

Gu<sup>drun</sup> Biffi

## Increasing University Student Mobility: A European Policy Agenda

The EU strives to increase the mobility of students of higher education not only as an objective in its own right but also to promote labour mobility. The latter is seen as a necessary means to increase the efficiency of allocation of resources in an integrated Europe. It is expected to generate economic growth and welfare gains, as well as to foster the understanding of the diversity of cultures and thus promote social cohesion in Europe.

This paper is an excerpt of a WIFO study: Gu<sup>drun</sup> Biffi, Julia Bock-Schappelwein (WIFO), Christian Ruhs (BMAA), Systeme der Förderung des Universitätsstudiums im Ausland (commissioned by the Federal Ministry for Education, Science and Culture, 2002, 274 pages, 35 €, free download: [http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo\\_search.get\\_abstract\\_type?p\\_language=1&pubid=21203](http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo_search.get_abstract_type?p_language=1&pubid=21203)). The data has been updated, where possible. Gu<sup>drun</sup> Biffi is an economist at WIFO. The author is grateful to Wolfgang Pollan for useful and constructive comments. The data were processed and analysed with the assistance of Julia Bock-Schappelwein and Julia Hudritsch • E-Mail address: [Gu<sup>drun</sup>.Biffi@wifo.ac.at](mailto:Gu<sup>drun</sup>.Biffi@wifo.ac.at)

The summit meeting of the European Council in Lisbon (2000) was the starting point of concerted actions to turn Europe into the most competitive economic area in the world by 2010 without sacrificing a universal system of welfare and socio-economic inclusion. A major pillar of the common European development policy is the promotion of education and training. A high level and a great diversity of skills and competencies of the population are seen as a prerequisite for raising the innovative capacity of Europe, a major component of sustainable economic growth and wellbeing. In that context, university education plays a particularly important role.

In an effort to deepen integration and to foster economic growth, the EU aims to establish a supranational European education space. This objective is to be achieved by, amongst other factors, an increasing mobility of students. It is seen as a complement to the objective of increased mobility of highly skilled workers. The latter is not only a freedom in its own right (one of the four pillars of free movement within the EU), but also an instrument to increase the international competitiveness of the EU through a more efficient allocation of labour.

This paper considers some of the salient issues involved.

Over the last 25 years, university education in the EU 15 has undergone a transition from an elitist to a mass form of education. Consequently, the student population more than doubled and numbered some 12.6 million in the year 2000, constituting 5 percent of the population of working age (15 to 64).

However, the rise in the student population in Europe in the last 25 years was less pronounced than in the OECD on average (30 percent versus 40 percent; see *European Commission – Eurydice – Eurostat, 2002, OECD, 1999*). This is due to the fact that, in the 1960s, university participation has been comparatively high in the EU 15 while many other OECD countries were catching up.

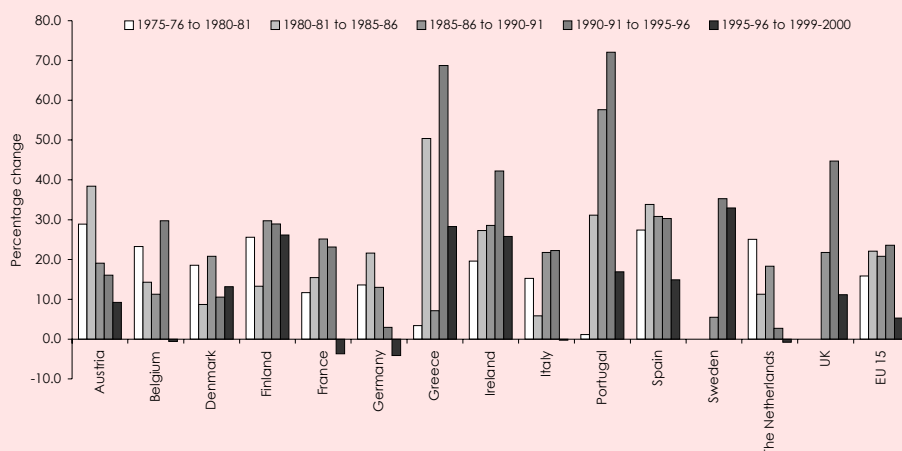
On average across OECD countries, 30 percent of persons at the typical age of graduation currently complete the tertiary type A level of education. The figure ranges from more than 50 percent in Greece to 20 percent or less in Italy, Germany, Switzerland, Austria and the Czech Republic. In Europe, Belgium, Finland and Poland are, in addition to Greece, at the upper end of tertiary education of youth (Table 1). Of course, enrolment rates today are at times substantially higher as indicated in

*Mobility of university students is a complement to the free mobility of labour and an integral part of the policy towards a single EU labour market and educational space.*

**Rapid rise of student numbers in Europe in the 1990s**

Table 2, but also drop-out rates are high. They range from 58 percent of all entrants in Italy, closely followed by Sweden with 52 percent and Austria with 41 percent, to 15 percent in Ireland (17 percent in the UK; OECD, 2002).

Figure 1: Changing number of students in the EU between 1975-76 and 1999-2000



Source: European Commission – Eurydice – Eurostat (2000).

Thus, differences in university graduation rates between countries are to some extent the result of different degrees of university student throughput (efficiency of the education system), to a larger extent, however, they are the consequence of social norms and values which shape education systems and policies. Some countries, e.g., Scandinavia, have the objective of universal accessibility to university education, while others, e.g., Germany, Austria and Switzerland, favour a hierarchical system of education, in which vocational medium and higher education take precedence over theory-based higher education. Tertiary type-A education is reserved for a comparatively small group of persons.

