

Money or Reputation?

**The effects of globalisation and the EU
innovation agenda on higher education**

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Overview

- Globalisation
- Geo-regionalisation
- National Innovation Strategies
- The Higher Education Reputation Race
- EU Innovation Policy
- EU Funding Sources
- EU Policy Effects



Globalisation

- Decreasing costs of communication
- Leveling barriers for cross-border activities
- Markets increasingly interconnected
- Capital, labour and knowledge increasingly mobile
- 'Geo-regionalisation'



Globalisation and 'Geo-Regionalisation'

	1990		1995		200		2005	
	total	% internal	Total	% internal	Total	% internal	Total	% internal
Ecowas	18	8	21	9	36	8	59	9
Sads	35	3	39	11	47	9	84	9
Mercosur	47	9	70	20	89	20	164	13
Nafta	547	41	853	46	1.214	56	1.478	56
Asean	144	19	324	25	427	23	629	26
Asean+	563	27	1.048	35	1.326	35	2.271	35
EU25	1.526	67	2.098	66	2.409	57	4.012	66

Trade volumes in billions dollars

Source: Unctad

Historical Phases of Globalisation

First Phase (19th century):

- Dominance U.K. in global trade system
- Growth U.S. because of emigration from Europe
- Increasingly intra-European trade

Second Phase (since 1945):

- Leading role U.S.
- Building up of international institutions (GATT, WTO, World Bank, IMF, UN)
- Rise of Multinationals
- European Integration



Historical Phases of Globalisation

Third Phase (since 1980)

- Quintupled world trade
- Rise of new actors (China, India)
- Integration former East bloc countries
- International segmentations production processes
- Increasing mobility of capital, labour, knowledge

Broadening of Globalisation

- Increase share developing nations in world trade:
22% (1960) → 32% (2005) → 45% (2030)
- Rise of new multinationals
(Samsung, Tata, Ping An)
- Growth surpluses current accounts and valuta reserves in rapidly growing economies (valuta reserve China: 1.333 billion dollars)
- Growing influence 'Sovereign Wealth Funds'



Deepening of Globalisation

- International segmentation business processes (off shoring, outsourcing)
- Also: administration, logistics, R&D
- Reallocation headquarters



Deepening of Globalisation

- Motives:
- Cost differences
 - Market access

- Effects:
- Increasing national and 'geo-regional' specialisations
 - Adaption costs (changing employment conditions, social security, upgrading qualifications)
 - Insecurity, social and political unrest

National and 'Geo-Regional' specialisations

Looking for international comparative advantages:

- Emphasizing location attractiveness
- Attracting mobile production factors
- Increasing innovation capacity



National Innovation Strategies

- Focus on the creation, dissemination and application of knowledge
- Higher education institutions as objects of policy
- More autonomy for and more competition between higher education institutions



The Higher Education Reputation Race

- Market coordination in higher education?
- The market failure of imperfect information
- Increased institutional autonomy → reputation race
- Bowen's law



