

The Changing
Enterprise
FIRST IN A SERIES

The
Brave
New (and Smaller)
World
of Higher
Education:
A Transatlantic View

Madeleine Green, American Council on Education

Peter Eckel, American Council on Education

Andris Barblan, European University Association

European University Association EUA



American Council on Education
Center for Institutional and International Initiatives

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American Council on Education
One Dupont Circle NW
Washington, DC 20036

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Acknowledgments

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This paper is the first in a series associated with a new ACE initiative, the Changing Enterprise Project, that seeks to chart and understand the new directions colleges and universities are pursuing to respond to increased competition and changing fiscal realities. The project and this occasional paper series are supported by contributions from Accenture, The Goldman Sachs Foundation, and Peterson’s, a Thomson Learning Company.

Foreword: Shared Realities

Market forces, globalization, internationalization, competition, new providers, cost efficiency—these descriptors of the brave new world of higher education appear consistently in any discussion of its future. Even when used in the same national context, such terms describe different phenomena and elicit different interpretations; cross-cultural conversations are even more difficult. A shared understanding of the forces that are reshaping higher education within and among nations provides an essential foundation for the development of sound policy and effective institutional strategies to adapt to these new realities. Such challenges were the focus of the seventh Transatlantic Dialogue, cosponsored by the American Council on Education (ACE), the Association of Universities and Colleges of Canada (AUCC), and the European University Association (EUA) and hosted by the Université Laval in Quebec.

The purpose of this meeting was to explore the forces shaping change in higher education in the United States, Canada, and Europe; analyze how institutions and policy makers are responding; and assess the costs and benefits of these responses. This conversation of some 30 presidents, vice chancellors, and rectors (see page 32) assumed the volatility of the current environment and the need for continuous change. But just how much change is necessary and desirable, and what kind of change should occur, were open to question. The Transatlantic Dialogue explored strategies that institutions use to be

more responsive and relevant, and reflected on the conflicts these strategies can present with respect to historic institutional values and mission. Participants examined the promise and the peril of establishing alliances with partners outside the academy, such as businesses or for-profit educational institutions, and the complexities of international collaborations that go beyond traditional student and faculty mobility. The new environment and the many strategic choices facing institutional leaders on both sides of the Atlantic provided the framework for a rich conversation.

The issues that participants discussed dramatically differed from the ones considered at the first Transatlantic Dialogue in 1989 in Hartford, Connecticut. At that time, the World Wide Web was virtually unknown to administrators, and e-mail use was in its infancy. The sharp differences among national contexts across the Atlantic and within Europe provided few common bases for discussion. The geopolitical situation was entirely different from the one that would exist half a decade later. The Berlin Wall was still intact; the Eastern Bloc countries were still part of the Soviet system. The North American Free Trade Agreement was in its early stages, as was the European Union (EU), which was viewed as a zone of economic growth set up against Communism. In higher education, North American institutions were entrepreneurial and customer-oriented, doing business in a pragmatic world of public relations and money management that was alien to their European counterparts. In continental Europe, the

ministries very much controlled universities' destinies, and the rigidities of centuries-old traditions of teaching and learning were difficult to loosen. In the United Kingdom, the polytechnics were not considered universities, and the national assessment exercises had not yet taken place. The concept of the "European dimension" of higher education was just emerging. The appointed North American presidents saw themselves as leaders, the elected European rectors as first among equals. In brief, a little more than a decade ago, the Atlantic Ocean represented a formidable distance between European and North American higher education, between the old world and the new.

By 2001, and the seventh Transatlantic Dialogue, the picture looked quite different. Technology was a given, and competition—long established in Canada and the United States—was gaining ground in much of Europe. Europe had undergone vast political changes, and the move to harmonize the varying forms of national higher education in the EU by making them more transparent and compatible was intensifying under the auspices of the Bologna Declaration.¹ By 2001, there was no doubt that higher education was indeed a global enterprise, and although significant differences still exist among nations and continents, the fundamental challenges—especially those created by the new environment of technology, globalization, and competition—

are very much the same. The vision of the future seen by those U.S., Canadian, and European leaders at the 2001 Quebec seminar was more similar than dissimilar—a surprise to most, if not all, of the participants.

In order to secure a snapshot of the varying views, the seminar cosponsors asked each participant to vote on a series of statements about the future of higher education from his or her perspective. The participants indicated the extent to which they agreed or disagreed with each statement regarding the actual future they foresaw (versus the ideal future they desired) in their own country. They also noted the extent to which they agreed or disagreed with each assertion.

The high level of consistency among all participants came as a surprise. Of the approximately 20 assertions shown on the next page, the Americans and the Europeans disagreed on only four; and the Americans and Canadians differed on only one. The Canadians and the Europeans agreed on all the assertions. Further, even when disagreement occurred, it was mild. Indeed, the American, Canadian, and European leaders had remarkably similar views of what lay ahead for higher education.

How do American, Canadian, and European higher education leaders see the future?

In an informal opinion poll, the participants indicated their agreement or disagreement with the following assertions about the future.

The U.S., Canadian, and European presidents and rectors largely agreed on the following points:

- Society will place far greater emphasis on higher education's role in workforce preparation than in promoting social development and cultural identity.
- Borderless education will not undermine higher education's capacity to contribute to social development and cultural identity.
- Policy makers will not abandon the concept of higher education as a social investment (public good) in favor of higher education as a personal investment only (private good).
- Partnerships with businesses and other noneducational organizations will not increasingly threaten academic integrity.
- Governments will increasingly require outcome-oriented quality assessments as accountability measures.
- Technology will play a major role in expanding access to higher education around the world because traditional modes of instruction cannot fill the need.
- Competition and the power of the market will not allow "brand-name" institutions to dominate the higher education scene.
- National governments will not lose their influence on higher education and markets, and supranational bodies will not usurp their role.
- The amount of instruction conducted in English around the world will increase.
- The current patterns of governance and decision making in higher education represent tremendous obstacles to institutions' ability to change.
- Interinstitutional collaboration will increase significantly, allowing institutions to expand their curricular offerings.

The Europeans and the Americans disagreed on the following points:

- The Europeans were more likely than the Americans to believe that distance learning will not increase access, but rather will enable institutions to reach new markets of affluent students. (The Canadians were in between the Americans and the Europeans on this assertion.)
- The Americans were more likely than the Europeans to perceive that the inability of traditional higher education to adapt quickly enough to meet the needs of the knowledge economy will result in the growth of new providers. (The Canadians leaned more toward agreeing with the Americans on this issue.)
- The Europeans agreed more than the Americans with the idea that higher education must move from traditional content/curriculum-based teaching to competency-based teaching and learning. (The Canadians voted closer to the Americans than to the Europeans.)
- The Europeans were more likely than the Americans to see government policy as a significant force for change. (The Canadians were in the middle of the two views.)

The Canadians and the Americans differed only on the following point:

- The Americans were more likely than the Canadians to see the lack of executive power as an increasingly significant obstacle to change. (The Europeans were in the middle of these two views.)