Trow (1970) distinguishes countries by their degree of integration of a birth cohort or generation into tertiary education:

- The elitist model is characterised by university participation of less than 15 percent of a generation.
- The mass university model integrates between 15 and 50 percent of a cohort into the university system.
- The universal higher education model aims at an integration of more than 50 percent of a cohort into university education.

If we choose graduation rates by cohort as an indicator of the university model, the mass university system prevails in Europe today. However, if we choose the enrolment rate as indicator (Table 2), many European countries have moved from a mass university model to a universal university education model. Amongst this group of countries are, apart from the Nordic countries Finland (72 percent), Sweden (69 percent), Norway (62 percent), Iceland (61 percent) and the only continental country of the EU 15 namely the Netherlands (54 percent), an increasing number of Central and Eastern European countries, e.g., Poland (67 percent) and Hungary (56 percent).

Not only the proportion of youth entering university education differs between countries but also the typical age of entry into the university system. While Anglo-Saxon countries tend to enter at a relatively young age, students in the Nordic and continental European countries tend to be older when entering tertiary education. This results from the more diverse system of upper secondary education in the latter countries with a mix of long and short cycles, which make early entry into tertiary education more the exception than the rule. Countries with a strong vocational ori-

*In spite of a clear rise of university participation in all EU countries, large differences between member states prevail.*

*Graduation rates depend on the transition rate from the system of upper secondary education and the efficiency of the tertiary education system.*

entation of upper secondary education have the lowest entry rates into tertiary education, e.g., Germany, Austria and Switzerland, with first time entry rates between 30 and 40 percent. Many elements of vocational education are set up for direct entry into the labour market and some programmes, e.g., the dual-system apprenticeship education in Austria, do not provide direct access to further education (Table 2). In contrast, countries with a more universal general education orientation of upper secondary education tend to have the highest first entry rates, e.g., the Nordic countries in Europe and New Zealand and Australia overseas, with rates beyond 60 percent of a birth cohort (OECD, 2003).

Table 1: Tertiary graduation rates 2001

Tertiary type A programmes, first-time graduation				
	Net graduation rate of youth	Elitist university system	Mass university system	Universal university
	Tertiary graduates as a percentage of the population at the typical age of graduation	Tertiary graduates 0 to 15 percent of youth	Tertiary graduates 15 to 50 percent of youth	Tertiary graduates more than 50 percent of youth
Australia	42.0		✓	
Austria	16.6		✓	
Belgium <sup>1</sup>	47.0		✓	
Canada <sup>1</sup>	33.0		✓	
Czech Republic	14.1	✓		
Denmark	38.8		✓	
Finland	40.7		✓	
France	25.0		✓	
Germany	19.0		✓	
Greece <sup>1</sup>	57.0			✓
Hungary	24.0		✓	
Iceland	39.5		✓	
Ireland	29.3		✓	
Italy	20.0		✓	
Japan	32.8		✓	
Korea <sup>1</sup>	53.0			✓
New Zealand	40.2		✓	
Norway <sup>1</sup>	28.0		✓	
Poland	38.6		✓	
Portugal <sup>1</sup>	29.0		✓	
Spain	32.1		✓	
Sweden	29.6		✓	
Switzerland	18.7		✓	
The Netherlands <sup>1</sup>	31.0		✓	
UK	37.4		✓	
USA <sup>1</sup>	34.0		✓	
Country mean	30.3		✓	

Source: OECD (2003). – <sup>1</sup> 1999 from OECD (2001A).

According to the development of university entry rates, many countries in Europe and overseas have moved from a model of mass university education (between 15 and 50 percent of a birth cohort) to one of universal access (over 50 percent of a cohort) in the 1990s.

Tertiary type A and B entry rates may not be added up to obtain overall tertiary-level entry rates, because entrants may be double counted. Some countries, e.g., Austria, do not have tertiary type B programmes, while others, e.g., Belgium, have a large number of tertiary type B programmes which counterbalance comparatively low rates of entry to tertiary type A programmes. The low net rate of entry to tertiary education in Austria and Switzerland has to be seen in the light of high participation in long cycle upper secondary and post-secondary vocational schools, which tend to take the place of short cycle tertiary education of other OECD countries.

Not every country in Europe has a comprehensive university system; those countries with only rudimentary systems, e.g., Luxembourg and Iceland, tend to have a generous system of promotion and subsidisation of studying abroad.

The proportion of university graduates in the population, which is often taken as an indicator of the rate of technological progress, depends not only on the long-term education policy (Trow's distinction), but also on the internal efficiency of the tertiary education system (to be judged, for example, by the drop-out rate) and the attractiveness of job opportunities in the labour market (inflow of university graduates from abroad).

Table 2: Entry rates to tertiary education and age distribution of new entrants in OECD countries

	Tertiary type B		Tertiary type A		
	Net entry rates	Net entry rates	Age at		
			20 <sup>th</sup> percentile	50 <sup>th</sup> percentile	80 <sup>th</sup> percentile
Australia	.	65	18.5	20.3	28.5
Austria	.	34	19.1	20.4	23.3
Belgium	36	32	18.3	18.8	21.1
Czech Republic	7	30	18.9	19.9	22.4
Denmark	9	44	21.1	22.8	27.0
Finland	.	72	19.9	21.6	27.0
France	22	37	18.3	18.9	20.3
Germany <sup>1</sup>	14	32	20.1	21.4	24.1
Hungary	3	56	19.3	21.0	26.2
Iceland	10	61	20.9	22.8	30.0
Ireland	18	38	18.3	19.0	19.9
Italy <sup>1</sup>	1	44	.	.	.
Japan <sup>2</sup>	31	41	.	.	.
Korea <sup>2</sup>	55	49	.	.	.
New Zealand	41	76	19.0	23.4	< 40.0
Norway	6	62	20.1	21.7	< 40.0
Poland	1	67	.	.	.
Slovak Republic <sup>1</sup>	3	40	18.6	19.5	21.3
Spain	19	48	18.4	19.0	22.4
Sweden	6	69	20.3	22.6	< 40.0
Switzerland	13	33	20.4	22.2	28.7
The Netherlands	2	54	18.4	19.8	23.1
UK	29	45	18.4	19.4	24.3
USA	13	42	18.4	19.3	28.3
Country mean	15	47	.	.	.

