

Globalisation and the Reform of European Universities

**André Sapir
Professor of Economics
ECARES, Université Libre de Bruxelles**

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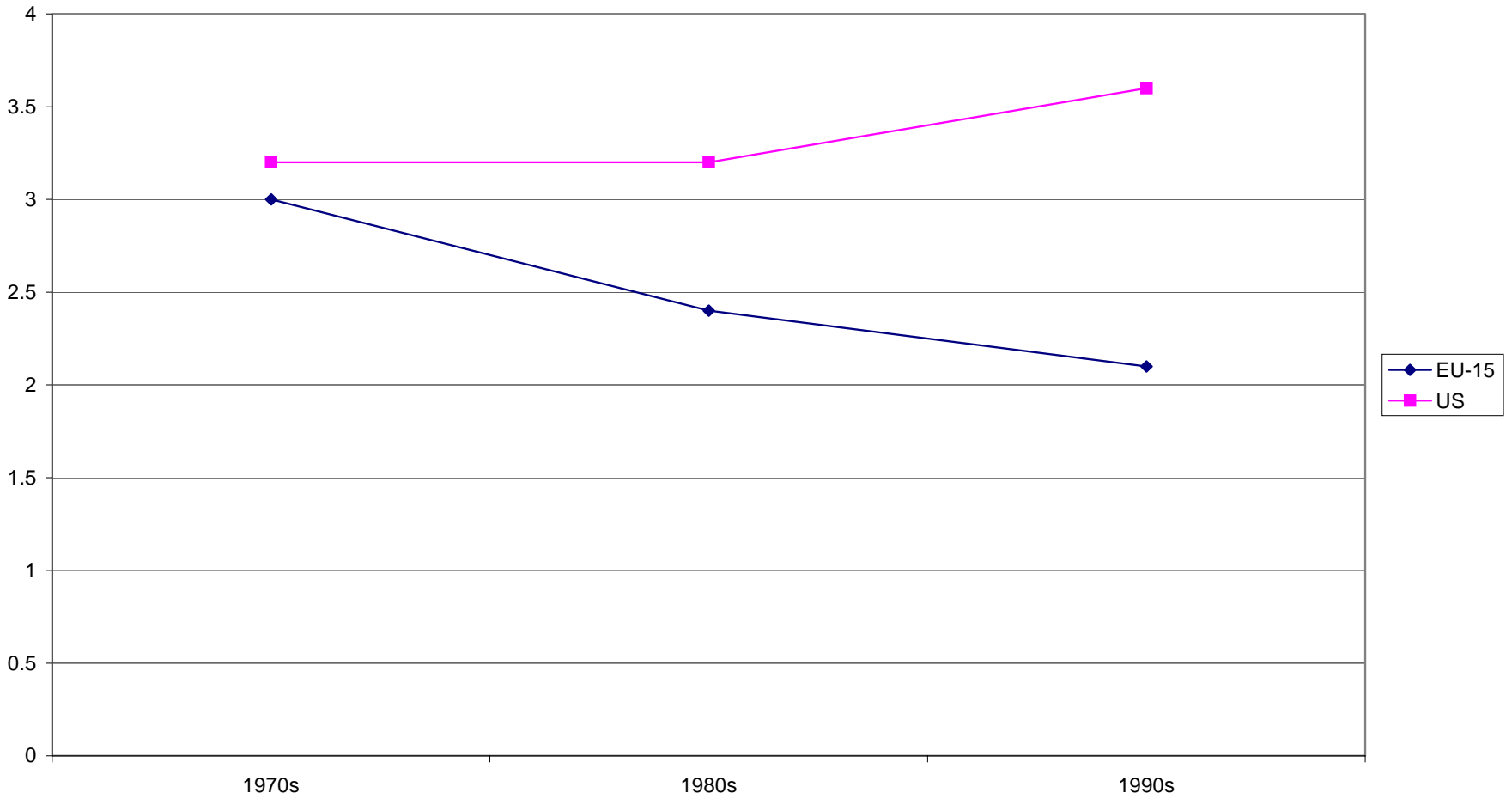
THE EUROPEAN GROWTH PROBLEM

1945-2005: Two contrasting ages

	1950/ 1973	1973/ 1993	1993/ 2004
• Growth	4.6%	2.4%	2.0%
• Unemployment	2.0%	8.0%	8.5%
• Inflation	4.0%	8.0%	2.5%

