

Higher Education Policies in the European Union, the 'Knowledge Economy' and Neo-Liberalism.

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To all appearances higher education in both the Eu and the Us has turned into a more fashionable topic for politicians and journalists than it was ten years ago. Since rumour has it that in the 'age of globalisation' we are living in a 'knowledge society' and that our economies are basically 'knowledge economies,' higher education has attracted more public attention than it did before. These new buzzwords have been spreading within and beyond academia with some success and have been at the very heart of European higher education policy discourse for a decade^[1].

Seen from a historical perspective this sudden public preoccupation with the idea of the 'knowledge society' and 'knowledge economy' is surprising, because European thinkers from the Enlightenment onwards—from Voltaire to Comte and Heidegger to Foucault and Habermas—have been emphasising that the systematic production and application of knowledge is the specific characteristic of 'modern'—European-style—societies. So given the fact that the 'knowledge economy' and 'knowledge society' have been known to 'civilised' Europeans for more than some 250 years, this idea could hardly be presented as a new message. Therefore one can

expect that the new meaning of 'knowledge society' will differ from the traditional one rooted in Enlightenment thought.

This expectation is confirmed when one discovers that its new proponents represent universities as enterprises and academics as entrepreneurs. Simultaneously, real entrepreneurs are now represented as the 'stakeholders' of the 'McUniversities,' who are entitled to populate their 'boards of trustees.' The ideology of the 'knowledge economy' thus simply means that the domain of knowledge production is economised: *homo academicus* is modelled after *homo economicus*. Capitalist economy no longer finds its ideological legitimization in scientific terms, as was the case in 'late capitalism' according to the influential diagnosis of Jürgen Habermas, because science now has to justify itself in economic terms^[2].

In the following paper I will examine European higher education policies after the Bologna Declaration in order to trace the theory and practice of the 'knowledge economy.' My paper is structured as follows:

- First, I will present a description and analysis of the Bologna Declaration itself, issued on 19th June 1999 by the joint Ministers of Education of the EU countries.
- Second, I will analyse the historical setting of the Bologna Declaration, notably the declaration of Lisbon, the declaration of Paris and—last but not least—the activities of the World Trade Organisation in general and of Gatt—the General Agreement on Trade and Tariffs—and Gats—the General Agreement of Trade in Services—in particular.
- Third, I will sketch the political context in which the Bologna Declaration functions. In particular, I will consider neo-liberalism and 'New Public Management' (npm). I shall argue that in the context of neo-liberalism, npm and the ideology of the 'knowledge economy,' the Bologna Declaration fundamentally represents the silent transformation of the idea of the Humboldtian research university into the idea of the neo-liberal 'McUniversity'^[3].

The Bologna Declaration.

First I want to take a closer look at the Bologna Declaration itself^[4]. The following eight objectives are clearly identifiable:

- the creation of one 'higher educational space' in Europe—what this means is not specified.

- the objective of increasing the international competitiveness of this European higher educational space—this turns out to be the leading idea.
- the adoption of a system of easily readable, compatible and comparable degrees, in order to promote European citizens' employability and the competitiveness of the European higher education system.
- 'the adoption of a system essentially based on two main cycles, undergraduate and graduate' (Ba and Ma). This system is better known as the Anglo-Saxon model, although the declaration itself avoids this label. The first cycle should last at least three years and also be relevant for the labour market.
- the establishment of a uniform system of credits—later known as the *ects* system—as a proper means of promoting the most widespread student mobility.' Why mobility is good, is not explained. Remarkably, credits can also be acquired in non-higher educational contexts.
- the 'promotion of mobility for both students, teachers, researchers and administrative staff.' Why this is good is not explained either: in the age of globalisation mobility just seems to be a good in itself. This is also reflected in the omnipresence in policy documents of the notion of flexibility.
- the 'promotion of European co-operation in quality assurance with a view of developing comparable criteria and methodologies.' What 'quality control' consists of and why a separate 'quality assurance' apart from the professional mechanisms of quality control is good, is not explained. External controls on teaching and researching faculties are simply presented as a natural phenomenon and nobody asks what happened to the idea of professional autonomy of the faculty and to the idea of academic freedom. The new emphasis on control is reflected in the prevalence in policy documents of the notions of accountability, efficiency and of quality control.
- the 'promotion of the necessary European dimensions in higher education, particularly with regards to curricular development, inter-institutional co-operation, mobility schemes and integrated programmes of study, training and research.' What these 'European dimensions' would consist of, is not made explicit.