Source: OECD (2003). – <sup>1</sup> Entry rate for type B programmes calculated as gross entry rate. – <sup>2</sup> Entry rate for type A and B programmes calculated as gross entry rate.

Tertiary type A education programmes (ISCED 5A) are largely theory based and are designed to provide access to advanced research programmes and professions with high skill requirements, such as medicine and engineering sciences. They last typically four or more years full-time equivalents. In contrast, tertiary type B programmes (ISCED 5B), are typically shorter and focus on practical, technical and occupational skills for direct entry into the labour market.

In general, expenditure on higher education rises with student numbers (Biffi, 2002A, 2002B). In 2000, public expenditure on university education, including assistance to students, was 1.3 percent of GDP for the OECD country mean. In Europe, the Nordic countries Finland, Denmark and Sweden have the highest expenditures (they devote 1.7 percent of GDP to tertiary education), the Southern European countries Portugal, Greece and Italy as well as the continental European countries Germany and France, and the UK and Iceland spend less than the OECD average on tertiary education (between 0.9 percent and 1.1 percent of GDP). Switzerland, Austria, the Netherlands and Spain are only slightly below the OECD average with 1.2 percent of GDP. The highest expenditures on tertiary education of all OECD countries are to be found in Canada, the USA and Korea with some 2.6 percent of GDP (OECD, 2003).

Public expenditure, including assistance to students, at all levels of education has increased for the majority of the EU countries on average by some 25 percent between 1990 and 1996 (Austria 32 percent); for tertiary education, it increased even faster, by about 30 percent (Austria 41 percent).

The cost of university education to students differs between countries. It depends not only on the direct (fees, living expenses, etc.) and indirect (foregone earnings) costs of university education but also on the direct and indirect public financial assistance schemes (Biffi – Isaac, 2002).

Tuition and other fees constitute a cost factor in all EU countries and the EEA as well as in many Central and Eastern European countries (CEECs), in some significantly higher than in others (Figure 2).

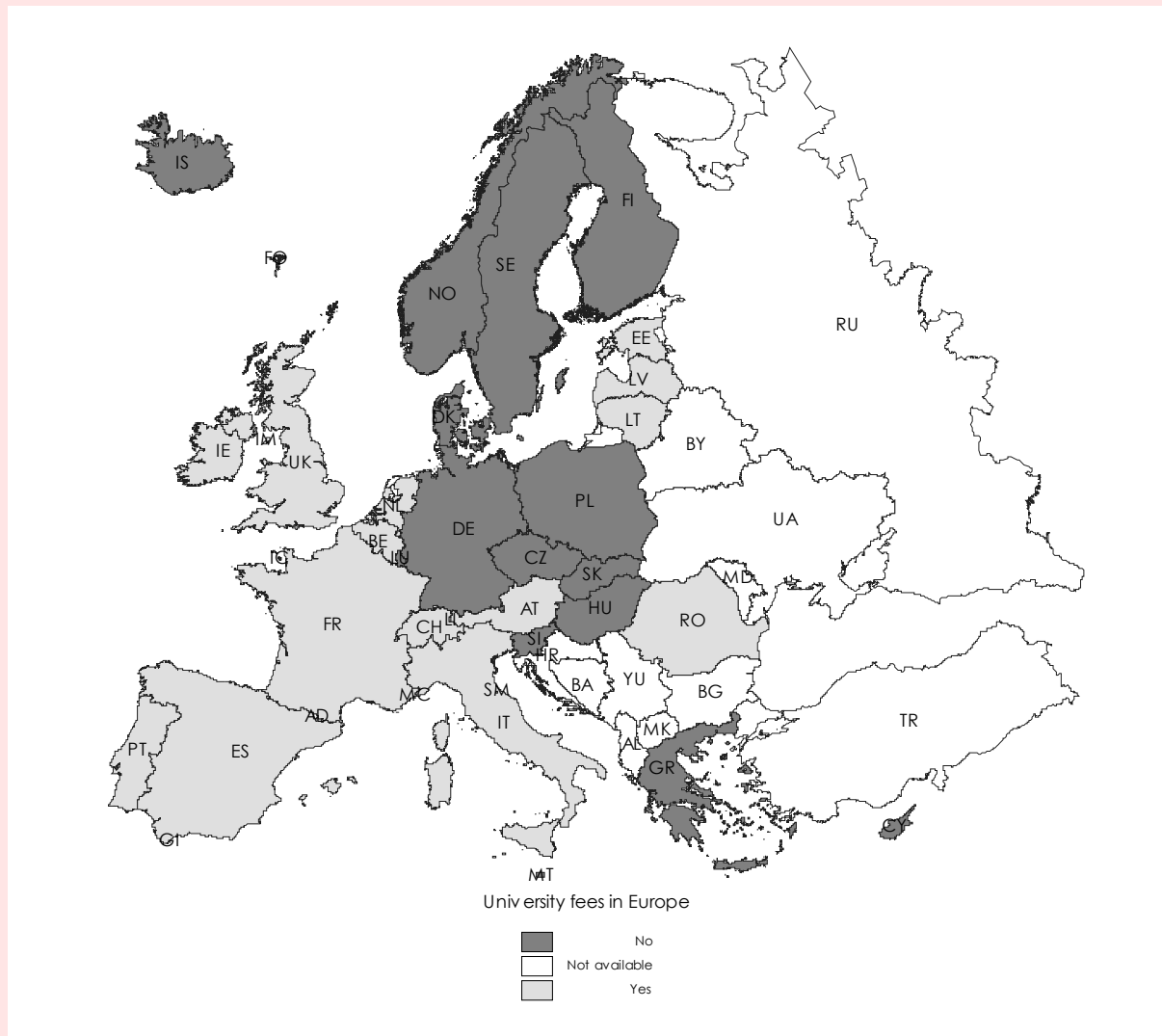
## Financial resources invested in higher education