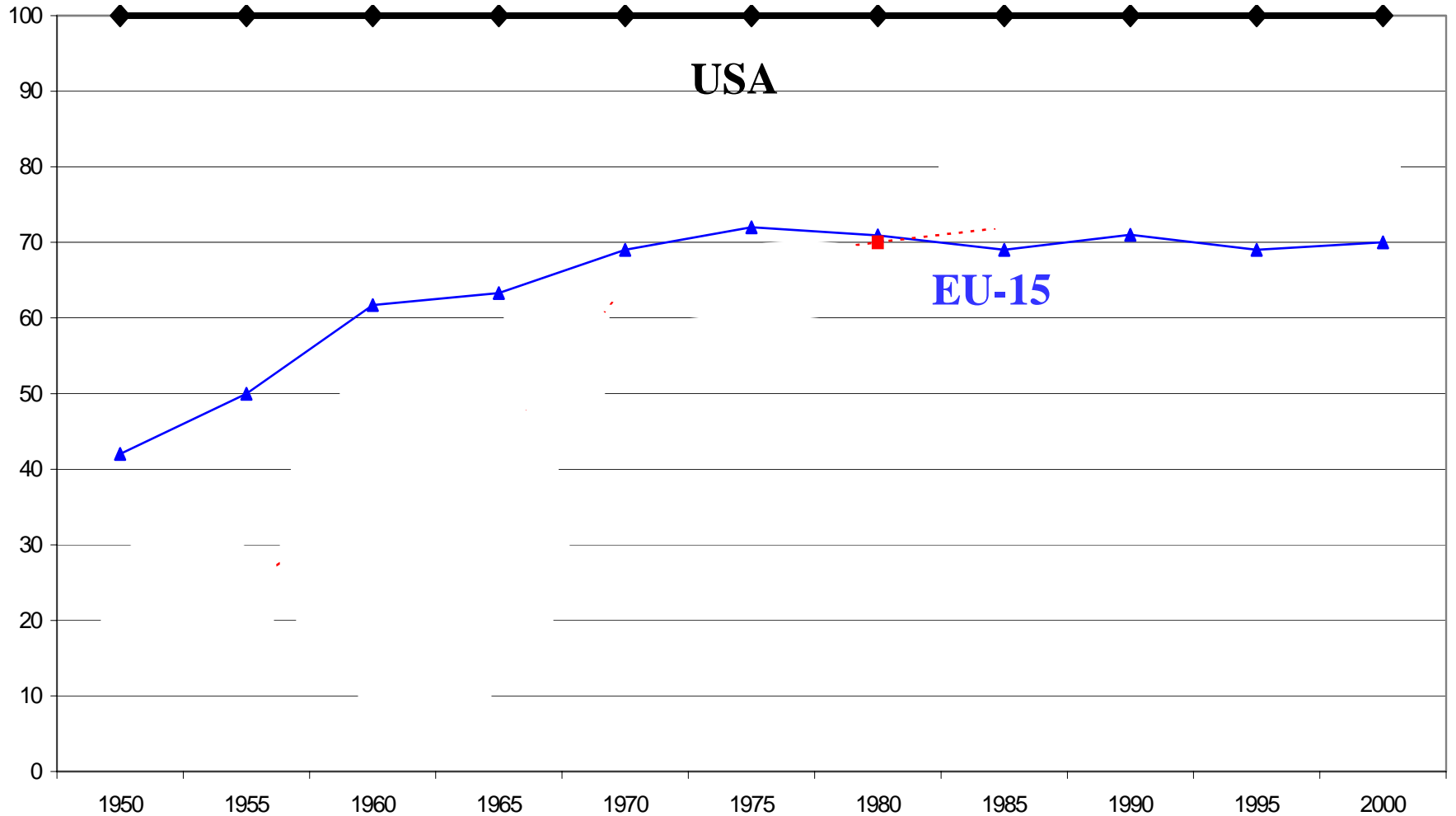
Growth

GDP growth, EU-15 vs US



Levels

Per capita GDP at PPP



Two views on the EU-US growth differential

- Difference in work effort
 - Difference in preference for leisure
 - Difference in work incentive
- Productivity (growth) differential