So, all in all, the Bologna Declaration calls for the integration of all the national systems of higher education in the Eu into one European educational system with the major aim of increasing its 'international competitiveness.' In order to achieve these goals the basic structures of the national systems must be made uniform, with the same cycles and degrees and, last but not least, the same mechanisms of control of the faculty.

The last couple of lines of the Bologna Declaration are ominous, because this declaration is not just meant to be a policy statement or a policy event, but a continuous process that will be with Europeans indefinitely. In Bologna the Eu took a conscious decision to keep the systems of higher education in Europe in a state of permanent supervision and reform. So much for the Bologna Declaration itself.

Now we need to take a closer look at the historical context in which the Bologna Declaration was formulated because its meaning can only be established by its context. This context, as I stated before, consists of a couple of other declarations, starting with the Paris declaration of 1998.

The Paris and Lisbon Declarations, the Wto, Gatt and Gats.

The Paris declaration of 1998 is the direct precursor of the Bologna Declaration. This Paris Declaration airs serious European concerns about the competitiveness and the global attractiveness of European higher education, especially in comparison to North America and Australia—incidentally both English speaking global regions. The competition with the ever growing and promising Asian student market is being lost by Europe, according to this declaration—with the Uk as the only exception.

The 'exceptional' success of Uk higher education probably explains why 'the' Anglo-Saxon structure of higher education was accepted in Bologna as the general European model without much discussion. The possibility that the exceptional English 'success' on a global scale might be explained by the exceptional global position of the English language and not by the formal structure of their educational institutions, has not been considered seriously. The language issue in European higher education is hardly ever discussed at policy level. My hunch is that this is due to the fact that the linguistic domain is very resistant to policy measures as such, and policymakers don't like that idea.

The European worries about the global market in higher education in Paris were primarily economically motivated, although symbolic references to European culture were not missing^[5]. The economic motive and agenda was even more open at the Eu-gathering in Lisbon in March 2000. Given the perceived successes of the Us and of Australia in producing substantial 'export value' in the domain of higher education, the Eu decided that European inferiority on the global educational market could no longer be tolerated^[6]. In Lisbon the Eu formulated its bold intention to become 'the most dynamic and competitive economic bloc in the world'—nothing more and nothing less, and not in the long run, but 'subito'—before 2010.

Given the idea that the global economy is a 'knowledge economy' the Eu inevitably came to the conclusion that European higher education had to become the most dynamic and most competitive in the world too. Therefore the Eu Ministers of Education translated this intention in 2001 into an ambitious agenda for the educational domain[7]. Predictably the 'Lisbon Process' has as yet only resulted in serious disappointments, because in 2005 it was already crystal clear to even the greatest Eu-policy optimists that its objectives would not be met—even approximately. The remedy for this 'delay' is of course sought in speeding up the 'Lisbon Process' in all Eu member states and in shifting the responsibility for the 'process' to the Eu member states.

So, the Paris Declaration of 1998, the Bologna Declaration of 1999 and the Lisbon Declaration of 2000 are three of a pair. This leads me to consider a treaty seldom mentioned in the Eu-declarations, the Gats. Just like in a bad marriage, in the Eu (and its policy papers) the things not discussed are often more important than the things that are discussed.

