how it is governed are tightly  
17 interlinked areas. Addressing higher education as a commodity and students as consumers  
18 who purchase the service goes against the fundamental social values and norms attributed  
19 to higher education. Students should therefore be treated as members of the higher  
20 education community, sharing the responsibility and rights to govern this central institution  
21 of our civilisation.

22

### 23 **2. Higher education as public good and public responsibility**

24 Higher education is and has always been a human institution for passing on cultural and  
25 intellectual heritage. Higher education institutions are, or should be places where there is  
26 interaction between a variety of scientific, cultural and intellectual fields. They are sources of  
27 scientific development, critical thought and conservation, and they contribute to the  
28 intellectually active adulthoods of millions of people. Expanding universities to include more

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<sup>1</sup> *The United Nations declaration on Human Rights, article 26 (1); "Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit."*

<sup>2</sup> *Article 13(2)(c) of the International Covenant on Economic, Social and Cultural Rights of 1966 [Adopted and proclaimed by UN General Assembly resolution 217 A (III) of 10 December 1948] provides – "Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education."*

29 students and professors from a wider variety of social, economic, ethnic, national, and  
30 linguistic backgrounds has added to diversity and the function of defending equality and  
31 inclusion for all.

32

33 Education is a public good, a public responsibility, and should be publicly steered and  
34 supported. Higher education is all too often presented as an expense. Higher education is a  
35 general interest of all people, as it contributes to the common good by increasing the  
36 general level of education in society. Higher education is a value that should not become  
37 subject to economic speculation and prey to the ideologies of privatisation and the shrinking  
38 of the state. ESU therefore calls for all stakeholders to commit to this as a leading principle  
39 to be taken into consideration in all their decisions.

40

#### 41 **Commodification**

42 In the prevailing political discourse, education has come to be understood solely as an  
43 economic factor rather than a tool for social development. Education markets are  
44 established out of instrumentalisation and the changing perception of education purely as  
45 an economic factor and resource for prosperity. This has led to a trend that ESU refers to as  
46 the commodification of higher education, defined as the changing perception of higher  
47 education from a public good and public responsibility to a private and limited commodity.  
48 In this context, higher education is perceived as a knowledge industry, higher education  
49 institutions as service providers and students as consumers of education and human capital  
50 for the labour market.

51

52 When education is defined as a factor for production, discussions of investment in education  
53 are based on an understanding that it is an investment in 'human capital.' This view fails to  
54 encompass the complexity of higher education. It is not a resource for economic growth that  
55 must be profitable. Another interpretation of education is in the context of a knowledge-  
56 based society, where education is seen as a source for value creation and greater economic  
57 growth. In the 1990s, higher education entered a context of neoliberalism, in which  
58 economic growth is considered the only possibility to maintain prosperity. In this paradigm,  
59 economic growth is supported by new technologies and the active support of businesses and  
60 industries relying on teaching, research, and innovation, thus making higher education yet  
61 another way to increase competitiveness in the frantic race to the top of nothing.

62

63 Commodification encourages an unhealthy degree of competition between students and an  
64 extra pressure to excel in grades and extracurricular achievement. This undermines  
65 possibilities for voluntary collaboration and cooperation between students.

66 Commodification also encourages an unhealthy competition between higher education  
67 institutions, where education is sold as a product in an effort to make a profit. This has not,  
68 and should never be, the purpose of tertiary education institutions, since this can have  
69 consequences for the quality of education.

70 The scope of this limited perception is not wide enough to encompass the multifaceted  
71 benefits and contributions that higher education has for students and society. The European  
72 Students' Union is against the view of education as a commodity, the undemocratic and  
73 inequitable limitation of education by the market, and the instrumentalisation of research  
74 and teaching by private decision-makers to fit commercial interests.

75  
76 For these reasons, ESU calls for an emancipation of education policies from economic  
77 policies. Education is a public good and a public responsibility, and should be publicly and  
78 democratically steered and supported.

