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COMMERCIALIZATION AND COMPETITION IN EDUCATION**

**“Competition in higher education in Spain”  
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**Guidelines**

It's an honor for me to be here today and I'm grateful to the ELA Association for their kind invitation to take part in this international conference.

Let me briefly introduce myself. I'm a lecturer of administrative law at the Complutense University in Madrid. For the last seven years I've been teaching at the Political Science and Sociology School. Education is a field of my interest, and thanks to my collaboration with the European Foundation Society and Education I have had the opportunity to work on this topic. Through the Educational and Social Studies Institute and the new Center of Legal-Political Studies for Education we've organized different seminars and publications. You can find more information on our website <http://www.sociedadeducacion.org/english/>.

I was surprised when I first heard the title of this conference, because I thought that commercialization and competition were not an issue in the field of education. In fact, I haven't found any bibliography in Spanish on this topic. It is not a matter of concern for our politicians, nor for the Public Administrations, nor for our academics.

On the other hand, however, it's obvious that the staff of education institutions are increasingly worried about attracting more and better students, and therefore improving their services. They are fully aware that they work in a more and more competitive environment, and that they can only survive if they offer better and more qualified services than the competition.

In my short presentation I would like to deal with five points:

After a general overview of the compatibility of education and market, I will present the legal regulation regarding education in Spain and the main features of our higher education system. After these considerations, I'll address the main issue, which is the current situation and perspectives of competition among universities. Finally, I'd like to give some bibliographical references.

## ***I.- Introduction. The education market and the basic right to education***

My starting point is that education is a basic human right, guaranteed by the International Rights Conventions and all Constitutions. It's not just a right to freedom, but a social right, in the sense that public powers are bound to guarantee this social service or benefit to everyone.

In Europe, this approach has led to developing education as a public service often provided directly by public institutions.

In my opinion, the more basic the level of education, the stronger is the perspective of a human right. To the extent that the perspective of human rights prevails, the perspective of education as a public service also prevails.

Public service does not combine easily with the free market. They aren't compatible except in a limited sense. In the public service system, the emphasis lies in the service's universality and the quality of services is a result of imperative regulations, not of competition among providers.

It's true that education is not strictly a public service, because it's not an activity restricted to public initiative. Otherwise, purely private centres wouldn't be possible. In fact, the European Commission has pointed out that education and health may be considered services of general interest (Green Paper on Services of General Interest, 2003, No. 10). However, I insist that the public service perspective has greater weight the more basic education is.

Therefore, the potential for competition increases with the level of education. Accordingly, I have focused my presentation on higher education in Spain.

## ***II.- Education regulation in Spain***

Turning to the case of Spain, I should first highlight the lack of stability and the excessive dependence on the political positions of Spanish legal regulations regarding education.

As you can see in the chart, every Government in our country has tried to pass its own legal regulations regarding general and higher education, revoking the previous ones. And as it takes several years to implement these reforms, schools and universities are constantly changing structures, while aware that it won't be definitive.

The current Education Minister has opened the door to a major political agreement on education between the two main political parties, in order

to identify the non-negotiable aspects of education that will have to be respected by any government regardless of its colour.

Year	1970	1983-1990	2001-2002	2006-2007
General Education	LGE	LODE & LOGSE	LOCE	LOE
Higher Ed	LGE	LRU	LOU	LOU reform
Government	Franco	Socialist	Right Wing	Socialist

- LGE: Ley General de Educación (General Education Act)
- LODE: Ley Orgánica del Derecho a la Educación (Organic Right to Education Act)
- LOGSE: Ley Orgánica General del Sistema Educativo (Organic General Educational System Act)
- LRU: Ley de Reforma Universitaria (University Reform Act)
- LOE: Ley Orgánica de Educación (Organic Education Act)

### ***III.- Notes on the evolution of higher education in Spain***

Specifically regarding higher education, there's no doubt that Spain belongs to the European tradition or model of public service universities. Which is quite different to the American liberal system.

Higher education has developed considerably in Spain in the last thirty years (which coincide with our still young democracy). We can underline five key factors of evolution:

1. **Globalization.** We have a rate of 67% of the young population attending university, which is still far from the 83% rate of the US and the 91% rate of South Korea, which is the country with the highest rate in the world (70% of them study in private universities).
2. **Feminization.** Nowadays, there are more female students than male students. Statistics show that in the academic course 2007/08, women represented 54.7% of enrolled students (1,389,394 in total), and 60.9% of graduated students. So they achieve a better performance. These figures drop to 51% and 50% respectively for PhD studies (doctoral studies) and PhD graduations. This trend has not yet reached the level teachers. Spain has a teaching staff of 98,000, of whom only 35.3% are women. And only 13.8% of full professors are women. Conversely, women represent 57.5% of administrative staff (but only 48% of the most qualified personnel – Grade A-).