As we have seen, all the European declarations and plans considered so far basically contain an economic view of education, by considering higher education primarily in its function for the European economy and in terms of a marketable commodity. This is more apparent in the Paris and Lisbon Declarations than in the Bologna Declaration itself, although there too there is an emphasis on the function of higher education for the labour market. Therefore the transformation of a great number of quite diverse national systems of higher education into one competitive European 'educational market' is the primary objective of all declarations considered. How this objective is to be realised in practice is far less clear, the more so because national governments remain responsible for the implementation of these objectives. To all appearances the Eu is already facing serious problems in this respect[8].

The basic idea behind all educational EU-plans is economic: an enlargement in the scale of the European systems of higher education, just as has been realised with the economic systems in Europe before, in order to enhance its competitiveness by cutting down costs[9]. Therefore a Europe-wide standardisation of the 'values' produced in each of the national higher educational systems is called for. The introduction of the European Credits Transfer System —of ects-points—in order to make all European grades compatible and comparable can thus be compared to the introduction of the Euro, because the 'value' of higher education all over Europe will in the future be calculated, compared and exchanged in terms of the same ects-points—at least in theory and if we abstract from minor practical issues like the language problem.

In contrast to the introduction of the Euro, however, the introduction of the ects has not taken place at one point in time, but is a process with very different speeds in the different European

states—with the Netherlands taking the lead. The overall intention and direction of the process is nevertheless clear: to create one European market for higher education in order to become more competitive in the global struggle for the well paying (especially Asian) students.

This leads me to consider the Wto and the Gats as the global contexts of the Bologna Process.

A very important background to European developments in higher education—though seldom mentioned in the Eu-declarations—are the policies of the Wto since its foundation in 1995 and the Gatt in general, and the Gats in particular. The reason for the absence of Wto, Gatt and Gats-regulations in Eu-policy statements may be that these regulations are not subject to any parliamentary control, so actually they look bad for democratic business^[10]. And, contrary to the Bologna regulations, the Gats regulations do have the status of international treaties, enforceable by international law and international courts. This characteristic makes them quite important in practice.

The aim of the Wto is to get rid of all regulations and measures that are impeding a world wide free trade. This policy is based on the assumption that an uninhibited free trade will lead us to the best of all possible worlds. Gats is applying the same free trade principle to services, and in our context it is crucial to realise that higher education is defined by Gats as one service among others, along with utilities like energy and water supply, health care, housing and social security, that is: domains that used to be seen as the core of the public sector in Europe.

The neo-liberal Gats point of view will have far reaching consequences for the citizens of Europe: higher education, instead of being a right of citizens of nation states, laid down by law, may be redefined as and transformed into a commodity—into an international service that must be sold and bought from any international provider. For Us-citizens this point of view may not look revolutionary, but for most Europeans it surely is.

However, on second sight the implications of the Gats-view may even surprise Us-citizens, because Gats, among other things, prescribes the so-called 'national treatment rule.' This rule prohibits the national governments, which subscribe to the Gats-regulations concerning education, to treat providers of services inside the national borders differently from providers from outside the national borders. Although this rule also contains a few clauses for exceptions, it may easily induce future outside providers of higher education to sue national governments for subsidising their institutions of higher education on grounds that subsidies are impediments for open market competition and therefore are frustrating free and international trade. This is what we already are witnessing in the domain of agriculture, and a similar pressure may one day lead to

the end of all publicly financed higher education, or at least bring it into the danger zone in which it is forced to legitimise itself as a 'non-market service.' So the free trade principle may also create victims on its way to the best of all possible worlds.

Another Gats-regulation is the so-called market access rule, prohibiting national governments to refuse access to their service market for any reason. Although this rule too contains a few clauses of exception, this may lead to a situation in which, for instance, an openly racist institution will start to supply educational services without risk of being banned because this would constitute a breach of free and open market competition. Or a situation in which Tom Cruise and John Travolta will join financial forces in creating the first 'Scientology University.'

So by redefining higher education as a service just like any other—as a marketable commodity—the Wto and Gats are basically eroding all effective forms of democratic political control over higher education. As far as Gats-regulations allow for exceptions to the basic economic rule, these still have to be considered and justified in terms of their economic consequences. Small wonder there is so little discussion in the Eu and the Us about that. Nevertheless, it is obvious that the economic view on higher education recently developed and formulated by the Eu-declarations is similar to and compatible with the view developed by the Wto and by Gats.

