

Conference
QUALITY OF TERTIARY EDUCATION AND THE ECONOMIC POLICY
AGENDA

Closing Remarks

I would first like to thank the organisers of this conference for choosing such highly relevant issue as a conference theme: the relevance of human resources development in tertiary education in the context of economic policy agenda. I would then like to thank the Ministry of Finance to give me the opportunity to address the conference participants as a representative of the Ministry of Higher Education, Science and Technology.

The role of knowledge triangle, and with it the role of higher education, is widely accepted as crucial for the knowledge society. Unfortunately, as stated in Esko Aho report Creating an Innovative Europe: *“There is a **large gap between the rhetoric of a political system that preaches the knowledge society and the reality of budgetary and other priorities that have shown little shift in preparing to engage with it**”*.

In economic policy discourse higher education is usually limited to the issue of financing higher education. During the last years especially, this discussion is restricted even to the *“**who should pay for higher education**”* question. As I don't think I can avoid this question either, let me deal with it immediately.

Thus, “who should pay for higher education”? I would say, in principle, all who benefit from higher education should also pay for it!

Much of present day discussions centre on the **balance between public and private investments in higher education** as higher education is a public as well as a private good. How well do graduates do in the labour market (how much they earn, what is their unemployment rate etc.), however, differs from country to country. Thus, and not surprisingly, there is no unanimous expert opinion on **whether the private rates of return exceed the social rates of return or vice versa**.

No doubt, there is a need for diversification of funding sources but how much are different private stakeholders really able to invest in higher education? In ageing and even shrinking European societies with reductions of traditional student age group the tuition fees can only have limited effect, as they also must be matched with adequate student support schemes with grants and loans. Private contributions to higher education budget can be limited by the number of individuals who can afford to pay full tuition fees and by the fiscal capacity of

economy. The opportunities of non-English speaking countries to increase their share in the global market for international students are also limited.

On the other hand, there are substantial reserves in spending the financial resources in a more efficient way if higher education institutions as well as students would raise substantially their performance and governments would target better their investments and control the quality. Linking and exploiting better infrastructural and human resources of higher education, research and economic sector could also improve the efficiency of all sectors. As could their linking in a global context with partners from other regions, which is an area that is still exploited to a negligible or very limited extent. As well, there is a potential in contributions of non-traditional students if higher education institutions will be able to increase different forms of lifelong learning provision.

But, I don't want to go deeper in this question, as I believe it is a wrong question anyway. The right question is not "who should pay for HE" but "**how to strike the right balance between the objectives the system wants to achieve and the socio-political culture**". In a system with long tradition of free higher education and the need to raise the percentage of population with higher education, for example, the funding model would be different from a country with well established market-oriented higher education system. In this context the discussion on public and private investments in higher education is too narrow – it should be broadened so as to address **the right balance between different funding models in a particular higher education system**.

But let me widen this discussion to even further aspects!

Nowadays, higher education has multiple missions and higher education systems, institutions and stakeholders must fulfil multiple goals: **quality, equity and efficiency**. Higher education should produce more graduates, provide lifelong learning for all, be more efficient and raise the average quality while at the same time invest in excellence to be globally competitive, and so on and so forth. This calls for greater investments in tertiary education. As the European universities are predominantly publicly funded and at the same time seriously under-funded, it's not surprising that this imposes additional pressure on public education budget.

I started my address with a question, so let me conclude with one, quite provocative, as well: "*Is more better?*"

This question was posed by the Educational Policy Institute in its American Higher Education Report Series, namely whether more education is actually better for the individual and society. Is not the fact that some citizens are getting

too much education and others are not getting enough causing dangerous imbalance? Are there sufficient returns, both economic and non-economic, to the larger society to justify increasing public investment in higher education? If certain skills are desired by the labor market, then maybe training — not greater levels of education — should be sufficient. We can agree that the potential impact of increasing, reducing, or maintaining investment levels in postsecondary education is economic and social. But much **more research is needed about the non-economic benefits of investing in postsecondary education** if we would like to know how much of a return a given country can expect from it. **Such research should be undertaken within the context of economic policy agenda. Then maybe the educational ministers would get the necessary support within their governments to put the education at the top of European and national agendas and close the gap between the rhetoric and budgetary priorities.**