Effects of the Higher Education Reputation Race

- Costs explosion
- Matthew effect
- Social stratification

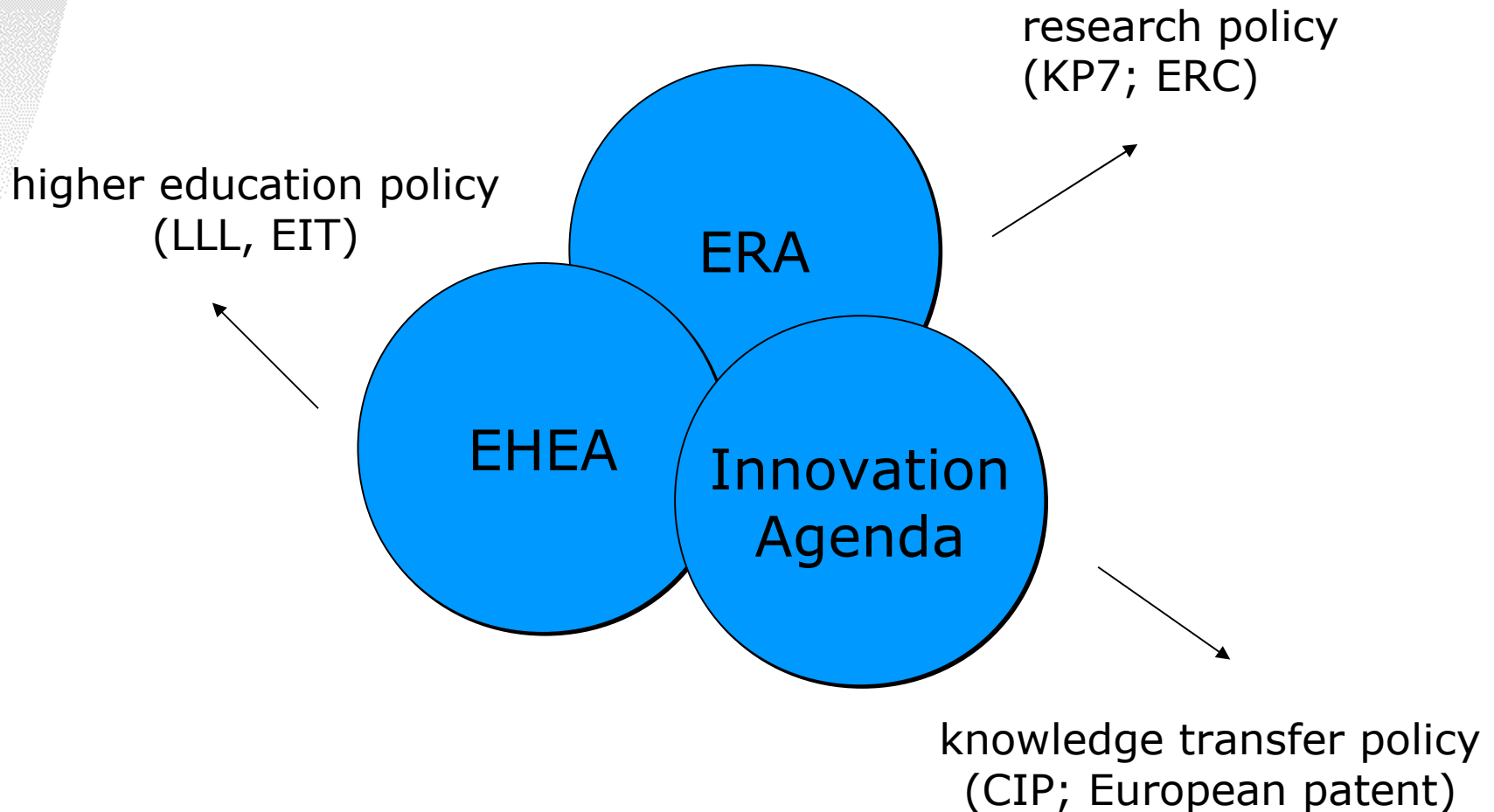


National Innovation Strategies

- Competition Strategies
- Prioritisation Strategies

From: D.D. Dill & F.A. van Vught (eds), National Innovation and the Academic Research Enterprise, Baltimore, John Hopkins Press, 2009

EU Innovation Policy





EU Innovation Policy

Some Results

	R&D-intensity (%GDP)	R&D Private Sector (%)	% Researchers Private Sector (%)
EU-27	1.8	55	48
US	2.6	64	79
Japan	3.3	75	68
China	1.4	65	-



