Student Mobility in the European Context

Focus on some public finance challenges and the way(s) to address them

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International student mobility is good

- It translates into more/better human capital than what would be achieved on a pure national/local basis

    - It is good for the individuals (they earn bigger salaries…)
    - And also good for economies as a whole (more innovation …)

- And it fosters openness, and tolerance, and contributes to the development of a transnational sense of belonging
- It is also a key vector or soft power for Europe in the World

But international student mobility comes with a certain number of challenges, particularly when the financing model is “public” & “local”

… and **tuition fee differentiation is prohibited** (CJEU)

- **Local** public financing of tertiary education is dominant in Europe. It amounts to an implicit loan to be implicitly reimbursed [Barr, 2001]

- Almost inevitably, student/graduate mobility patterns are **unbalanced**. And some configurations destabilise the implicit loan model (and cause political tensions)

Destabilizing configuration A

Countries export more young residents (that they have financed at great cost) than they attract foreigners…

➔ brain drain

Destabilizing configuration B

Countries import more foreign students (that they finance on par/use (scarce) real estate resources… and then leave) than they export their residents …

➔ free riding

Likely/undesirable vs desirable responses

Responses that directly aim to “restrict flows”	**Responses that consist of “adapting the financing model”** **(and have economists’ preference)**
R1 Protectionism (quotas, lesser/ban of the use of English, biased proceduralism…)	**R2** Partial or full **Privatisation** of the cost of education (preferably with publicly-provided, income-contingent explicit student loans)
	R3 Transfer of public financing role **to the European level** (preservation of the implicit loan model, but with full centralisation)
	R4 Maintain current local public financing (subsidiarity)… with **adaptions** Key idea: partially individualised/portable public financing e.g. grants, allowances or tax credits ➔ VOUCHERS to residents, instead of budgets for territorialised institutions • free riding ➔ voucher is restricted to residents & portable [**Health Insurance model**] • brain drain ➔ additionally, voucher can be made conditional [**Army model**] e.g. voucher/grant turned into interest-charging loans if no return after a stay abroad

Likely/undesirable vs desirable responses

<table>
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Key idea: partially individualised/portable public financing
Many possible versions in practice

• Voucher in cash paid to the mobile student vs
Voucher transferred via a "clearing house"
• Solo implementation (only one country) vs
Simultaneous implementation (group of willing countries) vs
Fully-fledged EU-wide implementation
….</td></tr>
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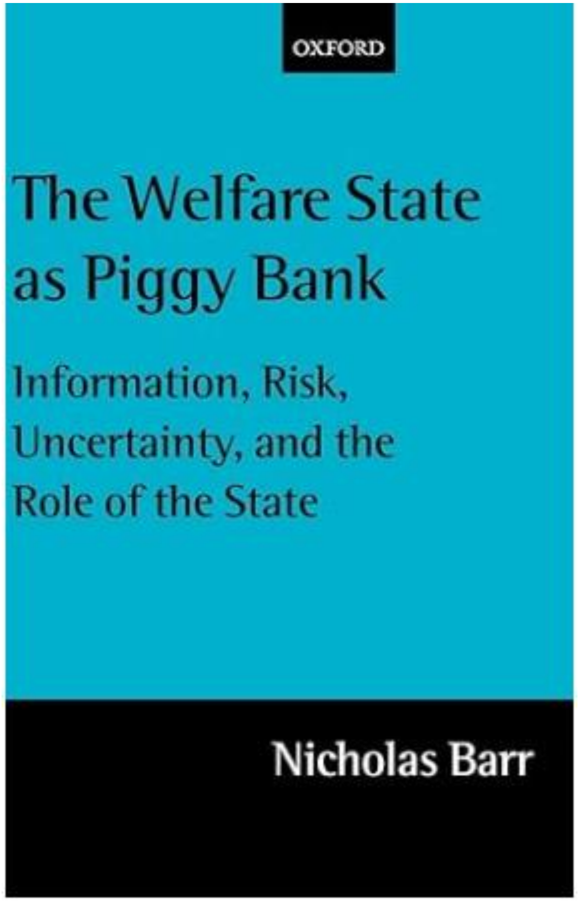
Appendix



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