An Unholy Trinity? Three Forces for Change

During the last decade, technology, globalization, and competition have caused the ground to shift under higher education worldwide, defying national borders and calling into question honored traditions, sacred myths, and previously unquestioned assumptions. These forces on both continents are systematically—and quietly—reshaping higher education. They interact with each other, so that technology intensifies competition as well as enables globalization; similarly, globalization fosters competition. It is impossible to consider one of the three without introducing the others. Leaders are navigating uncharted waters, and the course of higher education’s journey is unclear. Will change just happen, steered periodically by reactive government policies and institutional strategies, or will higher education leaders and policy makers look ahead and be more intentional about creating the kind of higher education system their societies really need? What challenges do these changes pose to higher education’s core activities and values? What exactly are these fundamental values of higher education that we must reaffirm or reinterpret in light of new realities? What are the challenges to institutional management and leadership created by the new environment?

As we examine each of these forces in turn—technology, globalization, and competition—and explore some ways in which they interact, we can see that each affects North America and Europe differently, but all raise uncomfortable questions that tradi-

tional higher education must address to thrive in this brave new world. Higher education leaders and observers differ in predicting the intensity of the impact these three forces will have. As the votes showed, such differences of opinion do not necessarily correlate with nationality or institutional affiliation. A few, such as management expert Peter Drucker, predict the eventual demise of campus-based instruction as we know it. Many others foresee a scenario in which online instruction supplements, rather than replaces, traditional face-to-face teaching, and new providers attract new populations of students, leaving traditional institutions to continue serving as centers of full-time undergraduate education and research. But, as the Transatlantic Dialogue illustrated, none of the participants on either side of the Atlantic predicted business as usual for higher education.

Technology

Technology may be the single greatest force for change in higher education. To date, technology has made its most dramatic impact by enabling the development of distributed learning, that is, learning that “can occur either on or off campus, providing students with greater flexibility and eliminating time as a barrier to learning.”²² Distributed learning includes distance learning, which focuses on students who may be separated in time and space from their peers and instructor.

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Online courses are a major form of distributed learning; more than 2,000 U.S. institutions offer them.³ In Canada, a survey of adult education and training (which includes but surpasses higher education) indicated that about 500,000 students (from a population of more than 6 million) were doing part of their coursework through various distance learning mechanisms.⁴ Online enrollment at places such as the University of Maryland University College and The Pennsylvania State University's World Campus grew in two years by 1,000 percent and 200 percent, respectively.⁵ Although many students who are enrolled in online courses also are taking campus-based courses, others—largely working adult students—would not be enrolled without such flexible distributed learning opportunities. Distributed learning permits students to study at their own pace and to choose when and where they learn, and eases the juggling of jobs and families with their education. Older and part-time students make up an important group of postsecondary enrollments on both sides of the Atlantic. Some 40 percent of all undergraduates in the United States (by headcount) are over age 25; 31 percent of Canadian undergraduate students are over age 24. A relatively new emphasis on lifelong learning in Europe is attracting new older and part-time students into higher education and diversifying the student population.

In addition to providing new forms of instruction, technology has a powerful effect on how institutions function in the marketplace. No longer will a rival institution be located primarily in neighboring towns or even within the nation. Technology is enabling many students in the United States and Canada to combine their campus-based learning with online courses. This increased choice has dramatic implications for institutions as they compete for students and resources. Students can choose among institutions around the world.

Consider the following scenario: At University X, it is well-known that the math department's offerings are uninspired and generally poorly taught. Online instruction offered by other institutions opens a world of new possibilities to students attending that university. The ability to take courses online enables students to bypass their home institution's limited math offerings and fulfill requirements or take electives from the online courses offered by other institutions from around the world. As a result, enrollments plummet in University X's math department, and the department risks withering unless it can revitalize its offerings and improve quality to recapture students and their tuition fees. If this scenario becomes a normal occurrence, it will serve as a powerful lever for change. The abundant choices available to students through technology will pose formidable competitive challenges for institutions whose students will no longer be a captive audience for their programs. The emerging credit system in Europe may make this scenario as common in Europe as it is in the United States and Canada, where college credits have been the coin of the realm for decades.

Another important effect of technology is the reshaping of teaching and pedagogy. Although the art of enhancing teaching through technology is still emerging and evolving, many professors in Europe and North America are adopting it readily, posting course syllabi and texts on the web and using technology to transform large lecture courses, thus fostering active and group learning both in and out of the classroom. In some cases, the shift is only from static overheads to intricate computer-driven projections, from telephone or office hours to access via e-mail, or from photocopied course packets to web materials. However, technology is increasingly a transformational

tool, profoundly changing the teacher's role from straightforward lecturer to designer of an active, integrated learning experience.

As a powerful engine of change, technology raises new questions about the role of teaching. Distance learning puts into sharp relief the different roles of the faculty member as disciplinary scholar and content specialist, and as course designer and pedagogical specialist. In institutions such as the Open University and the University of Phoenix, specialists fill these roles, replacing the single professor who, in the time-honored tradition, has learned technology and pedagogy on the job. As distributed learning expands, we can expect to see a greater distinction between the two roles, as well as increased professionalization of course design. A further distinction looms between course designer and teacher, with the "master professors" creating the course and the instructors teaching it from predesigned materials. That model has already taken hold in for-profit academic instruction.

Technology is also driving organizational change. It has spurred the development of new organizational structures and partnerships, and it requires unprecedented decisions concerning strategy and resource allocation. How much should an institution invest in technology? How should it pay for this ongoing investment? Should it get involved in the business of distributed learning? For what reasons? How should it govern and administer these new operations? In North America and Europe, the common solution involves enhancing continuing education divisions or establishing new offices to coordinate and manage distributed education programs. Because many of these technology-enhanced programs involve curricular decisions and the strategic deployment of academic resources, traditional academic governance responsi-

bilities may no longer be clear. What role should faculty and faculty committees play in launching and developing distributed education programs? If decision making on such matters skirts normal faculty channels, faculty discontent will likely result. As institutions develop separate units for distance learning, they will encounter resulting costs and benefits. If the distance learning arm will be largely separate, it must develop its own quality assurance measures. It also risks draining resources from the sponsoring campus unless the lifelong education units become fully separate entities as well (which is the usual case in Europe)—in which case, lifelong learning risks remaining on the institution's periphery instead of shaping change at the core of the institution. On the positive side, greater separation provides increased flexibility and agility. As the seminar participants underscored, traditional governance often works against making decisions fast enough to capitalize on new opportunities and avoid threats.

Whatever the organizational arrangement, a host of questions is bound to arise. How does a distributed learning course figure into a traditional professional workload? How should teaching staff be evaluated or compensated? How should credits earned through lifelong learning courses compare with those obtained in traditional courses—especially if they are to accumulate as recommended in Europe by the Bologna Declaration? What technology-based activities count as scholarship or service? Other key management issues raised by technology focus on the intellectual property of web-based course materials and software programs.