However, all fee charging countries either exempt the poorer students and/or students who receive study grants and scholarships from fees. In the CEECs, fees may be waived on the basis of talent or merit (European Commission – Eurydice – Eurostat, 2002, Chapter F-4).

Within the EU, the level of tuition fees ranges from 315 € p.a. in Portugal to 1,705 € in the UK. Austria charges 726 € p.a., which is about the average in the EU. The Baltic States and Hungary do not charge fees to recipients of public scholarships; however, foreign students as well as nationals who are not eligible for financial assistance are charged relatively high fees (1,744 € p.a.). By way of comparison with these figures the average tuition fees in Australia is about 3,900 € p.a.<sup>1</sup> This is approximately one third of the cost of university education<sup>2</sup>.

Only the Nordic countries, Germany (with the exception of 4 Bundesländer), Greece, the Czech Republic, Malta, Hungary and Poland do not impose university fees.

Figure 2: University fees in Europe



Source: WIFO Questionnaire; France, Ireland, Italy, Poland and Spain: Eurydice (2002).

Every one of the countries considered here offers some sort of financial assistance to full-time students; in a number of countries (the Netherlands, Sweden, Norway, Switzerland, Lithuania), part-time students are also eligible for assistance.

In some countries, the state provides significant financial assistance to students, in others a relatively small proportion of public expenditure on tertiary education is in

<sup>1</sup> The data refers to the year 2000; it is based on information provided by authorities responding to a questionnaire and/or from official statistics.

<sup>2</sup> The case for charging higher tuition fees is elaborated in Biffi – Isaac (2002).

the form of financial assistance to students. The share of assistance to university students in total public expenditure on tertiary education in 1999 for the OECD country mean was 18 percent, ranging from 4.1 percent in Switzerland to 36.4 percent in the UK (Austria 13 percent).

Financial assistance from governments comes in various forms – directly to students, in grants, scholarships and/or loans, and/or indirectly, in the form of tax relief, family or child benefits through their parents, who are expected (or even legally obliged in the case of Austria) to cover study costs and living expenses of their children while studying. The countries with this form of indirect financial support are the Southern European countries, Austria, Belgium, France and Germany.

In contrast, countries which do not bind parents in this way tend to offer loans or some other form of financial support directly to the majority of students to cover living expenses (the Nordic countries and the Netherlands). This is a by-product of the tax system which has hardly any familial component and treats students as adults.

For the OECD country mean, just over two thirds of financial assistance went to students or their parents in the form of grants, scholarships and transfers; the rest in the form of student loans.

Iceland is the only country in the EU in which financial assistance is solely in the form of loans; some others, such as Austria, only award grants, scholarships and transfers.

In most European countries, grants and/or loans are subject to a means test. Moreover, proof of study progress is required to qualify for continued financial assistance. The degree of leniency in assessing study progress varies between countries.

Grants may be awarded to cover study costs, such as fees, or living expenses; loans, which have to be repaid, tend to be granted to cover living costs only. In the EU, financial assistance to cover living expenses is seen as a social policy measure. Only nationals and EU migrant workers (as well as their partners and children) are eligible for such benefits.

Countries which offer only grants and scholarships tend to target certain groups of students. Students with outstanding talents are awarded scholarships, while students from poorer families are offered grants. Together these groups tend to make up about a quarter of the student population. In general, in these countries it is expected that parents are obliged to provide financial support to their children as long as they do not earn any income. Therefore, the system of grants and scholarships tends to be supplemented by a system of indirect support to students, i.e., by granting tax relief to their parents or some sort of family allowance. According to the response in the questionnaires, only Austria, Germany, the Czech Republic and Slovakia require by law that the parents support their children's education until they are able to provide for themselves or reach a certain age. Parents receive some form of indirect financial assistance to cover the extra expenses for their student children. This is the reason why direct financial assistance to students tends to be relatively low in these countries. The government continues to pay child benefits to parents of children over 18 in Belgium, Germany, Luxembourg, Austria, France, Portugal, Switzerland, Slovakia, Lithuania and the Czech Republic. The upper-age limit varies by country. Some countries impose a limit on the amount of money students are allowed to earn while studying (Austria and Belgium). Further, continued support depends on study progress.

On the other hand, in the Czech Republic and Slovakia only talented students receive direct financial assistance in the form of scholarships. In addition, students in Slovakia are eligible for government loans.

The level of grants and/or loans depends generally on the minimum wage of a country. The highest monthly direct payments are granted in the UK, the Nordic countries and the Netherlands. The latter tend to treat students as independent of their parents.