3. **Regionalization.** Competence regarding education is passed on to the Autonomous Communities. This process began in 1985 and is now fully accomplished. There are only two specific universities that remain in the hands of the State (UNED and UIMP). Autonomous Communities represent a high level of decentralization of political power in Spain. They have their own Parliament and exercise key competences like health and education.
4. **(Partial) Privatization.** There are 77 universities in Spain, 50 of which are public and 27 private. There were only 28 in 1975 when General Franco died and we started the transition to democracy (5 of them belonging to the Catholic Church). 22 of our private universities had been set up between 1993 and 2008. Despite its increasing number, only 12% of the student population is enrolled in private centres.
5. **(Partial) Geographic mobility.** Our integration in Europe has been decisive to improving mobility in our universities. When we joined the European Union in 1986, there was a district system in Spain. Depending on the high school you graduate from, you should apply for a place in your district university (I remember that my parents moved me to another school to get a place in the Complutense University, because my first school belonged to the Autonomus University area). Technical studies and engineering were an exception to this rule, as there were very few polytechnical schools. Today, the new Bologna grades promote spending at least one semester abroad. Spain is the fourth European country in benefitting from the Erasmus program. In 2007/08, 24,000 Spanish students travelled to other European countries, and we received more than 27,000 European students in our lecture rooms. Inside Spain, the Sicue-Seneca programme allows internal exchanges with academic recognition. This academic course, 2,200 grants have been given. Like in the Erasmus program, the money provided is insufficient (500 euros a month plus travel expenses).

#### ***IV.- Requirements for competition in higher education***

Competition among Spanish higher education institutions is increasing lately as a result of the higher number of universities and the drop in the population between 18 and 24 years old. The baby boom of the sixties and seventies has passed and the second generation of immigrants has not reached university yet.

Until recently, public universities, which account for 88% of students, haven't really felt the stimulus for competition. Their offer of places was normally covered and some majors (Architecture, Engineering, Medicine, Journalism), even required establishing a cut-off mark to get admission.

They didn't need any advertising campaigns beyond opening their doors to succeed.

In the last 10 years the trend has changed and the Bologna context is the finishing touch.

Universities are realizing that students are their clients and that their performance influences directly on the demand. Ads are necessary and even commercials.

But my thesis is that they are not really ready for this challenge and that there are structural difficulties in building a competitive market in education.

Why aren't they ready? Because they are hampered by an inefficient and bureaucratic model that is not easy to change because of such structural difficulties.

That model is the large public service university system, served and led by public servants, unable to generate their own resources, and completely dependant on public funding. Studies usually have a strong emphasis on theory and are very demanding. Until recently, engineering and medicine were structured over six years, and only some students could cope in six years. The drop-out rate in Spain is, believe it or not, between 30% and 50% depending on the studies, and the average length of a 5-course degree is 6,3 years (4,5 years for a 3-course degree). Almost two thirds of students don't finish them in the theoretical period (Source: CYD Report 2008).

The results and quality of this model are really low in an international scenario. Spanish universities have very few resources and little research. According to the best-known rankings, there's only one Spanish university among the best two hundred universities in the world (Universidad de Barcelona, 172). And only 12 appear in the 500 ranking.

In addition, there's little variety in universities and so far they haven't tried to differentiate their offer (double grades, bilingual grades, special grades are really uncommon). In 2002, when we began the current reform, we had 2,200 different grades in Spain offered by about 60 universities. One third of them (700 degrees) didn't number 100 students. It's obvious that with market criteria most of them should 've disappeared or been adapted somehow. But so far it has never been the case that any school or faculty has been closed or dissolved. Competition implies the birth and death of offerers but I've never heard of a market where none of the offerers succumbed to competition. I don't want any university to be eliminated, but some efficiency measures should be taken.

University chairmen and directors are very concerned about their financial situation, but they can't generate new resources. Tuition costs are public prices (established by each Autonomous Community) and they are very far from real costs. Ordinary tuition in a non-experimental degree involves 700 euros a year (double this if it's experimental). In a private university it can reach 9 or 10,000 euros, but no more. So public universities are completely dependent on their Autonomous Community to pay their payrolls and to make any investment in infrastructures. In this time of crisis, public administrations had blocked some transfers and some universities like mine are asking for loans to pay our salaries.

On the other hand, private universities are –with very few exceptions– small academies where it's easier to graduate and to take combined studies. Research activities are simply ruled out because they require major investments and don't produce economic results in the short term.

(Despite the increasing mobility of our students the current rate is not sufficient to reveal a real market, where consumers change provider easily. In the academic course 2005/06, only 160,000 students (12.6% of the total) studied outside their Autonomous Community. Most of our students study at home. And at teaching level, universities are accused of "inbreeding". Unfortunately, my case is not uncommon. I studied and graduated from the Universidad Complutense, I teach at the Complutense University, and I'll probably retire in the Complutense University).

Is there light at the end of the tunnel? Fortunately we're in a time of change. Higher education is in the spotlight. I want to believe that the latest legal reforms and the Bologna process can trigger a positive evolution to improve our model towards a more qualified and competitive one. The Services Directive can help within its scope of application, which is not directly applicable to education. Last March 09, our Government sent the Parliament the draft bill to transpose the Bolkenstein Directive. It was called the "omnibus bill" because it involves reforming 46 statutes, but none of them is the university act or the general education act.

Bologna implies the complete renewal of graduate and post-graduate studies, and the new European Credit Transfer System facilitates mobility inside and outside Spain. Therefore, a higher level of competition to attract students is expected. We shall increasingly have to move in a national and international playing field.

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