Many believe that higher education worldwide is in the midst of the early stages of a revolution created by technology. Whether it increases access for underserved

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students, promotes lifelong learning, or improves teaching and learning, technology's effects are already profound in Europe and North America. However, these benefits and opportunities carry with them a series of difficult, challenging questions:

- How do the new types of students and the emerging technology-enhanced pedagogies challenge long-held assumptions about how students learn best, the roles of academic staff as instructors and experts, the types of knowledge different students both need and seek, and the social and vocational relevance of their learning? How do they reinforce these academic assumptions?
- How does higher education defend time-honored teaching practices that rely on lectures and passive learning when more dynamic forms of pedagogy that use technology are readily available?
- If online learning is “depersonalized” or inadequate to teaching critical thinking skills, as some charge, can higher education sufficiently demonstrate that the current practice is more personal and more effective at developing those skills in students?
- What are the issues regarding compensation, faculty time and workload, and intellectual property in a technology-rich environment?
- Why are institutions investing in technology? What problems do they solve and what opportunities do they tap? Who are their target audiences? What processes did they use to create and launch these technology investments? How will they fund such investments? What are their real costs and benefits?

Globalization

Globalization is a tricky term, with many different meanings and increasingly negative connotations. For some, globalization is a fairly neutral description of an unstoppable reality; its definition points to the flow of ideas, capital, people, and goods around the world in the context of the diminishing relevance of national borders. For others, it implies the hegemony of the capitalist system, the domination of rich nations and corporations over poor, and the loss of national identity and culture.

Applied to higher education, globalization connotes similar possibilities and elicits comparable fears. Some institutions have established programs in other countries; others are heavily recruiting students away from their home countries. Some fear that U.S., U.K., and Australian exports of distance learning will undermine their national higher education systems, leading to the “McDonaldization” of higher education. Many see the dominance of the English language as a threat to national cultures and languages. Seminar participants agreed that the amount of instruction delivered in English would increase around the world. To the Americans' surprise, the European participants did not view the increasing prevalence of English as a particular threat to national cultures and languages, running counter to popular commentary. Indeed, some participants saw real benefits. For example, English enables “small-language” countries, such as the Netherlands and Norway, to be active international players. Many continental European universities already offer academic programs in English and rely heavily on English books and materials. Ironically, the growth of English may be most dangerous to American students, who may see the dominance of their language as a disincentive to develop foreign language competency, thus reinforcing their chronic monolingualism and narrow world views.

Perhaps the most important effect of globalization is the intensifying competition across national boundaries. With this global competition comes the potential danger of a highly stratified market dominated by the “brand-name” institutions that prosper as they increase their reach worldwide, while other higher education institutions, unable to compete globally, are relegated to limited local markets. The newly announced joint global executive management programs between Harvard and Stanford Universities, or the alliance between France’s European Institute for Business Administration (INSEAD) and the University of Pennsylvania’s Wharton School of Business, begin with the advantage of prestige and name recognition. However, the presidents and rectors at the meeting doubted that “brand-name” institutions would eclipse other institutions in the global marketplace. They did not believe that only a few big, aggressive players would dominate worldwide higher education; instead, they felt that institutions served local societal needs in ways that “brand-name” institutions from abroad could not. The growth of the University of Phoenix supports the assertion that less prestigious institutions can thrive in the marketplace. Founded in 1976, the University of Phoenix is the largest private institution in the United States; as of 2000, the university operated 55 campuses and 98 learning centers in the United States and Canada, and enrolled approximately 84,000 students.⁶ The University of Phoenix has experienced remarkable growth in enrollments and has enjoyed tremendous visibility around the world, creating its own brand image.

Similar to the United States and Canada, Europe is both an exporter and importer of higher education—it is technologically sophisticated and has a large potential market of students, both traditional and adult. The European Association of

Distance Teaching Universities already includes 18 members from 14 countries, collectively providing distance education programs to more than 900,000 students. Europe also is an important destination for U.S. educational exports, both of traditional higher education (such as the Harvard-Stanford executive management programs) and the new for-profit higher education institutions and companies (such as the University of Phoenix, Sylvan Learning Systems, and DeVry Institutes). There is no doubt that the Anglo-Saxon countries, especially the United States, are the most aggressive exporters of higher education. As the Dutch scholar Marijk van de Wende points out, for the moment, the Anglo-Saxon countries have a competitive advantage:

In general, a major threat is posed by the Anglo-Saxon countries and by their strong position in the international higher education market. With English as the lingua franca, their flexible degree structures, more student-centered approaches, strong traditions in distance learning, off-shore delivery strategies (especially the U.K. and Australia), their (differential) fee systems, which provide incentives to institutions to actively market themselves, also overseas, and governments that actively support international marketing strategies, they have an undeniable foothold in the international market.⁷

Another aspect of globalization that affects Europe, Canada, and the United States is the imperative for institutions to internationalize—that is, to integrate an international or global dimension into their outlook and operations. Some view internationalization as a response to globalization. Considering the diminishing importance of borders and the increased flow of people,

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ideas, and goods around the world, students must acquire the knowledge and develop the skills that will enable them to live and work in this new environment. Internationalization poses a major challenge to higher education systems on both sides of the Atlantic, but Europe has clearly made a significantly greater commitment to meeting it than Canada or the United States. (A more detailed discussion of this issue appears later in this essay.)

Because globalization is a rather recent phenomenon, we are just now seeing the questions it presents for higher education leaders. The rapid advance of globalization and the relative lack of data on its effects make it difficult to predict how it will reshape the course of higher education worldwide. Some of the more salient questions are:

- In what ways does the globalization of higher education challenge national and cultural identity? How might it reinforce them?
- How can nations take advantage of globalization to improve the education they deliver?
- How should governments respond to increasing attempts by foreign universities and corporations to deliver education locally? Will opposing borderless and transnational education protect national systems? Can policies encourage healthy competition with foreign providers while protecting public universities? What forms of quality assurance can institutions use to protect students?
- To what extent can colleges and universities demonstrate that they actually fulfill their claims that they prepare students for citizenship and provide disinterested scholarship, and that their benefits accrue to the larger society? Can institutions back up their claims that they, unlike the new providers, exist to serve

the public good and are not simply providing students with employment credentials?

- What kinds of national policies will promote wider access to education through distance learning and other transnational education?
- What kinds of curricular changes can ensure that all higher education graduates are globally competent?
- What national policies can support institutions' efforts to internationalize their education?

Competition

Higher education institutions no longer concern themselves only with the marketplace of ideas, but also with the economic marketplace as they compete for students, staff, resources, and reputation. Student demand drives competition on both sides of the Atlantic, as students seek more flexible programs, better teaching, and more user-friendly institutions, and as institutions seek to recruit the most academically talented students. In the United States, and to some extent in Canada, the student as consumer is a well-established, if disconcerting, concept. This mentality is reinforced by the fact that students in the United States and Canada must pay for higher education, while it continues to be free at most continental European universities. While demand has exploded in Canada (Ontario saw a 17 percent rise in applicants for 2002–03), students—particularly the high achievers—still have choices, thus exerting pressure on institutions to respond to their interests and desires. As students bear a greater share of attendance costs and are willing to vote with their feet, they will likely demand more from their institutions and show less tolerance for ineffective pedagogies and general inattention to their academic needs. Tradition, and even the

prestige associated with research and scholarship, may mean less to students whose priority is an affordable, relevant, and convenient education, and whose options have grown tremendously.