*The state may provide financial assistance to tertiary students directly to the student as grants, scholarships or loans or indirectly to the parents as tax relief and/or child benefit.*

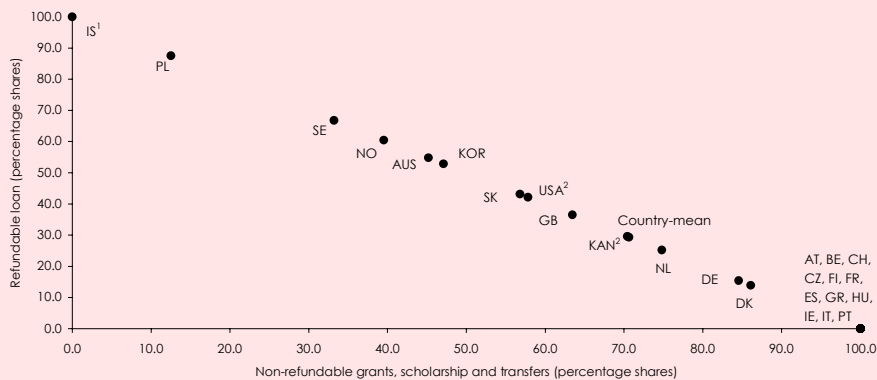
*The proportion of students who receive direct financial assistance from the state tends to be low in countries in which parents receive some financial compensation during the normal study period of their children.*

Repayment of loans may start as early as three months after termination of studies (UK), but as a rule, one to two years after finishing studies. Repayment may take the form of monthly, quarterly, semi-annual or annual payments, and usually over a specified number of years to complete repayment. The level of repayment depends on the financial position of the former student and in that sense tends to be income contingent.

## Repayment of loans

Figure 3: Division of public student assistance between refundable loans and non-refundable grants, scholarships and transfers

1999



Source: OECD (2002). — <sup>1</sup> 1998. — <sup>2</sup> Including post-secondary non-tertiary education.

With increasing student mobility within the EU, the question of equal treatment of students of another EU member state becomes a contested issue as it has budgetary consequences for countries which become net-university educators<sup>3</sup>. Education systems and policies differ between countries and the funding of higher education is an integral part of a general system of social organisation. Increased student mobility may jeopardise the internal consistency of the national institutional arrangements and become a driving force for institutional change. EU law has therefore been framed to deal with this problem.

The legal position of the EU pertaining to education in its various forms and levels has traditionally been linked to the stated objective of promoting free mobility of labour throughout the EU. The requirement for such mobility covers equal treatment of nationals and EU migrant workers in respect not only of economic (wages and conditions of work), social and cultural benefits, but also equal treatment with respect to all education matters at all levels – training, re-training, vocational, general, including university education.

The basis of this requirement in relation to education is laid down particularly in Articles 7 and 12 of the EC regulation 1612/68 on the free movement of workers, the former stating the rights of EU migrant workers, and the latter the rights of the children of such workers to ensure the integration of the family in the host country. Any obstacle to the latter could be expected to frustrate mobility.

The terms of these articles are as follows:

Article 7: A worker who is a national of a member state may not, in the territory of another member state, be treated differently from national workers by reason of his nationality. He shall enjoy the same social and tax advantages as national workers. He shall also, by virtue of the same right and under the same conditions as national workers, have access to training in vocational schools and retraining centres.

<sup>3</sup> For details see Chapter 2 in Biffl – Bock-Schappelwein – Ruhs (2002).

## The EU legal framework for student mobility

Article 12: The children of a national of a member state who is or has been employed in the territory of another member state, shall be admitted to that state's general educational, apprenticeship and vocational training courses under the same conditions as the nationals of that state, if such children are residing in its territory. Member states shall use all efforts to enable such children to attend these courses under the best possible conditions.

These articles have been interpreted and applied by the European Court of Justice in many disputed cases which were brought to it. As a result of Court rulings, certain principles have been established on the access rights to educational financial support provisions of EU migrant workers.

Furthermore, the Court has applied the principle of equal treatment on matters of fees to EU citizens who go to another member state solely to take up university or other studies.

The main results of case law are summarised briefly as follows:

- EU migrant workers and their families are entitled to the same treatment as nationals with respect to access to educational institutions and any financial support provisions for students.
- With respect to equal treatment to migrant workers and their families, no distinction should be made between the type and level of education or between the forms of financial assistance, the latter being considered as a social benefit.
- The education benefits to nationals are not only available to EU migrant employees and their families, but also to migrant self-employed persons and their families.
- There is an age limit of 21 years set out in the migrant workers regulation with respect to the benefits entitlements of the child of the migrant worker. However, in one case the Court has not excluded financial assistance for an older student in order to allow him to finish studies.
- To deny an EU migrant worker access to a scholarship, which is based on a reciprocal arrangement between two EU countries, in one of which the migrant is resident, is discriminatory and is not allowed. In this connection, European law over-rides the bilateral agreement between particular EU countries.
- Education provided across borders can be seen as a service in the terms of the Treaty if the institution is profit-oriented. In that case, on the principle of free services mobility, any price may be charged without being discriminatory. This rationale does not apply to public schools and universities, i.e., they may not charge EU citizens with different fees.
- The rights of a child of cross-border workers in the EU to educational entitlements available to citizens of the country where the parents are working, are not affected by the fact that they are resident in another EU country.
- An EU citizen, not being a worker, intending simply to study in another EU country, although entitled to equal treatment with nationals on the question of fees, is not entitled to financial support provisions to cover living expenses available to nationals and EU migrant workers. An exception to this rule appears to have been made in the case of Rudy Grzelczyk<sup>4</sup> on the grounds that the student had already commenced his course and should be allowed to complete it with the financial assistance entitlements of nationals and migrant workers.
- A migrant who has not acquired residential status and wishes to study in a field unrelated to his/her former employment (e.g., waitress), is not entitled to financial support available to nationals. But he/she should be treated equally to the nationals on the question of fees. The right of residence of a student derives directly

<sup>4</sup> The ruling in the Grzelczyk case of 20 September 2001 implies, that a student who is only studying in another country, may be entitled to receive social assistance for living expenses. This ruling runs counter to the directive on the right of residence of students, which requires proof of sufficient financial means to cover living costs.



from the Treaty. It is not dependant on a residence permit issued by the host member state.