79

### 80 **Economistic and quantitative rhetoric**

81 ESU encourages active criticism of language that implies that education is a good to be  
82 traded. It is a language of inequality and an integral part of the commodification process.  
83 How language is used to describe education highly influences how it is viewed. It is our  
84 responsibility as students to question when people are reduced to numbers and customers.  
85 Understanding what policy-makers and researchers are saying has become a privilege, and  
86 ESU wants to see that privilege torn down. There is no specific policy-maker to blame for  
87 this. Therefore ESU promotes a vigilant and critical approach to the language used to  
88 describe education.

89

### 90 **Commodification and internationalisation**

91 ESU stresses that the commodification of higher education is not a result of  
92 internationalisation. Unfortunately, the different processes of internationalisation can be  
93 seen as a reflection and result of a political tendency to perceive the self-regulation of the  
94 market as a universal instrument to reach the triad of innovation, economic progress and  
95 competitiveness of societies.

96

97 ESU strongly welcomes international cooperation in higher education, but stresses the need  
98 for a comprehensive, transparent and inclusive debate on the underlying principles of the  
99 internationalisation of education with all stakeholders in HE, on institutional, national and  
100 regional level. ESU stresses that internationalisation and commodification are separate  
101 issues, and recognises the importance of open discussions based on respect for community  
102 interests, global solidarity, human rights and non-discrimination.

103

### 104 **Discussion about values**

105 Current trends call for open discussions about the future of higher education, which should  
106 be based on a deep discussion about values and priorities of the society we live in. Decisions  
107 that are made on subjective interpretations of research and only serve short-term goals  
108 endanger the future of our society and higher education systems.

109

110 Critical reflection of local, national and regional policy-making and the privatisation of public  
111 goods are therefore prerequisites for a comprehensive public debate on internationalisation  
112 and its effects on the commodification of higher education. The responsibility for the  
113 commodification of education does not only arise on international or regional levels, but  
114 also at national and local level.

115

### 116 **3. Governance of higher education institutions**

117

#### 118 **Background**

119 ESU believes that today's higher education institutions should be governed in a way that  
120 reflects the mission and the values that higher education institutions should have. This  
121 means that models of governance that are ill fitted to support and affirm inclusive HIEs that  
122 act as facilitators of the public good must be rejected.

123

124 Higher education institutions today are not as they once were, nor can they return to their  
125 previous state. The expansion of higher education and the increased focus and demands on  
126 research in an increasingly high-tech and cosmopolitan society requires a rethinking on how  
127 higher education institutions are run. When education was a privilege for the elite few in  
128 society, and research mostly an internal affair among a very limited number of researchers,  
129 the governance structures naturally reflected this. The proponents of the old, conservative  
130 governance model often claim that academic staff had a higher degree of autonomy in the  
131 old model, but fail to recognise that there was almost no place for student participation in  
132 this, and it was also very homogeneous. However, in recent years the New Public  
133 Management approach has been increasingly implemented. The proponents of this model  
134 stress the importance of efficiency and return on investment. They also claim a high degree  
135 of autonomy yet confusingly maintain the importance of external stakeholders and the  
136 concept of "fit for purpose". Understandably, the higher education landscape finds itself  
137 torn between the two poles. ESU rejects both of these extreme positions, noting that both  
138 approaches seriously undermine what we consider the self-evident purpose of higher  
139 education.

140

#### 141 **Conservative approach**

142 The academic-conservative approach is largely oblivious to the fact that the role of higher  
143 education institutions has changed. The old governance model was one that worked when  
144 higher education was reserved for a small elite, and research largely an internal affair among  
145 a very few senior professors. It is however a model poorly suited to handle the new role of  
146 higher education institutions, and the fact that education is properly considered a right for  
147 all, and research a public interest.

