

Trade in Educational Services: A European Perspective

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To many people, the GATS negotiations are very unfamiliar. This is surprising, because GATS *will* affect our entire life, definitely in the long run. GATS is one of the major tools of the WTO, the World Trade Organization, in which more than 140 countries participate. GATS is based on the principle of free competition, which says that freedom of trade is the best guarantee for the highest possible quality at the lowest possible cost. Public and government services are excluded from the GATS framework. GATS's main goal is to remove all barriers between countries which block or hinder the free flow of tradeable services. One of the main instruments to do this, is the principle of non-discrimination. This means that once a country allows a privilege to one provider of a service, foreign or domestic, no other provider must be denied the same privilege. Also discrimination between users of a service is forbidden, for instance with regard to tuition fees to be paid by foreign students. This does *not* mean that a country is forbidden to enforce certain quality or other standards, but these standards should be the same for all possible competitors.

The scope of GATS is extremely wide. It has to do with a long list of tradeable services. Until recently, the world of education was not really aware that educational services were also part of GATS. This awareness stirred some protest, although not widely

publicized. Furthermore, not all of the protest is based on a good understanding of what GATS means for the future of education. The protesters fear that GATS will open the door for the unbridled commercialization of education. In their opinion, a GATS regulated education would no longer allow a system of government subsidies. Consequently, there would be no more room for freely accessible education, with a minimum level of quality, to be guaranteed by government. Governments would lose their authority to guarantee democratically available quality education. The forces of the free market would increase the quality gap between education providers, the best quality only being available to the financial elite. Furthermore, English would become the only dominant language of education, destroying local language and culture.

Other observers feel that GATS would help the education world get rid of a series of barriers. They claim that education too would benefit of truly free mobility and global free competition. They feel that the basic GATS agreements contain sufficient guarantee for national authorities to continue to supply education, just as they did before.

Both camps are now engaged in a very polarized dispute. GATS indeed has more than one horizon, depending on one's point of view. I myself feel obliged to include two horizons in my speech. On the one hand, I will discuss the very firm anti-GATS position which was published last year by the European Universities Association, of which I am a board member. On the other hand, however, I am also talking to you from a more personal point of

view, and as the president of K.U.Leuven, Belgium's foremost university. My appreciation of GATS differs, according to the position I am speaking from. I would like to add that personally, I am a *true believer* in the concept of free competition. That belief will undoubtedly transpire in my remarks.

Before entering the discussion, it makes sense to make a few realistic observations. One: on a global scale, trade in higher education amounts to 3 % of total trade in services. Two: in several countries, educational services rank in the top-five of export sectors. Three: a growing part of everyday university life *is* already taking place in a more or less commercial and competitive environment. Whether we like it or not, the sheer volume of the education market, and everyday practice, make it inevitable for economic and commercial considerations to be part of education policy.

Let us now move on to those who say *No* to GATS. In order to illustrate this point of view, I will focus on the *Joint Declaration*, issued by the *European University Association* (EUA), the *Association of Universities and Colleges of Canada* (AUCC), the *American Council on Education* (ACE) and the *Council for Higher Education Accreditation* (CHEA). The Joint Declaration states that education is not a commodity, but a fundamental human right. It is to be organized by the competent bodies in any given country. There is a firm distinction between education and other services, mainly because of the public mandate on which education rests. Many also consider the system where the government subsidizes private providers as a public act, because government reserves

itself the right to accept or refuse these providers – depending on the quality they offer, and on certain considerations of local economic efficiency. Therefore, it is impossible to separate the public and private aspects of higher education systems. For these and other reasons, the Joint Declaration states that it is *not* acceptable to include education in the GATS discussions. Too little is known about the possible consequences of such an inclusion. Furthermore, the Declaration says, inclusion is not necessary, because there are hardly any real problems. Education has already become quite internationalized, and the number of so-called barriers does not result in real problems which could be solved by GATS. The GATS framework is far too vague, and its basic terms require more solid definitions for GATS regulation of education to be trustworthy. Therefore, the document says, "our member institutions are committed to reducing obstacles to international trade in higher education using conventions and agreements outside of a trade policy regime (...) Our respective countries should not make commitments in Higher Education Services or in the related categories of Adult Education and Other Education Services in the context of the GATS. Where such commitments have already been made in 1995, no further ones should be forthcoming." End of quote.

The EUA statement is not the only one. It is wise to take this criticism seriously. Education *is* a fundamental human right, and must at all times be considered like that. It will become even more crucial in today's and tomorrow's knowledge society. On the other hand, it is equally wise to give due attention to the *pros* of GATS inclusion. Let us move on to that.

The main reason why the world of education should take an interest in GATS, is that it would be unwise *not* to do so. Even those who strongly oppose it, would have to agree that the best way to influence the negotiations, and the best way to make sure that education is treated the way it should be, is to take part in the debate. We, the world of education, should convince the negotiators in our respective countries to pay special attention to GATS. We can only do so by taking an interest in the forthcoming talks. At this moment, the world of education is *not* taking up its responsibility. If we don't approach our negotiators, and if we don't convince them of the legitimate concerns of the educational world, the GATS negotiations are a risk indeed. It is up to the world of education to let its voice be heard and to let its influence be felt.