Low growth = symptom

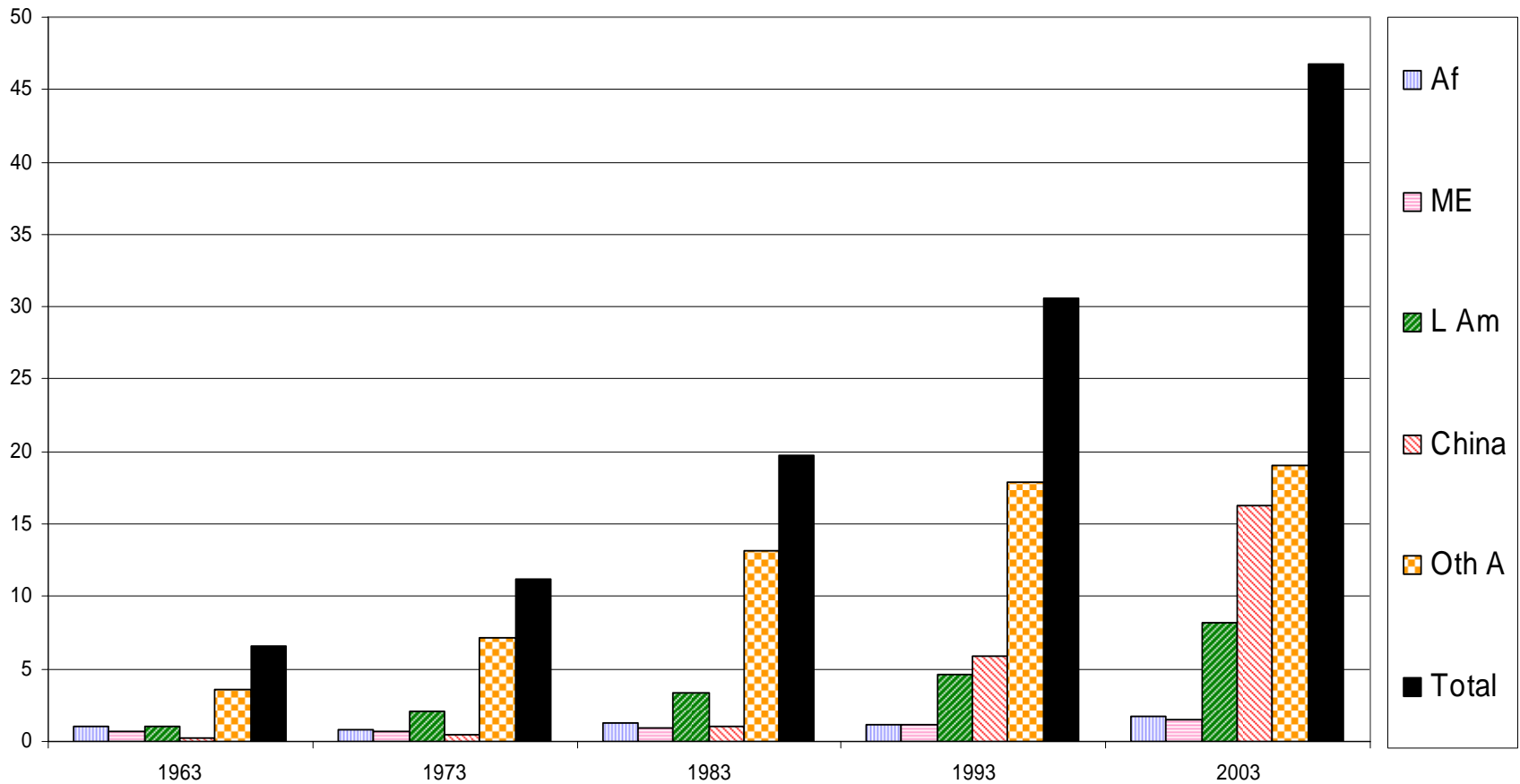
- Failure to adapt the economic system based on
 - Assimilation of existing technologies
 - Mass production
 - Large firms with stable markets & labour relations

Globalisation & Technological change

- Failure to become an innovation-based economy
 - Entry
 - Labour mobility within & across firms
 - Retraining
 - External financing
 - Investment in R&D and higher education

The Challenge of Globalisation

Share of Developing Countries in Developed Countries Imports of Manufactured Products
(excl. intra-EU trade), 1963-2003
(Percentage shares)



THE EUROPEAN GROWTH STRATEGIES

The 1985 Single Market Programme

**Removing all barriers to the free movement of
goods, services, persons and capital
to stimulate change**

Why did the SMP fail to boost growth?

- Problem of implementation ?
- Problem of complementary policies ?
- Problem of design ?

Why did the SMP fail to boost growth?

- Problem of implementation ?

YES: Services

- Problem of complementary policies ?