148

#### 149 **New public management**

150 As for the new public management approach, the problem with treating higher education  
151 institutions like companies is that they are not and should not be companies. Research and  
152 education are not simply tools for economic growth and profit. The importance of higher  
153 education for democratic development, social development, as well as personal  
154 development is easily rationalised away if the focus is too heavily on measurable economic  
155 output. ESU believes this not only robs higher education institutions of their soul and core,  
156 which should entail the free development and attainment of knowledge accessible to all, but  
157 may also work against the goal of long-term economic development.

158

### 159 **Modern collegiality**

160 ESU proposes instead a progressive alternative model. The basic tenet of this model is the  
161 development of the old idea of collegiality to suit the needs of the 21<sup>th</sup> century HIEs.  
162 Academic collegiality in the 21<sup>th</sup> century involves recognising that students and academic  
163 staff are united in a common purpose and should partake equally in the management of  
164 higher education institutions. The basic doctrine of modern collegiality can be described as a  
165 *partnership*, built on a common understanding among the participants of a shared  
166 responsibility.

167

168 Modern collegiality requires that elected students are well-read, active participants in the  
169 governance, and that they maintain a dialogue with the rest of the student body via the  
170 student unions. In this way, elected student representatives can use their information flow  
171 to benefit higher education institutions. Similarly, elected academic staff are expected to  
172 maintain a dialogue with their representative base, and share necessary information and  
173 work constructively with the other elected representatives – be they students or academic  
174 staff. All decision-making bodies responsible for policy-making and resource allocation  
175 affecting education and research at higher education institutions should be collegial in their  
176 composition. This also includes all informal decision-making bodies. It is especially vital that  
177 students are not shut out of the decision-making process on any level.

178

### 179 **External representatives**

180 ESU is not opposed to external representatives taking an interest in higher education and  
181 higher education institutions as such, and recognises that at many times it can be very  
182 beneficial to have people from outside academia who participate in higher education  
183 institutions in government bodies or as advisers by sharing their insights. When they are  
184 included in the institution, these external representatives must never have the majority or  
185 veto right in decision-making process. Cooperation must be on the higher education  
186 institutions' terms, and only higher education institutions are allowed to choose these  
187 representatives. We are also not opposed to external funding, but insist that it is a  
188 governmental responsibility to provide a sufficient level of public funding to ensure that the  
189 collegially run higher education institutions are not forced into a position of dependence on  
190 external financing.

191

192 **Leadership and intersectionality**

193 ESU demands that higher education institutions take responsibility in their governance for  
194 the inequality they foster. Neither of the existing governance models are suited to deal with  
195 the extreme amount of inequality that exists today in higher education institutions and  
196 continuously reproduces existing structures. New public management entirely invalidates  
197 the purpose of equality and intersectionality unless these serve an economic purpose. On  
198 the other hand, the conservative governance structures encourage homosocial structures  
199 under the pretence of meritocracy. Power structures go beyond those that exist on paper,  
200 and a modern collegial approach should address this. In order to avoid parallel and  
201 undemocratic structures, an inclusive approach to leadership is necessary in academic  
202 environments. A modern collegial institution must be fundamentally intersectional and self-  
203 critical. Higher education institutions should recognise their position of privilege in society  
204 and actively work to improve society within and outside its walls.

205

206 **Leadership and training**

207 In a modern collegial higher education institution, the academic role of academic leaders  
208 should be recognised and fostered. The relationship between the leadership and the rest of  
209 the collegiate must be one of trust and professionalism. The leadership should be able to  
210 make strategic priorities, as well as handle conflicts that arise within the collegiate. Handling  
211 such conflicts can often be difficult for an academic leader who is elected from among that  
212 very collegiate. For this reason we would like to encourage the development of a partially  
213 separate leadership career-track for professors. This is not to say that academic leaders  
214 should not be teachers or researchers but that there should be proper support structures for  
215 those among the collegiate who choose to focus on academic leadership. Taking on  
216 academic leadership roles should never be considered a demotion in the academic career. In  
217 this way, those who have an interest in academic leadership can focus on the development  
218 of these skills and receive the support they need. An open recruitment process for academic  
219 leaders should be affirmed, meaning that everyone with the necessary qualifications within  
220 the relevant subjects should have an equal chance to apply for a leadership position – even if  
221 they aren't currently working at the institution in question.