In the end, the Eu- and the Gats-views will probably also have similar implications. The so-called 'Bolkestein rules' concerning freeing the trade in services in the Eu are unmistakably pointing in the Gats-direction. The only exceptions concerning the free trade of services that are mentioned in the original and in the revised Eu-proposals are financial services, telecom services and 'services' connected to the public administration of Eu-member states, because they are already regulated by other EU-rules. Education is only mentioned once in both the original and in the revised proposal^[11]. So EU member states may and probably will categorise higher education as a service while keeping elementary and secondary education outside the domain of services.

Neo-liberalism and New Public Management (npm).

The political context of the Bologna Declaration and its accompanying declarations consists of neo-liberalism and of neo-liberal public policy—so-called New Public Management (npm). Npm is characterised by a paradoxical combination of free market rhetoric and quasi-totalitarian practices of control. This combination explains a number of the characteristics of npm-institutions and practices—and the universities are being transformed into npm-institutions as we speak.

The programme of neo-liberalism implies the introduction of the market mechanism in all societal domains, including the former public domain of so-called 'public services.' The neo-liberal picture here immediately gets very complicated because these domains do not have any structure similar to a market-structure—and history suggests that this is the case for very good reasons. Neo-liberalism is, in principle, trying to turn back the clock to the early 19th century in this respect by re-individualising the services which were collectivised in Europe during the 19th and 20th century by applying its market dogma.

Small wonder therefore that the neo-liberal programme has been facing fundamental obstacles in practice. The first and most fundamental problem is that it is hard to conceive of several of the former domains of 'public services' being transformed into market-like structures without destroying them all together for a large part of the population. The public health situation in the Us, where at least one fourth of the population has no health insurance at all and another third is not adequately insured represents this problem in *optima forma*. The pension situation in the Us, where an ever growing proportion of the working population has no pension whatsoever and a majority has no adequate pension, is another example[\[12\]](#). In this respect the future of a large part of the working population of neo-liberal 'market societies' is nothing less than a ticking time bomb. The deregulation and privatisation of the public sector is therefore fraught with fundamental contradictions which are usually 'solved' at the expense of 'consumers' and taxpayers and to the advantage of the new 'shareholders' and the managerial class.

Now, given the factual absence of the market mechanism in the sector of public 'services,' another principle has taken its place in order to determine the prices of these services. In npm the 'vacant place' of the market mechanism in the quasi-market of 'public services' has been taken over by the twin notions of efficiency and accountability. Given the absence of any substantial notion of effectiveness from npm-discourse—because the notion of effectiveness presupposes the statement of substantial goals—being efficient is just defined as being cost-effective. And being accountable (and 'transparent') simply means for npm-institutions being able to control and document their cost-effectiveness. Small wonder therefore that npm in the former public sector has manifested itself in the typical combination of:

- a continuous fall in service levels;
- a continuous fall in the level and quality of employment, that is, de-professionalization and a fall in the number of jobs;
- ever rising prices for the consumers of 'services.'

Applied to higher education the introduction of npm has typically meant:

- a continuous worsening of student – staff ratio, implying a continuously rising work pressure on the faculty. Since npm sees the faculty primarily in terms of labour costs it is certain that this tendency will persist in the future[13]
- a continuous shrinking number of faculty members and the delineation of a ‘core’ and a ‘periphery’ of part-time and untenured faculty;
- ever rising tuition fees for students[14].

Cutting costs has basically turned into the goal of the quasi-markets of the ‘public services’ itself, which also explains another feature of npm in higher education: the permanent character of saving policies and of reorganisations in order to save. Since there are no substantial goals behind this policy, every budget cut is just a stepping stone to the next.