YES: Labour & social policies

- Problem of design ?

YES: Change of paradigm

The 2000 Lisbon Agenda

To make Europe “the most competitive and dynamic knowledge-based economy in the world” by 2010

Lisbon addresses the three shortcomings of the SMP

- Problem of implementation
Completion of the Single Market
- Problem of complementary policies
Modernisation of labour & social policies
- Problem of design
Promotion of innovation and knowledge

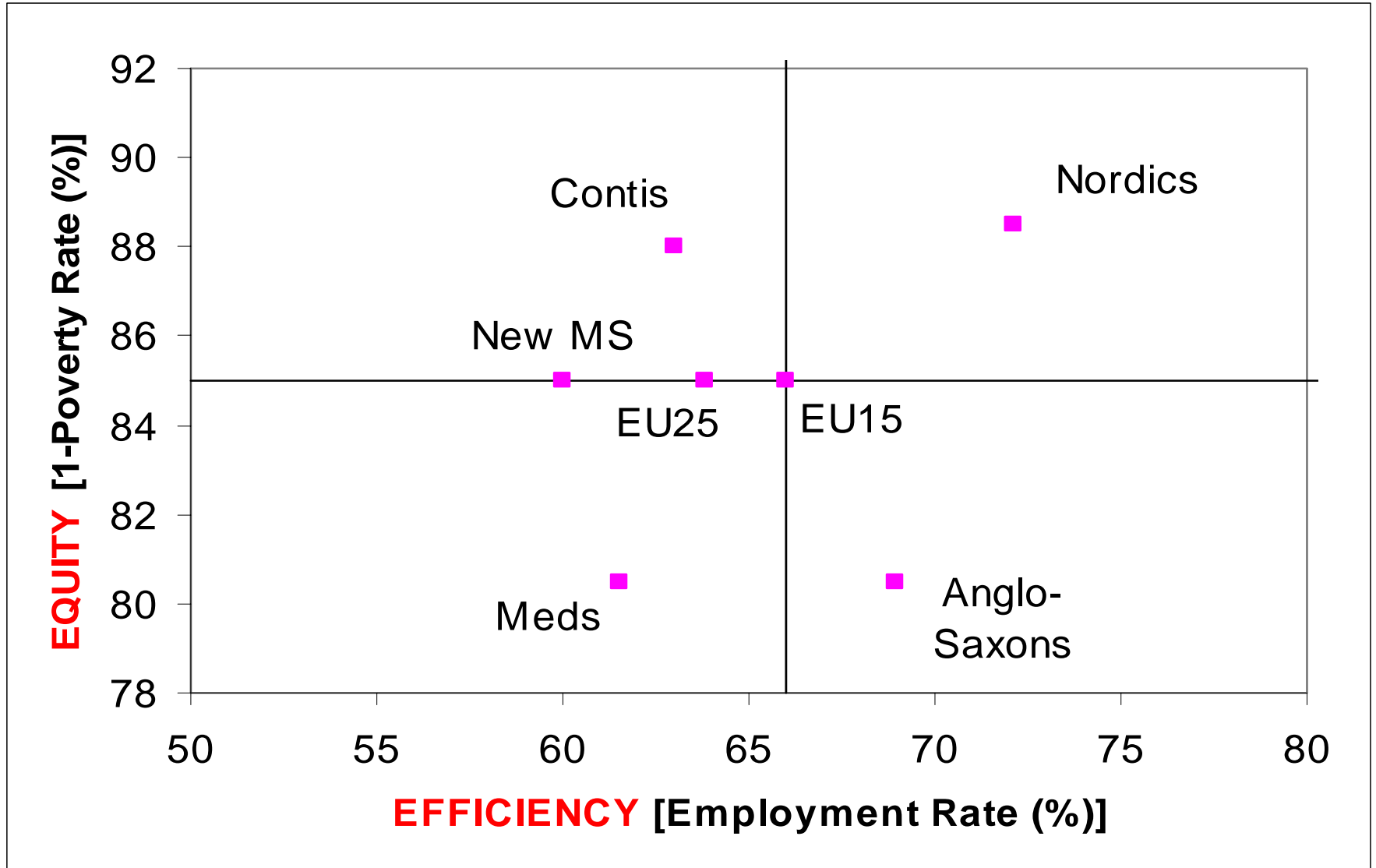
LABOUR MARKET AND SOCIAL POLICIES

The European Social Model(s)

One, 25 or 4 models?