222

223 **4. Financing of higher education**

224

225 **Background**

226 Higher education plays a vital role in society, and the quality, accessibility, equality and form  
227 of higher education is highly dependent on financing. Societies are being transformed in  
228 such a way that knowledge is increasing in importance and is considered to be the engine of  
229 development. To this end, higher education institutions take on a central role in developing  
230 and sharing knowledge. Higher education can never be considered solely as a means for  
231 improving economic competitiveness. Higher education has other aims and consequences,

232 among them forming the basis for tolerance, democracy, critical thinking and personal  
233 fulfilment. These objectives must be taken into account when allocating funds to higher  
234 education. In this respect, funds allocated to the higher education sector should not merely  
235 be considered an expense, but a provision of public good and public responsibility.

236

237 Although financing systems in Europe are very diverse, they still contain particular common  
238 characteristics that separate them clearly from other systems in the world. The European  
239 approach is characterised by its treatment of higher education as one of the fundamental  
240 public responsibilities. This policy paper refers to the financing of higher education, based on  
241 two components: the financing of research and teaching through higher education  
242 institutions and the financing of students. Neither of these can be neglected in efforts to  
243 create qualitative and accessible higher education.

244

### 245 **The funding gap**

246 In the past decades, numbers of students have increased significantly, while the amount of  
247 public funding for higher education has not. As a matter of fact in the last years public  
248 funding has decreased in nearly all European countries, resulting in a gap in financial  
249 resources. Apart from that, we have seen developments that have dramatically influenced  
250 the level of required financial support, such as the internationalisation of higher education  
251 and research, the desire for quality and new teaching methods, the increasing and different  
252 economic interests in higher education, and the diversification of places where knowledge is  
253 created, disseminated and transferred. Not addressing these developments can have  
254 tremendously negative long-term effects. Therefore governments must prioritise higher  
255 education and increase public investment to ensure accessible and qualitative higher  
256 education.

257

### 258 **Financing of research and teaching through higher education institutions**

259 It is of vital importance that public funding guarantees stability and sustainability in the  
260 development of higher education. ESU stresses the importance of governments in ensuring  
261 that higher education institutions have sufficient and sustainable resources to deliver high  
262 quality teaching and research and meet broader educational, social, cultural and economic  
263 goals. All fields of study should have adequate resources to develop, regardless of how  
264 commercially attractive they may or may not be at the moment.

265

266 Resources to support reforms that would open institutions to mobile students must be  
267 provided. This includes the services and facilities necessary to enable mobile students to  
268 study successfully. The resources should be provided to ensure that every student has the  
269 possibility to be mobile.

270

271 Necessary financial and legislative framework to foster cooperation between higher  
272 education institutions must also be provided. This should focus particularly on accessibility

273 to the benefits that emerge from international cooperation (e.g. access to joint degrees,  
274 affordable internal and international mobility, etc.). Sufficient funds should be ensured in  
275 order to foster lifelong learning, and for the state to pursue following measures.  
276 Governments should also legislate the prohibition of tuition fees, but at the same time  
277 guarantee free access to higher education.

278

### 279 **Optimisation of funding of higher education institutions**

280 It is a public responsibility to guarantee the financing of higher education and research. We  
281 can neither have real academic freedom, nor high quality tertiary education without public  
282 funding that fully covers everything higher education institutions need to work properly in  
283 an independent, free and autonomous way.

284

285 External funding always bears the danger that the public investment is being cut, thus  
286 reducing the budget available for teaching and student support and raising higher education  
287 institutions' dependency on non-public financing. Therefore external funding can be  
288 accepted only under the condition that it is always and solely a supplement to public  
289 funding.