In contrast, the domination of publicly supported institutions throughout Europe and of centralized policies governing the enrollment patterns of students in some European countries has historically kept interinstitutional competition for students to a minimum. This is changing, however, as European policy makers pursue options that encourage competition. Underlying the Bologna Declaration is the objective of making European higher education more competitive and attractive in the world marketplace by enhancing the comparability of higher education structures and degrees within Europe. As European countries move to a comparable three-year first degree, students will enjoy greater flexibility and more choices, both within and outside their home countries. The “three-plus-two” model (three years for the first degree and two for the master’s degree, replacing the five-year program leading directly to the rough equivalent of a U.S. master’s degree) may help broaden the European market for students worldwide. Countries such as Italy, the Netherlands, Norway, and Germany are changing their degree structures to bachelor’s/master’s systems, thus enhancing flexibility and providing more opportunities for lifelong learning. Some European countries already are seeing a “trade imbalance,” as more native students leave to take degrees in other European countries while fewer foreign students enter the country to study.

Competition in Europe leaves its mark beyond restructuring degrees. Some institutions are increasing the amount of instruction conducted in English to compete for foreign students. A growing sector in Europe provides attractive alternatives to

the traditional university for first-degree students who want a more applied approach to engineering and technology. This sector includes the Fachhochschulen in Germany, Hungary, Austria, and Switzerland; the HBO in the Netherlands; the AMK in Finland; the TEI in Greece; the Politecnichs in Portugal; and the Instituts Universitaires de Technologie in France. At the graduate level, new private law schools in Germany, for example, are attracting students from a traditionally publicly dominated higher education sector.

On both sides of the Atlantic, technology has facilitated the introduction of new players into tertiary education from the corporate sphere, expanding the marketplace of options for those potential students seeking advanced training and education. Enterprises such as Microsoft and Novell represent the important “parallel universe” to higher education (a term coined by Clifford Adelman⁸), offering instruction and certificates around the globe, both online and in person, and operating outside the traditional system of higher education credentials and accreditation. He also notes that approximately 1.6 million individuals worldwide earned about 2.4 million certificates in information technology by early 2000. For example, Cisco Systems offers its certification training in 19 languages and on every inhabited continent. Competition also is increasing worldwide as “corporate universities”—the instructional arm of businesses offering courses to their own employees and marketing them to other corporations—now total approximately 2,000 in the United States alone.⁹ In some instances, corporate programs are direct competitors, offering alternatives to students seeking to expand their skills and knowledge. Other times they supplement traditional graduate (or even first) degrees and certifications offered by colleges and universities. Nevertheless, the existence of

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corporate universities and for-profit institutions, and the attractiveness of foreign universities, signal an end to the monopoly of state-supported, nonprofit colleges and universities as providers of both instruction and credentials.

As competition for students increases, so does the competition for those who will teach them. The aging of the professoriate, compounded by continued expansion of postsecondary education, is creating an emerging—if uneven—demand for scholars worldwide. In Canada, one-third of faculty members are age 55 or older, and one-half are between 40 and 54; a crisis looms. The United States has a similar proportion of faculty older than age 55 (31 percent), but only 27 percent are between 40 and 54. The Academic Senate of the 10 University of California campuses predicts that the university will have to hire more tenure-track faculty in the next 12 years than it currently employs on its campuses. In the United States, many institutions are filling their faculty ranks by hiring a large cadre of part-time and adjunct instructors.

Europe also faces a shortage in academic staff, with differences existing among countries. In some countries, the challenge is not simply one of population projections, particularly in Eastern Europe, where many scholars have left the country or abandoned the academy for more lucrative jobs. All European countries, Eastern and Western, face growing needs for staff renewal as baby-boom-generation academics approach retirement. The search for “new blood” increases competition for professors within each country’s borders and beyond. Thus, authorities will need to rethink national civil service policies about who can teach in public universities and under what conditions.

Funding is a third area of competition common to the United States, Canada, and Europe—created by perpetual funding constraints, rising costs, and unpredictable government support. Institutions compete with one another and with other claimants on the public treasury. Increasingly, governments on both sides of the Atlantic are shifting the burden of financing from the state to the institution, and then on to the student. A now infamous quip by an American university president described his institution’s shrinking reliance on public funding: At first, his university was a “state institution,” which then became a “state-supported,” then “state-assisted” institution. A short time later, it was simply “state-located.” Now, he describes it as “state-annoyed,” to convey public officials’ demand for accountability yet their unwillingness to provide sufficient funding.¹⁰ Institutional leaders are increasingly preoccupied with finding new funding sources, whether through operating businesses, developing alliances, selling services, or pursuing donors. Each strategy has its own competitive environment, whether the challenge is competing for corporate and foundation funds, seeking new markets of students, or attracting business partners.

Yet another arena of competition is the drive for prestige and the benefits of additional resources and students that a well-established reputation brings. Prestige and quality are frequently conflated so that quality is defined not as “fitness for purpose” or fulfilling an institution’s mission with distinction, but rather as acquiring more resources (particularly through lucrative research grants and contracts), luring star faculty members, and attracting the best and the brightest students. Although higher education and the larger society purportedly value multiple models of excellence, the classical or research university

remains the gold standard. “Mission creep” is rife in Europe and North America, with institutions wanting to focus more on research and offer more advanced degrees. While policy makers stress institutional differentiation as the road to efficiency and effectiveness, many institutions strive to emulate the classical university. U.S. colleges and universities in particular compete for the most academically gifted students, often deeply discounting tuition to recruit them. Selectivity in admissions and climbing entrance test scores become indicators of excellence and points of institutional pride for many.

Competition for students, staff, resources, and prestige requires institutions to be more aggressive and competitive, creating a managerial and entrepreneurial culture that frequently clashes with the more traditional and collegial academic culture. The pressures of competition have spurred new structures, offerings, and priorities. Fund raising is gaining ground in Europe, and nearly all institutions are creating new sources of revenue through expanded academic offerings. New executive management programs are now commonplace on both sides of the Atlantic. Continuing professional development in education, technology- and media-related fields, and health care management abound. These offerings are financially self-sufficient at a minimum, and often generate a surplus. Many institutions have developed certificate programs to provide continuing education without the constraints associated with the development and oversight of degree programs. Others are creating business incubator projects, engaging in land development, and enhancing their ability to produce and license technological breakthroughs. However, many of the market-driven

responses meet only short-term needs. As one participant noted, “The market is blind and focused on the short term. [By responding to market pressures,] no one is attending to the long term.”