- Depends on the perspective
- The 4 models
- Performance of the 4 models:
 - Efficiency
 - Equity

The Four Models



INNOVATION AND KNOWLEDGE

Two views on the EU-US productivity growth differential

- Difference in efficiency of product and factor markets
- Difference in R&D and higher education systems

1. A more dynamic Single Market

- Complete the Single Market (including financial services), the # 1 economic pillar
- Regulatory & competition policies for new entry

2. More investment in knowledge

- **Higher** spending for research & higher education
- **Better** spending for research & higher education
- This requires reforms at both **EU & MS levels**

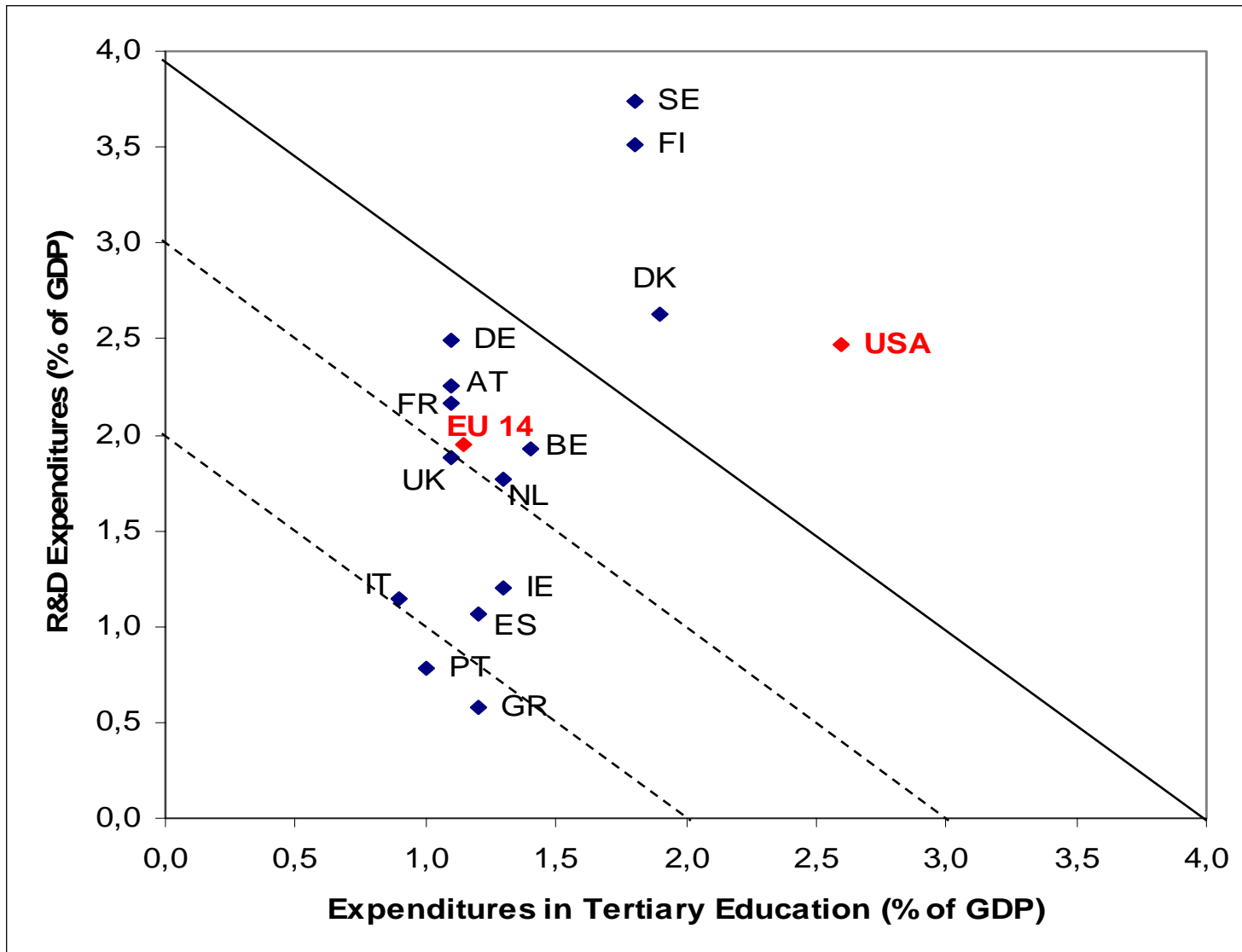
Spending level

Knowledge Expenditures: EU vs. US

Knowledge Expenditures (% of GDP)