290

291 States should enable proper legal framework for regulating such income sources. Economic  
292 interests must not play a role when it comes to external funding of higher education.

293

294 ESU stresses the importance of observing the following principles for alternative funding:

- 295 • Basic research and research purely for the sake of knowledge are of public interest  
296 and should not be jeopardised;
- 297 • The mission and objectives of higher education institutions should not be influenced  
298 by the short term interests of the corporate world;
- 299 • The development of all fields of study should be safeguarded. Particular attention  
300 should be devoted to less commercially attractive fields of study and financially  
301 demanding research areas;
- 302 • The distribution of alternative finances should be carried out in a transparent manner  
303 by democratic bodies, either on an institutional or governmental level, or by a  
304 publicly mandated independent body, involving main stakeholders of higher  
305 education, with none of them prevailing;
- 306 • Measures of financing should not motivate higher education institutions to prevent  
307 students from choose their desired study paths and final qualifications. Teaching and  
308 research go hand in hand and should therefore be equal in importance and  
309 complement one another. An adequate amount of money should always be available  
310 for improving the quality of programmes and developing new approaches to teaching  
311 and learning;
- 312 • The use of external funding calls for greater transparency in budgets and in the  
313 general decision-making process of higher education institutions;



- 314
- Alternative sources of financing must not be used as pretext to reduce public
- 315 funding;
- Tuition fees and student debt are not to be considered as an option for HE funding,
- 316 neither alternative nor otherwise.
- 317

318

### 319 **Input factors**

320 Traditionally, higher education has been funded according to input factors such as number  
321 of students, staff and departments, based on detailed budgets on annual basis. However,  
322 various models for reforming the allocation of resources to higher education institutions are  
323 being considered with a goal of ensuring a better use of public funds. Output based funding,  
324 supply driven contracting, and other models should all be analysed properly. These should  
325 only be seriously considered if they do not reduce the quality of the education or affect  
326 students' possibilities for access to education and the completion of their studies, while also  
327 taking into account students' social and financial background. New methods should cater for  
328 the expansion of lifelong learning and increasing the number of non-traditional students. In  
329 both cases access to higher education and successful completion of studies must be  
330 guaranteed.

331

### 332 **Output factors**

333 Funding allocated according to output factors (such as the number of graduates or ECTS  
334 points granted) is used as a steering tool to promote efficiency and effectiveness. In an  
335 attempt to ensure the adequate use of funds, this can give higher education institutions an  
336 incentive to rush students through their education at the cost of quality. Therefore ESU  
337 strongly advises that such output factors should not only be based on quantity, but should  
338 also take into account other integral aspects of academic and student life, along with  
339 regional differences. This ensures that funding reflects the different quality criteria to some  
340 extent, and also promotes high quality studies in every way. The first step required in  
341 attempting to close the funding gap is conducting an analysis of current expenditures,  
342 followed by attempting to improve expenditures, and thus ensure the better use of existing  
343 funds. Structures and mechanisms of internal allocation of resources should be constantly  
344 checked and revised where necessary. When output-based criteria are used, it should be  
345 ensured that the fiscal stability of higher education institutions' funding is not compromised.  
346 Additionally, the core funding of different disciplines or academic fields must be  
347 safeguarded.

348

### 349 **Property**

350 As previously mentioned, the democratically elected members of the governing bodies of  
351 higher education institutions must be trained in managerial skills, such as understanding  
352 budgets. This should lead to a more intensive involvement of the teaching staff, students  
353 and other members in strategic planning. The use of higher education institutions' property  
354 should be free for students and other internal organisations. However, institutions are

355 encouraged to make better use of their property as an additional source of income through  
356 renting it out to external organisations.

357

### 358 **Tuition fee free education**

359 In attempting to bridge the funding gap, governments tend to turn to students in order to  
360 quickly increase funding in higher education. In this way, introducing or raising tuition fees  
361 becomes an easy solution to a complex problem, where the money available within the  
362 higher education sector remains insufficient in ensuring an adequate level of quality.