The total hegemony of instrumental rationality (alias efficiency) since the 1980’s has recently been re-baptised by George Ritzer as the ‘McDonaldisation of society.’ We therefore should not be surprised to see the existing universities in Europe being transformed into entrepreneurial ‘McUniversities.’ ‘Greater managerial power, structural reorganisation, more emphasis on marketing and business generation, moves towards performance-related pay and a rationalisation and computerisation of administrative structures’ are characteristic of this new type of higher education according to Park and Jary as are ‘comparability and standardisation (of institutions, managers, academics, students)’[15]. The phenomenon of ranking (of citations, journals, individuals, research groups, departments and universities) is therefore an integral part of this transformation[16]. Nevertheless, this structural transformation of public higher education in the form of ‘managerial colonisation’ of the public sector is never publicly discussed. Probably this is also due to the circumstance that this managerial colonisation process is being cloaked under quasi-professional mechanisms like audits and accreditation with their faint echos of professional ‘judgement by peers’[17].

Npm originated in the Us in the 1980s and was quickly taken over by a number of Anglo-Saxon states as Berg, Barry and Chandler have argued: ‘Development of npm in the public sector followed the emergence in the Usa of ‘entrepreneurial government,’ designed to steer the course of public sector reform. As a movement for change the npm were also seen in a number of different countries as far apart as New Zealand, Australia, Canada and Sweden, where its impact has been most felt. Its arrival in England was seen in attempts to introduce a series of managerial

techniques and control strategies that had their roots in the private sector. In higher education the British government introduced league tables, ostensibly to rank the quality and quantity of teaching and research, relying on indicators to loosen the grip of professional autonomy on academic work. As Throw has explained: 'the withdrawal of trust in its universities by the government has forced it to create bureaucratic machinery and formulas to steer and manage the universities from outside the system'[18]. Therefore the denial of the bureaucratic and 'control' impulse in npm-discourse is 'cynical,' although in npm-discourse the label 'cynical' is usually identified with any criticism of npm-discourse itself[19].

Why the professional autonomy of academics must be distrusted (and on what grounds) and why bureaucratic formalism is to be preferred over professionalism has never been justified: it is a crucial presupposition built into npm-discourse and thus beyond any discussion and critique. The same holds for the question of who controls the controllers under npm, because the problem of control is not solved by npm but only shifted: from the professionals to the managers[20]. There is not a shred of evidence—neither factual nor logical—that this move represents an improvement in any sense, while there is quite some evidence to the contrary. Thus npm is transforming the universities into 'a fast-food outlet that sells only those ideas that its managers believe it will sell, that treats its employees as if they were too devious or stupid to be trusted, and that values the formal rationality of the process over the substantive rationality of the end'[21].

The net-result of the npm-inspired reform of the universities is nothing less than an organisational structure which shows some remarkable similarities to the former Leninist parties. Patrick Fitzsimons described the situation as follows: 'Because managerialism sees itself as the antidote to chaos, irrationality, disorder, and incompleteness, there are no spaces within such a social order in which autonomy can be contested legitimately. Managerial definitions of quality, efficiency, improved productivity or self-management, construct a particular version of autonomy. Those who do not desire these managerial constructs of autonomy are simply defined as absurd, as under managerialism, these notions appear as self-evidently 'good'[22]. Like 'dissidents' in Leninist parties, 'dissidents' in npm-organisations are usually seen and treated by management as objects to be disciplined and punished—and preferably to be removed from the organisation. If occasionally 'irregularities' in managerial practices cannot be denied, then a specific manager may be criticised (or even fired), but never management as such[23].

However this may impact on the faculty working at universities, all future citizens in the European Union will be faced directly or indirectly with what actually amounts to the silent privatisation and 'marketisation' of higher education in the Eu. What used to be a legal right of citizens—higher

education—is being transformed into a marketable commodity without any political debate at the national level. Every political discussion about the future of higher education and universities is being smothered by the neo-liberal catchwords of ‘globalisation’ and ‘knowledge economy.’ So for all who prefer the Enlightenment idea of knowledge and the Humboldtian idea of the university to the neo-liberal ‘McUniversity,’ it is high time for a ‘wake up’ call.