- A parent working in an international organisation or with the European Commission is considered a migrant worker.
- The child of a migrant, who is transferred to his home country, is entitled to study with financial support of the host country where the father had been working, if pursuit of his studies in the country of origin is impossible due to a lack of provisions in Community law covering recognition of the school leaving certificate.
- With respect to education fees (registration, tuition, etc.), every citizen of the EU is entitled to the same provision as citizens in the host country. This does not extend to EEA countries not part of EU, unless covered by a bilateral treaty.
- The child of an EU migrant worker studying in a third country is entitled to the same financial assistance to education as children of citizens. The principle of free movement of workers is limited to the Community and does not extend to third countries. Equal treatment in the host member states nevertheless requires non-discrimination also with respect to financial support for studies in third countries.
- EU citizens who are solely students in the host member state, are not entitled to financial assistance from this country for the pursuit of their studies in another EU country or in a third country.

Among the OECD countries Australia, Canada, New Zealand, the USA, Austria, Denmark, France, Germany, Spain, Sweden, the UK, and Switzerland, have a net-inflow of students from abroad. In 1998, it was largest in Australia (12 percent), followed by Switzerland (11.4 percent) and Austria (7.1 percent). Iceland, Greece and Ireland have a net-outflow of students.

Of the OECD countries, Iceland, Ireland and Greece have the highest share of their student population studying abroad (between 14 and 29 percent). Next in line are Norway (6 percent), followed by Austria, Switzerland and Sweden (all less than 4.5 percent).

The mobility of students depends to a large extent on the financial assistance to study abroad. Rarely do students choose to study abroad out of their own initiative. (Vossensteyn, 1999) The extent of student mobility depends on a combination of "pull" and "push" factors. Amongst the first are the international reputation of the university, financial incentives, differences in the quality of education provided; amongst the second group of factors are national barriers to access university education (numerus clausus in certain faculties) and living costs (Reichert – Wächter, 2000).

Most countries offer students, who are eligible for financial assistance in the home country, assistance for studying abroad. Certain countries limit financial assistance for studying abroad to some semesters, others provide assistance for full study programmes. Amongst the latter are the Nordic countries, Luxembourg, Liechtenstein, Switzerland, Latvia, Slovakia and Hungary (Hungary on the basis of bilateral agreements). Starting in 2003-04, the Netherlands provide full financial assistance, as awarded for study in the Netherlands, for full study programmes abroad.

Austria along with Ireland, France, Germany, Italy, the Netherlands, Spain, the UK, the Czech Republic and Lithuania only assist short periods of study abroad (Austria up to four semesters). This is also the case for Belgium which, in addition, assists students on long study programmes not offered in Belgium. The large number of Austrian students abroad reflects the intensive usage of the Erasmus programme by them.

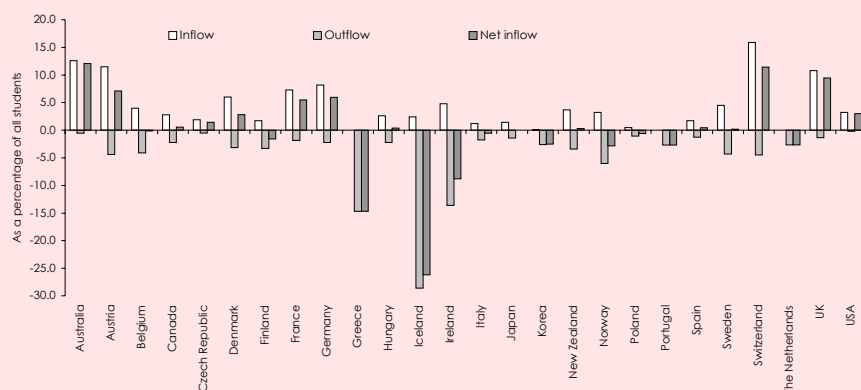
Latvia, Hungary and Slovakia sponsor not only long study abroad courses, but also short-term ones, in particular, within the framework of Erasmus and Tempus.

---

### **Financial assistance schemes to university students for studying abroad**

Figure 4: Mobility of students of higher education in OECD countries

1998



Source: OECD (2001B), p. 25.

Both Greece and Portugal do not provide financial assistance for first study courses abroad. While Greece only subsidises long post-graduate courses abroad, Portugal only sponsors short courses abroad for post-graduates. Greek students, who have received financial assistance to study abroad, are required to return to their home country and remain there for at least 5 years, in order to avoid repaying the whole grant.

In spite of the differing attitudes to financing study abroad, Iceland (full study abroad), Ireland (short periods of study abroad) and Greece (only post-graduate study abroad) have the largest proportion of students studying abroad. This suggests that financial assistance schemes are only one of many motivating factors for studying abroad.

The Nordic countries promote the mobility of their students within the Nordic region via Nordplus, a programme similar to Erasmus, which, however, limits the movements to Scandinavia. In 1999-2000, 18 percent of the Norwegian students and 7 percent of the Swedish students studied abroad, financed by Nordplus. The majority of the Swedish and Norwegian students studying abroad go to the EEA, North-America or Australia.