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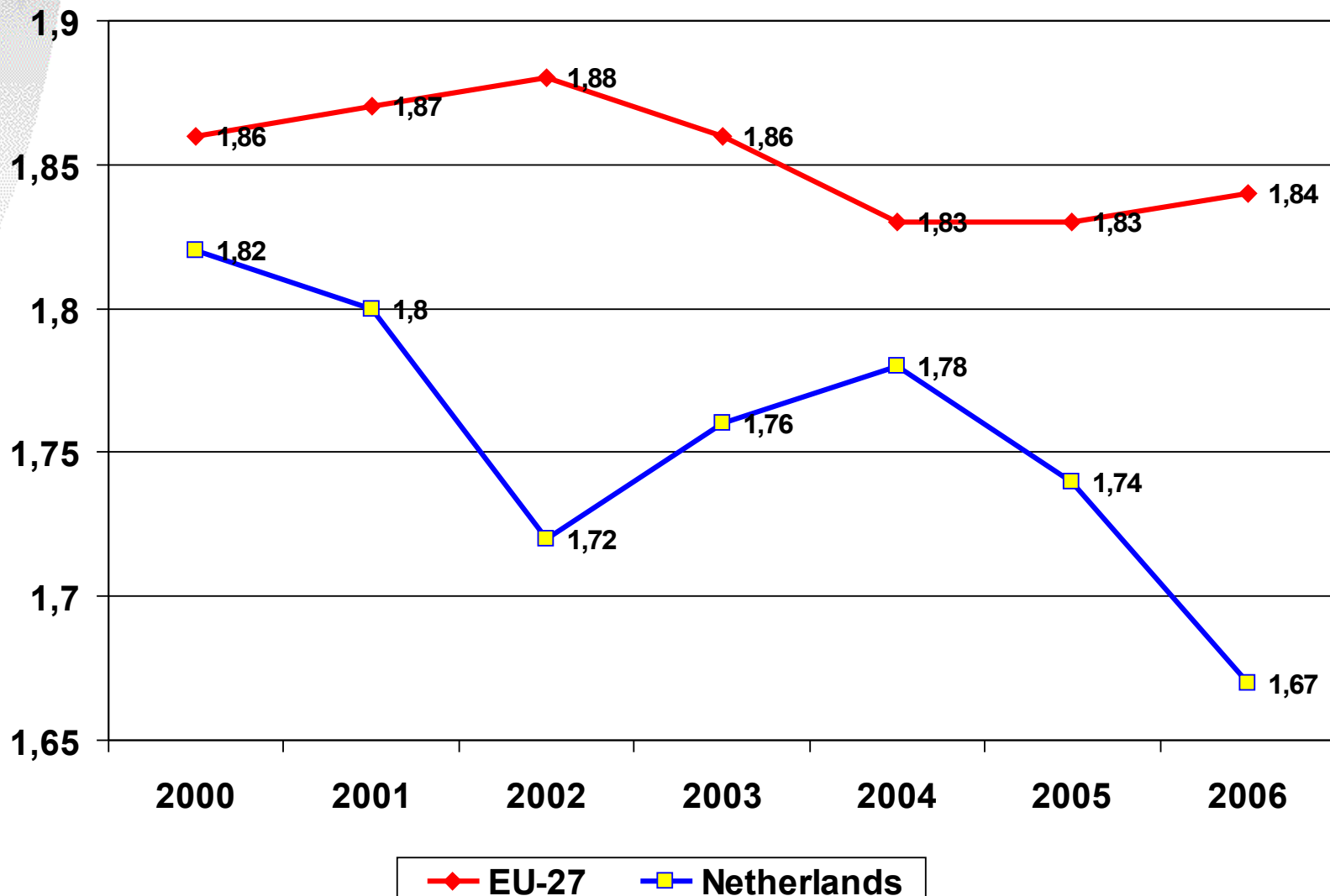
Some Results

	NL	BE	DK	D	F	UK	EU-27
Nr. of publications per million	1561	1313	<u>1758</u>	957	886	1402	756
Nr. of patents per million	165.3	124.6	155.6	<u>269.3</u>	115.2	86.7	101.3
R&D intensity	1.67	1.83	2.43	<u>2.53</u>	2.09	1.78	1.84
Nr of researchers per 1000	4.8	7.2	<u>9.9</u>	6.5	7.4	6.0	5.5
Growth GERD 2000-2006	0.0	3.4	<u>19.9</u>	9.3	8.2	11.9	14.8



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R&D Intensity (%GDP), 2000-2006





EU Funding Sources (millions)

	2009	2010	2011	2012	2013	Total
FP7	6.100	6.950	8.000	8.950	9.900	50.500
cooperation	3.900	4.300	4.300	5.500	6.300	32.300
ideas	800	1.150	1.350	1.600	1.700	7.500
people	550	600	800	950	1.000	4.700
capacity	650	700	750	600	650	4.300
jrc	250	250	250	250	300	1.800
LLP	1.052	increasing 3 to 4% per year				
CIP	500	500	550	600	650	3.600
SF	39.000	39.200	39.700	40.700	41.900	277.000



NL Scores

FP7	6.6%
LLP	3%
CIP	?
SF	0,69%

Contribution to FP7: 5%



EU Policy Effects

But what about the reputation effects?

- Academic stratification
- Regional marginalisation



NL Innovation Policy Some Future Cornerstones

- Move up two gears!
- Prioritisation strategy
- Mission diversity in higher education



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Thank you for your attention!