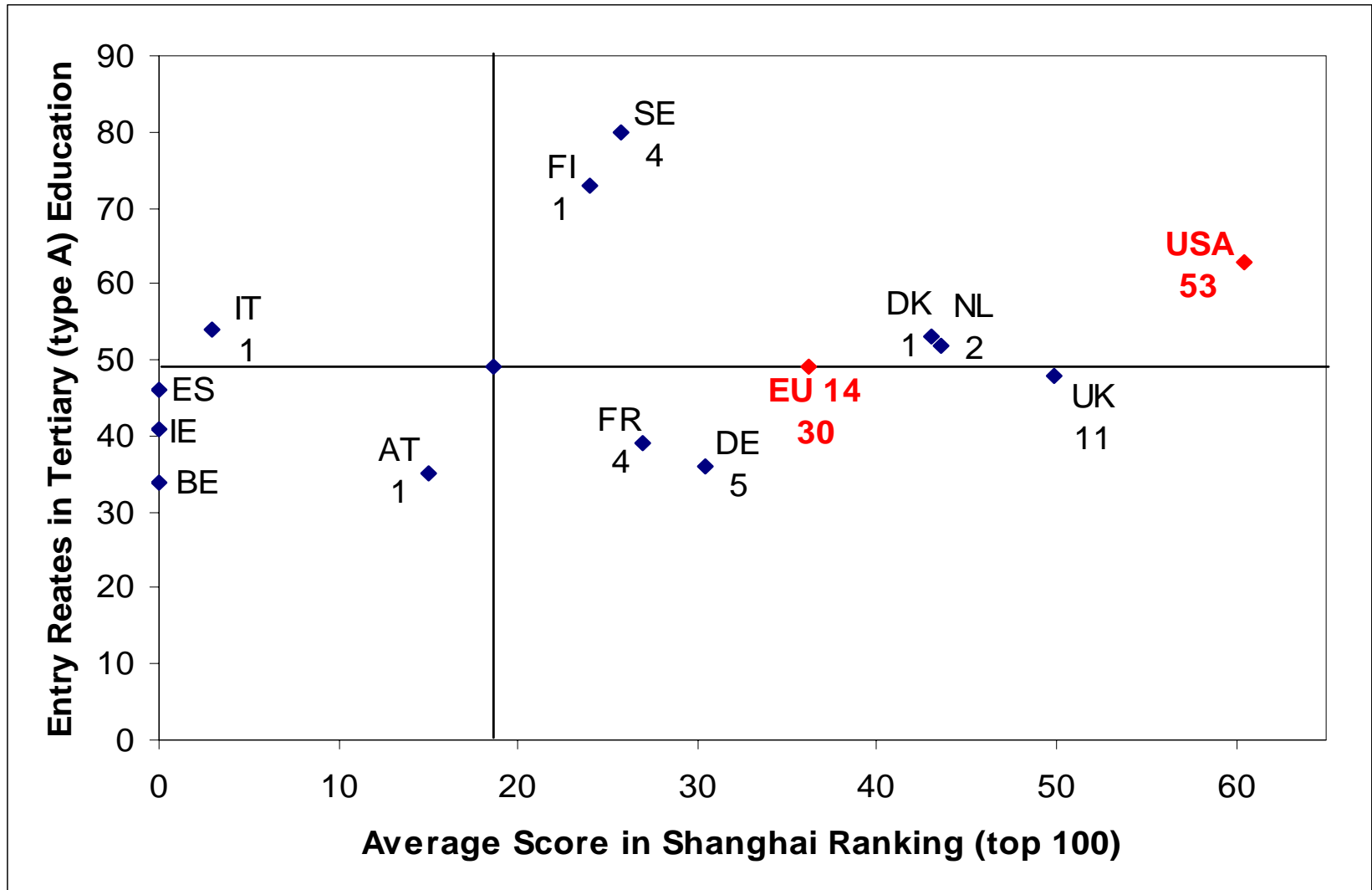
	EU-14			United States		
	Public	Private	Total	Public	Private	Total
R&D (2003-04)	0,7	1,3	1,9	0,7	1,8	2,5
Tertiary education (2002)	1,0	0,2	1,2	1,2	1,4	2,6
Total	1,7	1,4	3,1	1,9	3,2	5,1

Knowledge Expenditures in EU MS



Spending quality

Excellence and Equity of National University Systems



European Policies: Catalysts for Change?

- ERC
- EIT