Other reasons to take much more interest in GATS, can be found in countering certain arguments of the nay-sayers.

- The argument that so little is known about the GATS implications, for instance, makes it all the more advisable to go to the source.
- The fact that many barriers are already being eliminated by various measures, for instance through European competition laws, make it all the more advisable to use GATS as yet another tool to get rid of these barriers. One could even argue that GATS could be considered as an extension of the Bologna system, which we are currently implementing throughout Europe. The Bologna Declaration aims to establish an open European space for higher education. It is obvious that Bologna will increase competition among education providers, but it will

also improve the overall quality of European education, for instance through increased mobility. Bologna guarantees comparability and readability of degrees in all participating countries. It therefore increases equal treatment of students, it improves quality, and it prevents discrimination. If GATS can also guarantee this, I think many protesters would soon switch sides.

- The argument that there is ambiguity in the GATS treaty, makes it all the more necessary to get rid of this ambiguity by entering into the discussions ourselves. And so on.

GATS is a reality, even though much still needs to be filled in. It would be unwise of the world of education to try to ignore this reality. In my opinion, it would make more sense to enter into the discussions, and to try to avoid polarization. Maybe this can be done by observing a couple of recommendations I would like to make.

- First, the world of education should be realistic. Education *is* a service with an important economic impact, and nothing will change that.
- Second, our GATS negotiators need to be aware that they are perceived with a feeling of obscurity, and thus hostility. This can only be undone by making sure that there is adequate communication, an open debate and media attention. If we allow obscurity to continue, the final outcome of GATS would be something like a nameless decision, imposed by an equally nameless and therefore unwanted authority.

- Third, I think much of the hostility is caused by the "bulk" approach of the negotiations. A more gradual and differential approach would make the negotiations much more acceptable, and less threatening. Let us make distinctions between various levels and various types of education. The four types of international trade which GATS is currently using, don't seem to be sufficient to cover every part of education. Additional distinctive criteria might be useful, for instance the criterion of *tradeability* of certain types of education. Similarly, it would make sense to differentiate between certain *aspects* of trade - and of education. Focusing on those aspects which are obvious improvements for our education should be agreed upon first, in order to gain more public support and approval for the more tricky parts. For instance, improved mobility of students would be easier to agree upon than establishing subsidiaries abroad. Let us, therefore, focus on the first form of trade, and only afterwards on the second. Another example of an area where urgent action is required, would be E-learning. My point here is that it makes sense to focus on areas which *need* international regulatory action.
- Fourth, it makes sense to use GATS as a forum to agree upon the protection of the term "university". Many institutions of higher education feel very uneasy with corporate education providers who use the word "university" in their name. Protecting this attractive and very marketable term, and allowing it only to those institutions which combine scientific research with scientific education, could remove much of the protest.
- Another source of unrest has to do with the quality of education. If GATS could agree upon real quality criteria, in close

collaboration with representatives of the world of education, this unrest would certainly decrease. The *race to the bottom*, which many educators feel would be started by GATS treatment of education, must be prevented at all cost.

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- My final recommendation is a word of caution to our GATS negotiators. A growing number of people in the world of education feels that the fundamental right to free and good education must remain untouched. This right should be guaranteed and protected by government. On the other hand, this government protection appears to contradict the basic idea of GATS, which is free competition. This contradiction is only apparent, however. This becomes obvious if we distinguish between an active right to education, and a passive right, as it is done by the Belgian Constitution. Let me explain this. The active right implies the right to take certain initiatives, for instance to provide education and at the same time have the right to government subsidies. In certain cases, depending on the quality of the education provided, differential state subsidies can be granted to the various providers. These differences should be established within objective and measurable criteria. Conclusion: the active right to education implies a right to a certain level of minimum subsidies, provided certain constraints are met, for instance regarding language, quality or size. The passive right is, of course, the right to accessible and good quality education, *and* the right to choose among education providers. This double right means that *both* government guarantee *and* free competition can co-exist. The Belgian situation has led to a very high level of education quality, as

illustrated by many OECD reports. If you add this active and passive right to education to the ideas of non-discrimination and free competition, as they exist within the European Union, you get a very workable framework for our future education. If GATS would get some inspiration from this Belgian and European example, proving that free competition and governmental guarantee and protection of quality are not hostile to one another, I am convinced that much of the current resistance against GATS would soon disappear.

Ladies and Gentlemen, you have heard me express a dual set of opinions. On the one hand, I have spoken about the negative Joint Declaration of four important umbrella organizations, who feel that GATS must *not* deal with education. On the other hand, I have also expressed a number of more personal ideas, pleading for a more realistic but at the same time very cautious approach.

Education is something which should be described in terms of the *stakeholder model*, a delicate set of balances between a number of parties, namely our students, their parents, our staff, government, the working world, and society at large. In my opinion, GATS proves the presence of yet another stakeholder in this already very complicated model, namely the international world. It would be unwise and unhealthy to ignore this new stakeholder, but it would be equally unwise to allow this new stakeholder to define the other balances. Careful and prudent discussions are what we need, and I hope that this is exactly what our GATS negotiators will give us.

I thank you very much.

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