363

364 Making students pay for their education in order to fill the national funding gap in higher  
365 education is unacceptable and undermines the right to education for all. Additionally, the  
366 imposition of high fees on international students (or from non-EU/EEA countries) is  
367 unethical, discriminatory, unacceptable and short-sighted. Fees for international students  
368 are a hinder to internationalisation and integration, and especially create obstacles for free-  
369 movers. ESU believes such measures contradict the idea of mobility and the spirit of the  
370 Bologna Process.

371

### 372 **Benefits of education**

373 ESU believes that tuition fees represent an obstacle to equal access to higher education and  
374 jeopardise the successful completion of the studies. The idea of charging tuition fees is  
375 based on the ideological/economic belief of dividing higher education into public and private  
376 benefits. Such a division is popular in some economic theories, but it directly contradicts the  
377 societal norms and values of higher education as a basic institution of civilisation and a  
378 human right. Weighing and measuring the outcomes and benefits reduces higher education  
379 to an economic function, the result being the reduction of education to a commodity, which  
380 is a dangerous and lethal process for society's well-being. The principle of tuition fee-free  
381 education applies to the 1st, 2nd and 3rd cycles, as well as part-time studies and higher  
382 education courses provided to life-long learners.

383

384 Proposals suggesting various forms of 'student-friendly' tuition fees are ever-more  
385 increasing. In this respect, post-graduation repayment schemes are the most popular  
386 suggestion. There are no student-friendly tuition fees. ESU believes such policies are  
387 unacceptable, deceiving and harmful for broader access and the successful completion of  
388 higher education.

389

390 Entry into the labour market is one of the most delicate and uncertain periods of a person's  
391 life. Even in cases where repayment schemes are only triggered when one's salary rises  
392 above a certain threshold, the threat of accumulating debt is a decisive factor for many  
393 potential students when considering whether or not to enrol in a higher education  
394 institution. This has also been evident in systems where loans have been introduced as an  
395 accompanying measure to the tuition fees. ESU reaffirms its opposition to tuition fees, in

396 whatever form they may be. Forcing students to pay for their education in order to fill the  
397 national funding gap in higher education is unacceptable and undermines the right to  
398 education for all.

399

## 400 **Financing students**

401

### 402 **Student support and access**

403 ESU stresses that without proper student support, a large number of people are excluded  
404 from higher education due to economic reasons. Student support cannot only cover the  
405 costs of potential tuition fees, but also the study and living costs such as housing and food,  
406 transport and study materials. Publicly funded study grants should cover at least the costs  
407 that students incur due to their studies. All students should have equal and universal access  
408 to publicly funded student financial aid. In a case where a preferential choice must be made,  
409 the financial support should focus on less well-off students, rather than on the basis of  
410 academic merit. This will enable wider participation in higher education, as well as enable  
411 students to finish their studies on time as they will be able to focus on their studies.

412

### 413 **Information, distractions and debt**

414 ESU strongly believes that institutions and government authorities should provide  
415 information, advice and guidance on all existing sources of financial support available to  
416 students. This information should include advice and assistance on how to apply for financial  
417 support and the conditions for eligibility. To ensure the quality of learning and education,  
418 students must be able to devote themselves to their studies. Student support should also be  
419 in place to ensure the stable learning process, without distractions caused by the need to  
420 earning money to afford to live and study.

421

422 Student support should be given through grants and free or discounted services. For  
423 students, the difference between receiving financial aid in the form of loans, as opposed to  
424 grants, is enormous. This draws a dividing line between the actual funding of students and  
425 the generation of a creditor-debtor situation. The latter is financial assistance, but not  
426 financial support; the condition of repayment makes it an artificial measure of support. ESU  
427 opposes any mode of student financing that gives rise to the burden of debt following  
428 graduation.