In brief, globalization has introduced competition from new corporate providers and once seemingly distant institutions. Competition underscores the question of how institutions can broadly serve their many stakeholders while staying sufficiently focused so that they do not dissipate their energy and resources. The new global competition has turned up the heat, forcing traditional institutions to confront difficult questions squarely:

- At what point do activities associated with revenue generation create too great a distraction from the “core business” of the institution?
- What compromises are institutions making as they compete for students?
- What are the costs of the drive for prestige?
- What are the costs and benefits of competition among institutions for state and private funding? Are there ways that institutions can collaborate to minimize the “winners and losers” mentality?
- What academic values do entrepreneurial ventures place at risk?
- What is faculty’s appropriate role in charting the course of the entrepreneurial institution?

Competition for students, staff, resources, and prestige requires institutions to be more aggressive and competitive, creating a managerial and entrepreneurial culture that frequently clashes with the more traditional and collegial academic culture.

New Responses

The work ahead for higher education is difficult and uncharted, as institutions worldwide try a variety of solutions to thrive in this brave new world. Three types of responses emerge as particularly important in crafting an institutional strategy: new partnerships and alliances, internationalization efforts, and policy frameworks that facilitate change. While these are not the only important responses, they deserve attention and analysis because they are contemporary responses pertinent to the changing environment.

Partnerships and Alliances

This environment of increased demands, heightened competition, and complex challenges makes it extremely difficult for any institution to have sufficient human or financial resources or the know-how to “go it alone.” Universities worldwide are forming more partnerships—whether with other institutions in the same country, with institutions in other countries, or with other kinds of organizations—to enhance their capacity in a variety of areas. Some alliances of diverse partners are reasonably straightforward; however, others are fraught with difficulties and complications as each partner brings its own values, goals, and timetables to the alliance. Although alliances can generate a tremendous benefit for all partners, they often come at a price. The loss of independence in developing a research agenda and the chilling effect of corporate interests on academic freedom

remain oft-cited examples in the research arena. The new environment of collaboration that facilitates research and teaching raises difficult issues, and institutional players are inventing the rules along the way.

Research Partnerships. Collaboration that enhances an institution’s research capacity, particularly with corporate partners, is a well-established feature of the North American higher education landscape. Such collaboration is growing rapidly in Europe, where it is strongly encouraged by the EU Research Framework Program, which now has opened to several countries outside the Union. This 17 billion Euro fund supports research and development in industry, often conducted in partnership with higher education. In university-corporate research partnerships, the corporation’s role ranges from the more passive funder to the highly active partner in technology development and transfer; the list of such partnerships in the United States is long and varied. Other research partnerships that exist among universities draw upon the resources, expertise, and strengths that each partner brings. National and international research partnerships among universities have helped them respond to downturns in national funding for basic research to offset the escalating costs of cutting-edge scientific inquiry. At the international level, for example, several institutions worldwide have formed a new alliance to facilitate

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high-tech startups in partner universities: École des Mines d'Alès, Cambridge University, Hautes Etudes Commerciales (HEC) business school in Paris, Polytechnic University of Catalonia in Barcelona, École des Hautes Études Commerciales in Montréal, and Al Akhawayn University in Morocco.¹¹ These partnerships clearly enhance the research capacity of universities by providing financial resources, access to highly specialized equipment, and, frequently, expertise.

Such partnerships come with costs and dangers that institutions must weigh carefully. Partnerships with corporations can raise difficult questions about academic values and institutional priorities. One such question is who determines the research agenda and where (and when) findings will be reported. If the corporation is the sole or primary supporter, does that entitle it to establish the research agenda or suppress findings? When the University of California, Berkeley's College of Natural Resources signed a \$25 million (USD) agreement with Novartis, a Swiss pharma-

ceutical company, to fund basic research in the Department of Plant and Microbial Biology, an uproar among academics ensued.¹² That funding makes up one-third of the department's research budget; when Novartis was granted first rights to negotiate licenses on one-third of the department's discoveries, it gained two of five seats on the department's research committee, which determines how the money is spent. In a similar arrangement, the Beeson Gregory Bank in the United Kingdom will pay for one-third of a new chemistry building (\$28 million [USD]) at Oxford University in return for half of the university's share of profits from any of its spinoff companies during the next 15 years.¹³

However, the pursuit of resources is not the sole driver of partnerships among universities and corporations. For universities, these alliances can identify important research problems and provide expanded opportunities and support for academic staff and students, particularly internships and work experience. Additionally, they can help get new ideas to market and expedite the impact of new discoveries, add visibility to university research, develop corporate advocates, contribute to regional economic development through spinoff companies, and attract other companies to the region. Corporate support may bring fewer bureaucratic requirements than government funding for grant or contract administration and reporting. The benefits are reciprocal; corporate partners benefit by gaining access to new ideas and cutting-edge research, and they have the added advantage of identifying potential employees among student interns and workers and of providing professional development opportunities for their staff.¹⁴

The North Carolina Biotechnology Center

The North Carolina Biotechnology Center was created to host a consortium of higher education institutions and businesses in North Carolina working together to strengthen research efforts in the biosciences and related fields. The Center's mission is to develop an intellectual infrastructure through academic and industrial partnerships in genomics, proteomics, and bioinformatics that will contribute to the economic development of North Carolina and enhance teaching and research at partner universities. Members of the consortium include 34 pharmaceutical, computing, agricultural and forestry, and manufacturing companies; 13 universities and community/technical colleges; and 18 foundations and nonprofit organizations. Its funding comes from state appropriations; federal sponsors, such as the National Institutes of Health (NIH), the National Science Foundation (NSF), the U.S. Department of Agriculture (USDA), and the Environmental Protection Agency (EPA); federal designation as a "Center of Excellence"; and industry and foundation sources. Still in the early stages of development, the Center provides a structure to facilitate collaboration, maximizing the various partners' contributions and talents.

Partnerships among universities and corporations raise important, fundamental questions:

- To what extent do such alliances drive the university's research agenda?
- Who owns what research? What are the ground rules for publishing this research? (Will the corporation subscribe to academic practices of immediate publication and dissemination?)
- How do such activities relate to the "core business" of teaching and learning? How will students, both undergraduate and graduate, benefit?

Instructional Alliances. A more recent development in partnerships centers on the delivery of instruction. These new alliances allow partners to offer programs or specialties that they cannot offer alone. Until recently, most instructional alliances consisted of either consortia among local universities or partnerships between universities and local corporations. Consortia alliances typically allow students access to courses not available at their own institution. Examples from the United States include less commonly taught languages, or technology-intensive courses related to allied health care or subfields of engineering. Traditional university-corporate instructional partnerships provide onsite training and education of corporate employees by a local college or university. Some institutions have begun to develop degree or certificate programs tailored to employer requests.