Since 1 April 2001, German students, after having commenced and studied for one year in Germany, may study anywhere in the EU on the same financial assistance basis as in Germany. Students are also offered a loan (Bildungskredit) to help cover the living expenses while studying abroad.

In 1969, the Council of Europe drew up a treaty on the continuation of study grants for studying abroad. Since then, Germany, Spain, France, Luxembourg, the Netherlands, Austria, Portugal, Finland, Sweden, the UK, Iceland, and Liechtenstein, have ratified the treaty.

Most of the countries link the continuation of assistance payments with conditions such as duration of study abroad (mostly three months to one year), certain destination countries (EU member states or in the case of Erasmus the Bologna group<sup>5</sup>) and/or type of study programme.

All Erasmus students are awarded a scholarship to cover the additional cost of studying abroad. In addition, Erasmus students are exempt from paying fees. Accreditation of all academic achievements in the foreign country is supposed to be guaranteed by the home country of students sponsored under the Erasmus programme as well as those who are not in that programme (free movers). Also, free

<sup>5</sup> Members of the Bologna group are, in addition to the EU 15 and the three states of the EEA, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Switzerland.

movers may receive financial assistance from the home country for studying abroad.

The level of financial assistance depends on the host country and the prevailing study and living costs in that country. In Sweden the financial assistance for studying abroad has two components: a loan and a grant (for 2000-01, 204 € per month). The student may apply for additional loans to cover travel costs, insurance (health and other) and fees (maximum loan on this basis was 618 € per month in 2000-01). In Lithuania, the monthly scholarship for studying abroad is between 625 € and 1,473 €, in the Czech Republic it is 350 € (for a maximum of one year); Slovakia awards scholarships of 2,300 € per year.

The assistance schemes to study abroad tend to follow the same logic as assistance to study in the home country, i.e., it may have direct and indirect components, depending upon the country concerned.

ECTS is a major facilitator of student mobility. It was established by 145 institutions of higher education in the EEA as a pilot project of the Erasmus programme of 1988-1995 for the following study programmes: business administration, chemistry, history, medicine and mechanical engineering. The objective was to evaluate study progress of students on the basis of the uniform criteria. As a result of positive initial experience, the system of ECTS has become a regular feature of all Sokrates and Erasmus programmes from 1995 onwards.

Generally, 30 credit points are given per semester, i.e., 60 credit points per study year. Students receive a progress report, issued by the home university, to submit to the host university, which then adds to the report the successfully completed courses taken in the host country.

Of all OECD countries, Switzerland has the highest share of foreign students in their home country (15.9 percent), followed by Australia (12.6 percent), Austria (11.5 percent) and the UK (10.8 percent). Of the countries in the Bologna group, Italy, Poland, Turkey have the lowest share of foreign students with less than 1.3 percent of foreign students in the university student population. Such low levels are also found in Korea and Japan.

For the European countries, it would be interesting to know what proportion of these students are full-fee paying foreign students as compared with EU students, the latter being subject to the same conditions as nationals in the host country.

As has been spelled out in the EU legal framework for financial student assistance, no discrimination on the basis of citizenship of another EU country is allowed. A certain number of years of residence in an EU country may be required to be eligible for social benefits, such as assistance to cover living costs while studying.

Austria, Belgium, Greece, the Netherlands, the UK, the Czech Republic, Estonia, Latvia, Lithuania, Hungary and Slovakia require foreign students, who are not citizens of the EU and EEA or of a country with which bilateral treaties of student exchange have been signed, to pay higher fees. In some of the CEECs, fees may be as high as 9,000 € for courses taught in English.

In contrast, Portugal and Switzerland impose on foreign students the same level of fees as for national students, independent of any preferred nation status of the students.

Finland, Germany, Greece, Sweden, Iceland, Switzerland, the Czech Republic, Latvia, Lithuania, Hungary and Slovakia have entry requirements for students of third country origin. Greece has the greatest restriction on the inflow of foreign students. A numerus clausus is in place to ensure that no more than 1 percent of the first-year students are foreigners, i.e., the maximum annual inflow of foreign students is 600.

Germany, Greece, Portugal, Latvia, Lithuania, Hungary and Slovakia give financial assistance to students of third country origin under certain conditions. In Portugal

---

### European Credit Transfer System (ECTS)

---

### Assistance to foreign university students in the host country

students from the region of former colonies (Africa, East Timor) who speak Portuguese, receive assistance to cover fees, living and travel costs. In Lithuania, students of countries with which bilateral exchange programmes have been signed, receive study grants to cover fees, health insurance and living costs. In Slovakia, health insurance is covered (in case of bilateral treaty), transport costs and access to the subsidised student restaurant (mensa).

The main object of the EU and its member states for subsidising student mobility is to increase the mobility of highly qualified workers within the EU to enhance competitiveness of the EU (*Throsby, 1999*) The principle on which competitiveness is to be promoted is the increased allocative efficiency of labour, i.e., labour should be free to move where it is most efficiently used in order to maximise productivity and output of the EU as a region. Therefore, factors which hinder the mobility of EU workers, e.g., access of their children and partners to the education system and the labour market, should be removed.

Further, in an international context beyond EU, countries also attempt to make the education of foreign students a profitable export oriented industry. A good example of this policy objective is Australia. Foreign full-fee paying students contribute significantly to funding tertiary education in the host country and are the fourth most important source of foreign exchange.

Accordingly, a feature of the international mobility of students is a keen international competition for fee paying students by host countries. In order to be able to compete for international students, universities are increasingly concerned to ensure quality standards in education and research (centres of excellence). More and more, national and international extra-university agencies in Europe and overseas are employed to attract foreign students to national tertiary education institutions (EduFrance in France, British Council in the UK, DAAD in Germany).

