



## ***European Democrat Students***

### ***RESOLUTION Berlin/Germany, 18<sup>th</sup> of December 2010***

#### ***Higher Education in times of crisis***

1 In various countries in Europe, national economies started to stabilize after the financial crisis  
2 hit the continent very hard. Due to the high debt ratio and public deficits in many Member  
3 States, low earning expectations and a more difficult access to bank credits – especially for  
4 small and medium sized enterprises – our economies are still vulnerable. Necessary reforms  
5 are far from being finalized and forecasts for the Euro Rescue Fund and pending member  
6 states show a negative trend. It is not enough to reproduce an ante-crisis situation, because  
7 these circumstances have finally provoked the global financial disaster. Poor growing rates of  
8 0.1% (4/2009) mainly based on private consumption and public spending within the European  
9 Union compared to the United States with 1.4% (4/2009) and Japan with 0.9% (04/2009) are a  
10 clear sign for Europeans that the crisis is not over yet. European Democrat Students, hence  
11 urges national governments to push for necessary reforms and welcomes the Single Market  
12 Act, proposed by Commissioner Michel Barnier, and its concrete measures to boost economic  
13 growth and to strengthen the common market. Reduced public spending in education though,  
14 is a serious threat for our societies, future generations as well as for sustainable and long-term  
15 economic growth. Reforms on the expenditure and gross income side are necessary in every  
16 Member State, but without growth not enough to decrease public debts.

17

18 Most of the education expenditure in the EU comes from public funds, amounting to 5% of  
19 GDP. However, students and their families together with other private entities provide 12% of  
20 the funds of education institutions. The level of private funding clearly distinguishes the EU  
21 from the United States, where 33% of the funding of educational institutions is private. But  
22 above all - what distinguishes the two - is that while the EU spent 5.657 PPS per pupil/student,  
23 the US spent 10.661 PPS on average during last years. In addition, China raises its  
24 educational budget until 2012 up to 4% of GDP. Education accounts for a significant

25 proportion of public expenditure in all EU Member States – but the most important budget item  
26 is expenditure on staff and administration. This means, the costs per head in the education  
27 sector are not necessarily representative for the quality. The cost of teaching increases  
28 significantly as a child moves through the education system, with expenditure per pupil/student  
29 considerably higher in universities than primary schools. Although tertiary education costs  
30 more per head, the highest proportion of total education spending is devoted to secondary  
31 education systems, as these teach a larger share of the total number of pupils/students.

32  
33 In the European context, demand arguments generally only apply to post-compulsory and  
34 especially tertiary education. The crisis may act on enrolment in higher education in different  
35 and possibly contradictory ways, through direct and indirect channels. On the one hand,  
36 students relying on financial support from their parents may face a shortfall if their parents'  
37 income drops due to unemployment or sinking equity in their property. Access to student loans  
38 may become more difficult in the context of restrictive lending policies. In addition to factors  
39 that negatively impact the affordability of study, the expected returns to a tertiary degree may  
40 also be perceived to have declined in the face of future job uncertainty. On the other hand,  
41 young people may face an increased incentive to enrol in higher education as an alternative to  
42 unemployment, seeking either to actually increase their qualifications and thereby their  
43 employability, or to 'wait out' the crisis. Despite plausible demand-reducing effects, past  
44 experience suggests that "demand for higher education generally goes up during economic  
45 downturns" (Douglass 2010). The current crisis appears to conform to this pattern. Empirical  
46 evidence, at least to the extent to which it shaped expert responses to OECD's survey,  
47 suggests that on the whole demand for higher education has increased. However, education  
48 spending contained in stimulus packages is not necessarily additional spending, since it might  
49 simply compensate a shortfall in regular funding. In the medium and long term, recovery  
50 spending may in fact have negative impacts on the education system due to OECD studies.

- 51  
52 We, European Democrat Students, the member organisation of the European People's Party:
- 53 - Concerning the impact of the financial and economic crisis on education systems across the  
54 European Union
  - 55 - Taking into account reduced public spending on education as a result of the crisis
  - 56 - Recognizing education as the main factor for economic recovery
  - 57 - Having serious concerns regarding the future of the European Union in a global context
  - 58 - Representing half a million students in Europe

60 **Call the institutions and the Member States to:**

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62 1. Prioritising education and research expenses in the upcoming national and EU budgets

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64 2. Recognizing education and knowledge as the most important resource for Europe's  
65 future development.

66 3. Increasing investment in innovations and research.

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68 4. Acknowledging education as an efficient long-term investment to guarantee sustainable  
69 economical growth and reduce public debts.

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71 5. Making use of the full potential of Europe by fostering inter-university cooperation  
72 throughout the continent.

73

74 6. Recognizing the importance of education not just for the job market, but in every policy  
75 field for the positive development of our societies and as a solution for rising cleavages  
76 within our societies.

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78 7. Introducing Europe-wide multidimensional rating systems to provide information to  
79 perspective students in particular.

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81 8. Recommending that new income sources within stimulus programmes like the bank  
82 levy should not be simply used for national budget consolidation but at least be partly  
83 dedicated to educational and research investment.

84

85 9. Ensuring transparency when spending public resources, especially in state financed  
86 higher education institutions. Professionalising administration of HEI, i.e. Separating  
87 academic from financial management at universities, while leaving the guideline  
88 competency with the academic bodies.

89

90 10. Increase public funding of higher education institutions which match the criteria of  
91 quality, accountability and cost efficiency.

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93 11. Introducing mechanisms and incentives supporting universities to develop better  
94 cooperation with the private sector in research and funding.

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- 96 12. Properly implement the Bologna principles and goals.
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- 98 13. Ensure most efficient use of resources dedicated to higher education.