Technology, competition, and globalization also are generating new instructional alliances. For example, alliances are emerging between traditional universities and for-profit corporations that package and deliver instructional information. Such partnerships develop courses and programs to serve a range of clients, sometimes including individual students seeking

continuing education. For example, UNext, an American firm, is partnering with Carnegie Mellon University, the London School of Economics and Political Science, and the University of Chicago, among others, to develop and deliver nondegree courses to corporate customers such as General Motors, AOL Time Warner, and Barclay's Capital. Other new instructional partnerships are appearing among traditional institutions in different nations. For example, 11 higher education institutions in Denmark and Sweden have jointly developed Øresund University, a coordinating institution that creates a cross-border learning region from both countries—countries that were recently connected by an extensive tunnel and bridge project.¹⁵ This new institution is designed to create joint programs, share classes and libraries, and foster new relationships with the private sector. A smaller scale example with no geographical basis is the two-year master's degree in leadership that Princeton and Oxford Universities are jointly creating and offering.

The Global University Alliance (GUA)

This partnership of Athabasca University (Canada), The Auckland University of Technology, The George Washington University, the International Business School (Hogeschool Brabant) in the Netherlands, the Royal Melbourne Institute of Technology, the University of Derby (U.K.), University of Glamorgan (Wales), University of South Australia, and the University of Wisconsin, Milwaukee (U.S.) is a for-profit subsidiary of the member institutions. It taps the online courses and programs offered by each partner that focus on applied knowledge, allowing member universities to extend their programs to more students in a wider range of countries. The alliance allows partners to collaborate in course development and share software and hardware development costs.

Students must apply for admission to one of GUA's partner institutions. GUA degrees and awards, co-branded with partner universities, are equivalent to on-campus ones. The level of available study ranges from general nonaward and certificate to the doctorate. The programs include environmental studies, health and health sciences, nursing, psychology, and tourism, sport, and leisure. For further information, visit <http://www.gua.com>.

These instructional partnerships provide benefits similar to those of research alliances. Through these ventures, institutions seek to gain new expertise, enhance instructional capacities, provide faculty with new experiences, and extend institutional market reach. Some of these partnerships, particularly corporate-university alliances, provide educational institutions access to necessary startup funding. At the same time, the partners face the same issues that emerge in research partnerships. Questions surface regarding the program direction, each partner's relative contributions and returns on investment, quality control, decision-making structures, and how individual institutions will be associated (or not associated) with alliance activities.

Particular challenges surface over academic governance. Because these new programs and delivery systems extend beyond a single institution, individual academic governing bodies' expectations and traditions can be called into question. The alliance might make decisions that traditionally fell under the domain of campus academics. Decisions that remain within the traditional governance structure may need to be addressed by faculty governance bodies across multiple institutions, each of which has its own traditions, standards, and expectations for academic decision making.

The long-range prospects of these new teaching and learning ventures and partnerships are not yet clear. The alliances frequently fluctuate; members join and withdraw; the ground rules are recrafted as new partnerships unfold. For example, the structure and focus of the highly visible Universitas 21 (<http://www.universitas.edu.au/>) are uncertain; the University of Toronto withdrew in April 2001 and the University of Michigan has declined to participate in the new online project, although new universities continue to join.

These partnerships have raised the following salient questions related to instruction:

- *Strategy*: Does it make sense for a college or university to venture into the for-profit world with its teaching activities? What are the goals? How will the institution define and measure success? What are the financial risks? What are the potential gains, financial and otherwise?
- *Intellectual property*: Who owns a course developed by a faculty member? What are the terms of employment for faculty who teach electronic courses? Who owns the courseware created by faculty independent of their institutional commitments? What conflict-of-interest issues must be addressed? What revenue-sharing arrangements should the institution and the faculty member make for income generated by the internal and external use of course materials?
- *Management and governance*: To what extent can existing decision-making structures cope with the new environment? What are the costs and benefits of bypassing them with alternative structures? What new skills and knowledge do campus leaders require to set strategy in competitive markets, manage collaborations, and negotiate between academic and corporate cultures?
- *Public policy*: To what extent are existing quality assurance structures and methods adequate to assess the instruction that these new organizations offer? If profit is the major motive, what are the public policy issues regarding student access and aid, revenue generation, and use of facilities?

- *Social costs and benefits:* To what extent does participation in these activities distract faculty from their responsibilities to their students, research, and service? What value conflicts arise between the entrepreneurial initiatives and the institution's core business?
- *Group responsibility:* Who is responsible in cases of legal claims from students, teachers, or external stakeholders—the partnership or network, or the individual institution? In other words, is the partnership or network a simple confederation, a group of interests, or a new entity?

Internationalization Efforts

In a rapidly changing and shrinking world in which political boundaries, market economies, and communication modes are shifting at an unprecedented pace, colleges and universities are reexamining the knowledge and skills that are required of today's and tomorrow's graduates. One of the most pressing and daunting challenges is to respond to the demands of an increasingly global society with an appropriate curriculum and educational experience. Clearly, higher education plays a key role in preparing students for the global workforce as well as addressing the broader issues of peace, health, economic development, and the environment. Internationalizing teaching and learning to match today's global realities requires most institutions to undergo some dramatic, fundamental changes.

Institutions on both sides of the Atlantic are mobilizing to meet the challenge of internationalization, albeit with varying degrees of intensity and success. Higher education systems in the United States and Canada are elevating the internationalization of learning as an institutional priority. Data gathered in 1993 and 1999 Canadian surveys showed significant progress during

a decade: new organizational structures, new partnerships for student exchange and research collaboration, and increased efforts to recruit international students to Canadian campuses. Eighty-four percent of Canadian institutions reported in 1999 that internationalization was part of their university-wide strategy.¹⁶ The surveys also showed that the academic rationales for internationalization were paramount, with a high level of consensus among survey respondents that the key goal of internationalization was "to prepare graduates who are internationally knowledgeable and interculturally competent." The academic rationale outweighed income generation and political motivation in both surveys, although the recent study revealed growing concern about balancing academic and economic motivations.

In the United States, the events of September 11 seem to be increasing the intensity and urgency of the internationalization discussion. Survey data from ACE reveal that about 44 percent of four-year institutions include international education in their mission statement (compared with 66 percent of Canadian institutions) and 38 percent include internationalization among their top five strategic priorities. Many institutions are seriously working to provide a more global perspective in the curriculum and are promoting foreign language study as well as study and internships abroad. For examples of good practice in eight exemplary U.S. institutions, see the description of ACE's Promising Practices project at <http://www.acenet.edu/international>.

Clearly, U.S. and Canadian colleges and universities face formidable challenges to internationalization posed by their size, academic traditions, and the relative absence of government support. The academic reward system in both countries for

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the most part does not recognize international or intercultural expertise in performance reviews, or promotion and tenure decisions. Mastery of a second language is nearly nonexistent in the United States (except for heritage speakers) and in some parts of Canada, particularly outside of Quebec. Fewer than 3 percent of U.S. undergraduates study abroad,¹⁷ while the United States received some 547,000 students from other countries in 2000. Similarly, only a small fraction of Canadian students study abroad—5,058 in 1997–98, or 0.9 percent of full-time students.¹⁸ In both Canada and the United States, the absence of financial support for study abroad is a significant barrier. Foregone income is a major issue for the many U.S. and Canadian students who work while they attend school.