Since student mobility within the EU has increased considerably and is expected to continue to do so in the medium to long term, the funding of the increased cost of education is drawing more attention. Particularly those countries which experience net-inflows of students from the EU, who are given equal treatment as nationals, are signalling concern, e.g., Belgium and Austria, at the burden of the cost of educating EU students. In these circumstances, the system of financial compensation to net contributors to higher education adopted by the Nordic region has attracted the attention of other EU countries.

The Nordic financial compensation system had been operating for some time on a number of issues to which was added in 1996 higher education for a trial period until 2003. Under this system, every Nordic country paid for 75 percent of their students who studied in another Nordic country, a lump sum of 2,657 € per student p.a. into a common Nordic fund. This was administered by the Nordic Board in Copenhagen. This money did not go to the individual university institutions but represented a form of compensation by the net-sending country to the net-receiving country for providing university places for students.

Some EU member countries, which are net-receivers of EU students because of the popularity of their universities, are thus effectively subsidising the net-sending countries. Accordingly, they have expressed an interest in a compensation scheme similar to that made in other areas, e.g., transit transport and environmental matters.

So far, the policy of the EU on this aspect of student mobility has been ostensibly one of letting market forces work and allowing demand and supply to operate freely. In fact, of course, market forces may be said to be constrained by the EU legislation requiring member countries to treat EU students in the same way as national students. The effect of this requirement is to impose unequal costs on different countries, bearing in mind also that the social benefits of higher education do not accrue to the host country because most of the students may be expected to return to their home countries. Therefore, there is much sense in the Nordic compensation scheme.

---

### **Motives for subsidising student mobility**

---

### **Prospects for and implications of increasing student mobility within Europe**

Indeed, a more equitable distribution of costs could well encourage the very object of EU policy for greater competition and mobility.

- Biffi, G. (2002A), "Die Kosten des österreichischen Bildungssystems und der Wert der Ausbildung", WIFO-Monatsberichte, 2002, 75(6), pp. 385-395, [http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo\\_search.get\\_abstract\\_type?p\\_language=1&pubid=22162](http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo_search.get_abstract_type?p_language=1&pubid=22162).
- Biffi, G. (2002B), "Kosten und Nutzen des Bildungssystems im internationalen Vergleich", WIFO-Monatsberichte, 2002, 75(6), pp. 397-411, [http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo\\_search.get\\_abstract\\_type?p\\_language=1&pubid=22163](http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo_search.get_abstract_type?p_language=1&pubid=22163).
- Biffi, G., Bock-Schappelwein, J., Ruhs, C., Systeme der Förderung des Universitätsstudiums im Ausland, WIFO, Vienna, 2002 [http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo\\_search.get\\_abstract\\_type?p\\_language=1&pubid=21203](http://publikationen.wifo.ac.at/pls/wifosite/wifosite.wifo_search.get_abstract_type?p_language=1&pubid=21203).
- Biffi, G., Isaac, J., "Should Higher Education Students Pay Tuition Fees?", European Journal of Education, 2002, 37(4), pp. 433-455.
- European Commission, Eurydice, Eurostat, Key Indicators of the Education System in Europe 2002, Brussels, 2002.
- OECD, Education at a Glance. OECD Indicators, CERI, Indicators of Education Systems, Paris, 1999.
- OECD (2001A), Education at a Glance. OECD Indicators, CERI, Indicators of Education Systems, Paris, 2001.
- OECD (2001B), Student Mobility Between and Towards OECD Countries: A Comparative Analysis, Paris, 2001.
- OECD, Education at a Glance. OECD Indicators, CERI, Indicators of Education Systems, Paris, 2002.
- OECD, Education at a Glance. OECD Indicators, CERI, Indicators of Education Systems, Paris, 2003.
- Reichert, S., Wächter, B., The Globalisation of Education and Training: Recommendations for a Coherent Response of the European Union, Academic Co-operation Association (ACA), European Commission, Brussels, 2000.
- Throsby, D., Financing and Effects of Internationalisation in Higher Education: The Economic Costs and Benefits of International Student Flows, OECD, Paris, 1999.
- Trow, M., "Reflections on the Transition from Mass to Universal Higher Education", Daedalus, 1970, 90(1), pp. 1-42.
- Vossensteyn, H., "Where in Europe Would People Like to Study?", Higher Education, 1999, 37, pp. 159-176.

## References

### *Increasing University Student Mobility: A European Policy Agenda – Summary*

In the last 25 years, the number of university students has more than doubled in Europe. However, large differences in university participation remain between countries. This is in the main a result of different social norms and values which impact on the transition rates between upper secondary education and tertiary education. Countries with an almost universal general education stream of upper secondary education tend to have high entry rates into universities, while countries with a strong vocational orientation of upper secondary education – which focuses on early entry into the labour market – have relatively low entry rates into tertiary education. Amongst the former are the Nordic countries and the Netherlands, amongst the latter Germany, Austria and Switzerland.

In spite of the differences in university participation rates, every country is promoting the mobility of their students. The objective is the enhancement of the competitiveness of Europe via increasing the allocative efficiency of labour, in particular highly skilled labour.

With increasing student mobility within the EU, the question of equal treatment of students of another EU member state becomes a contested issue.

EU member countries, which are net-receivers of EU students, are effectively subsidising the net-sending countries. Accordingly, they have expressed an interest in a compensation scheme similar to that made in other areas, e.g., transit transport and environmental matters.

Indeed, a more equitable distribution of costs could well encourage the very object of EU policy for greater competition and mobility.