The U.S. model of study abroad presents another set of challenges for internationalization. Three-quarters of U.S. students who study abroad are doing so in English-speaking countries. Furthermore, U.S. programs tend to reside at institutions in other countries, rather than be conducted as academic partnerships. Many U.S. students who study abroad sit in classrooms with their fellow Americans and are taught by U.S. professors or by local professors under contract. Rarely does an American student enroll at a foreign university in the same way that foreign students enroll at U.S. institutions.

In Europe, the proximity of neighboring countries and the economic imperatives of a mobile and multilingual workforce have fueled institutional initiatives to internationalize. Internationalization is squarely on the table, supported by policy frameworks such as the Bologna Declaration and the influence and resources of the EU. These measures provide institutions with strong incentives to recognize coursework and degrees across institutional boundaries and to develop joint degrees and coordinated

curriculum planning. Europe's ministers of education are committed to enhancing the mobility and exchange of students, academics, and graduates, and to increasing the international attractiveness of their higher education systems.

The ERASMUS Program for student mobility, launched in 1987, now includes most European countries, both within and outside of the EU. This program encourages universities to structure their course offerings for foreign students so that their stay abroad becomes an integral part of their “home” studies—the structure of the program treats Europe as if it were already a country of its own. More than 1 million students have participated in a program that now involves more than 2,000 institutions in some 30 countries. The ERASMUS Program has driven greater comparability and compatibility of academic programs across national borders through joint curriculum design, backed by staff exchange. In the longer term, this effort should lead to common degrees.

The Bologna Declaration also encourages vertical mobility—the transfer from undergraduate to graduate studies in other universities and countries. While the mobility programs have achieved considerable success, the 90 percent of students who do not participate in international exchanges lack the opportunity to gain international perspectives from experience. The Bologna Declaration aims to move even further than the mobility programs such as ERASMUS and SOCRATES by developing shared tools of cooperation (such as a common credit system), compatible quality assessment procedures, and a common European core for specific academic programs. The mutual recognition of such steps should demonstrate universities' commitment to the European Higher Education Area, a borderless European higher education space where, by 2010, faculty, staff,

and students will move freely among countries. Thus, political stimuli, added to economic and cultural incentives, are the new motors of internationalization in Europe.

From an institutional point of view, internationalization evokes the following series of questions:

- *Strategy*: Is internationalization a core institutional interest or a marginal effort? Are the departments or the schools (the faculties) the prime movers in international relations, or is the university—as an institution—the main instigator of a common internationalization strategy?
- *Pedagogy*: If internationalization is a core interest, how does it influence the normal curricular content and pedagogy (for example, by using foreign staff, foreign textbooks and facilities, study abroad, instruction in foreign languages, and joint teaching with other universities)?
- *Management and governance*: What is the communication strategy within the institution (or the network of institutions) to motivate the majority of faculty, administrators, and students (undergraduate and graduate) to invest in international activities as part of their core activities? What changes are needed in human and financial resource allocation, as well as in reward policies, to solidify participation in and commitment to international activities as a key element of institutional excellence and student learning outcomes?
- *Public policy*: How might internationalization—as a consequence of or a prelude to globalization—be influenced by the World Trade Organization negotiations on trade in services (see endnote)? What are the obstacles to the free trade of knowledge and to student and faculty mobility? Can higher education institutions be real partners with governments in regulating the international knowledge market?

The Université Laval's Internationalization Strategy

A central element of internationalization efforts underway at the Université Laval (Quebec, Canada) is an initiative to dramatically increase the number of its students studying abroad. During most of the 1990s, the Université Laval sent barely 200 students abroad per year, out of 30,000. A task force determined that cost, lack of available information, lack of institutional support, and the inability to speak a second language were students' main obstacles to greater international mobility. Laval adopted the strategy of integrating study abroad into all programs the university offered, making it an institutional priority and a well-integrated feature of all courses of study. Such integration involves a guaranteed equivalence of credits before departure, mention on the diploma, assurance that study abroad does not extend time to degree, recognition of student results upon return, and mandatory language preparation and predeparture training. The university's goal is to have 20 percent of all graduates participate in study abroad by 2005.

Laval works with partner universities to develop agreements on course-by-course equivalencies to facilitate exchange. There are now 160 partner universities, 40 of which are Anglophone institutions and 25 of which are Spanish-speaking institutions. The emphasis is on integrating languages and cultures from around the world into the curriculum, as well as on accomplishing coursework in another country that counts toward the degree. This bottom-up strategy relies on professors and departments to seek partners and negotiate agreements within their disciplines, while the administration encourages and facilitates this.

The university launched the effort with a \$1.5 million (CDN) foundation grant and a \$10 million fund-raising campaign in 2000. Each student going abroad receives a subsidy—\$1,500 per session at the undergraduate level, \$2,000 at the graduate level, and \$2,500 at the postgraduate level. Students also can receive additional funding for long-distance travel and foreign language training. The university created an international office in 1998 to support all administrative work associated with internationalization, thus relieving the professors of these tasks.

Policy Frameworks

The third response, one that separates Europe from Canada and the United States, is a policy framework that promotes change and guides action. The Bologna Declaration outlined an action program to create a “coherent European higher education space” by 2010 to foster employability and mobility in Europe and to increase the competitiveness and attractiveness of European higher education. This policy framework calls for reforming national university systems and making significant changes within individual institutions. The changes outlined in the Declaration include the widespread adoption of a binary, or two-tiered, curriculum of undergraduate and graduate education and the implementation of a comparable credit system. The Declaration aims to organize and coordinate European higher education while respecting national differences and priorities; it has already caused a higher level of coordination within nations and across national boundaries.¹⁹ The Bologna Declaration is instigating the process of identifying convergence across the diverse landscape of European higher education and forging commonalities.

The “Bologna process”—as this effort to create a European space for higher education is called—has emerged in all of the signatory countries as well as in other nonsignatory countries that joined the process later, such as Croatia, Cyprus, and Turkey. The process has resulted in numerous conferences and workshops to discuss the proposed changes within nations, transnationally and at individual institutions. For example, many European countries and individual institutions have organized a “Bologna Day” to discuss the Declaration and its implications for institutions and national higher education systems. In some countries, the Bologna

process has initiated explicit conversations about higher education and employability, raising the profile of the issue to new levels and asking new questions about the social relevance of degrees and the responsiveness of higher education. The Declaration also has led to the examination of national policies and to modifications of existing degree structures, as well as the initiation of new degrees. For example, in Switzerland, universities traditionally awarded a single degree after four to five years of study. Some universities have started to translate their traditional degrees into master’s degrees, and some of the Fachhochschulen are translating their diplomas into bachelor’s degrees. The Bologna process also has focused attention on the use of credits and on quality assurance.

Many rectors at the Transatlantic Dialogue noted the Bologna Declaration’s importance as an external lever for change, however, one that was consistent with latent institutional needs. Many rectors believed that because the ideas originated outside the institutions, they were not subject to the same academic scrutiny and institutional politics that characterize internally driven change initiatives. The Declaration provided a common vision for change and suggested a clear set of goals and principles, leaving little ambiguity about why European universities should change or what direction those changes should take. The leadership challenge, then, is to translate the European agenda into a meaningful local one.

Although the Bologna process and the Declaration itself are important drivers in European higher education, they are part of a larger European ethos regarding the development of a united continent. One rector noted, “The situation was ripe, then leaders pushed.” The European rectors tended to view national and European policy as a significant lever for positive change, in contrast to their Canadian and U.S. counterparts. In fact, when asked at the beginning of the meeting to identify forces for change, the European rectors named government policy as the second most powerful force for change, with financial pressure as the most important. No U.S. or Canadian institution president thought that government pressure would serve as a significant force for change. Instead, they identified financial and consumer pressure as most important.

Indeed, American and Canadian academic leaders tended to view policy as an intrusion into institutional autonomy and an impediment to positive institutional change. The explanation for the difference between the North Americans and the Europeans is not entirely clear. One factor may be the predominant role of the states and provinces in the United States and Canada, and the historic mistrust of centralized national policy. National or supranational postsecondary policy frameworks do not exist in either country, and state and provincial policies are highly variable.

Americans and Canadians see change as largely an institutional matter, with mixed results. Institutional individualism feeds competition. States and provinces differ greatly in their level of institutional control and their constriction of institutional autonomy. In some cases, programs proliferate, creating choice for students and redundancy within a state or region (Does the United States really need another executive MBA program? Should the states decide, or should the market?). Institutions often are free to set their direction as opportunities arise, focusing on short-term advantages suggested by the market. Policy makers tend to focus intensely on the short term, and especially on workforce needs, leaving institutions on their own to tend to long-term issues and the larger social purposes of higher education.

Conclusion: The Challenge to Academic Values

Globalization, competition, and resource restrictions have intensified the turbulence and difficulty of the brave new world of higher education. These forces have reduced the time horizon of most higher learning institutions to act. In a fast-changing world, the temptation is to meet immediate challenges—whether in the form of new clientele, new intellectual concerns, or new revenues—rather than to forecast and address long-term changes that require well-defined goals. Shortsightedness presents serious dangers. The long-term and holistic view, and an understanding of the sometimes obscure cross-fertilization processes in science, technology, and social development, may be displaced by quick reactions to obvious demands—the tree of immediacy hiding in the forest of duration.

If time has shrunk, so has space; virtual and instant communication have recast and confused the individual reality of people inside and outside the academy. Can universities make sense of it all—their *raison d'être*, after all—or will they be tossed around by the tide of immediacy, like most other groups in society? If they are simply surfing the present, they indeed risk losing their ability to take the long-term view as both critic of society and as partner in its development and improvement. Can institutions balance the pressing issues of the day with the longer

view of their contributions to society and the public good? Will they find satisfactory answers to fundamental and vexing questions, such as:

- What are higher education's fundamental values and how can they be reinterpreted in the current changing tides?
- How can higher education do a better job of articulating its service to society and its role beyond career preparation and the transfer of knowledge from teacher to student?
- How can higher education assess, demonstrate, and improve its results for increasingly skeptical and demanding policy makers, citizens, and students?
- How can institutions find an equilibrium between autonomy and responsiveness, and between themselves and the state as a partner, consumer, and regulator?
- How can institutions become sufficiently agile to adapt to the rapidly changing environment without losing their intellectual souls?

In Quebec, the participants concurred that partnerships and alliances, educational cooperation, and internationalization are vehicles for riding the turbulence of the times. Inaction is not an option. Higher education leaders, who struggle daily to keep the ship afloat, face the central challenge of realizing higher education's potential—serving as a key instrument for political, social, and economic change. Building commitment to a long-term perspective is a prerequisite for the continued health and vibrancy of higher education in the United States, Canada, and Europe, and this commitment underscores the importance of continued communication among higher education leaders.

Endnote: Higher Education and the GATS Negotiations

Cross-border higher education is nothing new, but both its pace and its scope have accelerated considerably in the past decade, raising the stakes. The mobility of students and faculty, offshore campuses, and distance learning have globalized higher education to an unprecedented level. The sailing is not always smooth. Some nations restrict the educational programs that can be provided by foreign institutions or organizations; the recognition of credit and credentials from other countries has always been a difficult matter. And now, these issues have become part of the discussions of world trade.

In December 2000, the United States presented its first proposal concerning the inclusion of higher education in the General Agreement on Trade in Services (GATS) negotiations, held under the auspices of the World Trade Organization. GATS is a multilateral, legally enforceable agreement covering international trade in services. Educational services, including higher education, are one of the 12 broad sectors currently being negotiated under GATS. In addition to the United States, three countries—Australia, New Zealand, and Japan—have presented proposals on higher education. In the GATS process, the WTO member nations make “commitments” to negotiate on a particular area.

These negotiations are in process, and the outcomes and consequences for colleges and universities around the world are as yet unclear. The American Council on Education, the Association of Colleges and Universities of Canada, the Council for Higher Education Accreditation (U.S.), and the European University Association have expressed their concerns about these negotiations in a joint declaration and in communications with their respective governments. The declaration appears on the EUA web site at <http://www.unige.ch/eua/> (click on “Activities,” then on “GATS”). The associations expressed concerns over several issues, including what they saw as unclear distinctions between public and private higher education and how each is covered by GATS; institutional autonomy concerning academic matters; state and provincial authority over fiscal policy; and independent accreditation and quality assurance processes around the world. Because the negotiations are far from complete, it is important for higher education leaders to work with their governments to follow the negotiations as they proceed and shape their course constructively.

For additional information on the GATS negotiations, consult:

- <http://www.obhe.ac.uk/products/reports/pdf/March2002.pdf>. This report was commissioned by The Observatory, a U.K.-based group focusing on borderless education. Author Jane Knight explores the implications of GATS for university managers, administrators, and academics, with a particular focus on the Commonwealth countries.
- <http://www.acenet.edu/washington/letters/2002/02february/papovich.gats.cfm> and <http://www.acenet.edu/washington/letters/2002/06june/papovich.gats.cfm>. These February and June 2002 letters to Assistant U.S. Trade Representative Joseph Papovich outline key principles important to U.S. higher education. Additional information will be available on the ACE web site as the negotiations proceed (www.acenet.edu).
- <http://www.aucc.ca/en/international/bulletins/gatspaper.pdf>. This paper provides an overview of GATS, including its structure, processes, obligations, and implications for Canadian higher education. It was prepared by the Association of Universities and Colleges of Canada.
- <http://www.wto.org>. This site is the homepage of the WTO. It includes the negotiating proposals from Japan, Australia, New Zealand, and the United States. Click on “Sectoral Proposals,” at http://www.wto.org/english/tratop_e/serv_e/s_propnewnegs_e.htm#top, then select the search button under “Education Services.”

Notes

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Transatlantic Dialogue

Participants

Université Laval
Quebec, Canada
July 2001

CANADA

François Tavenas, Rector
Université Laval

Robert J. Giroux, President and CEO
Association of Universities and Colleges of Canada
(AUCC)

Dominique Abrioux, President
Athabasca University

Thomas Traves, President and
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