

# In Brief

## Brain Based Switzerland in A Global Race

*Key words: global competitiveness, autonomy of academic institutions, excellence, performance based, sustained priority for education and research, VAT, tuition, scholarships and loans, Alliance Alémanique, contributions of non-university cantons, drafting and redrafting of Federal laws regarding education, research, inheritance and donations: 7 measures and 19 proposals.*

Every third person employed in Switzerland works in the field of Science and Technology. Ten years ago there were only half as many. Every third position is filled by a foreigner. Ten years ago it was every fourth position.

These dramatic changes are a vivid demonstration of how quickly Switzerland is transitioning from a manufacturing to a brain based economy and emphasize the essential role, which education and research play in maintaining the country's prosperity.

The research universities' ability to recruit distinguished scientists and highly qualified students from all over the world is becoming a leading indicator of Switzerland's competitiveness. Much depends on how quickly traditional structures and forms of governance in this milieu can be changed in order to prevent a slow deterioration into the "middle class", which would mean an irreversible loss of prosperity over time.

Why? There is an ongoing global race for the intellectual high ground, particularly noticeable in the emerging populous countries of the East. All these countries rely on the Anglo-Saxon, competition-oriented education system practiced in the USA and their people are extremely eager to perform well. In a time where "Knowledge" and "Brains" are equally mobile on a global scale, a university is only as good as the quality of the international talents it is able to recruit.

Excellence and international competitiveness may be achieved and maintained only in a fully autonomously operating university. The framework conditions are thus to be of a nature that universities are able to generate sufficient public and private, merit-based income in order to compete with the best.

Currently, there are three important bills in Swiss Parliament: The new Law on University Promotion and Coordination, HFKG, the new law on the Promotion of Research and Innovation, FIG and the next Federal Funding Bill 2013 – 2016 for Education, Research and Innovation, BFI-Botschaft.

In view of the importance and urgency of this issue, metrobasel ([www.metrobasel.org](http://www.metrobasel.org)) invited important decision-makers from Parliament, Cantonal authorities, universities and industry to a Round Table discussion in Aarau on March 22, 2011. The present report served as a basis for the debate and focused on 7 measures, which were the result of a previous discussion in November 2010.

The proposals are summarized in the table below. They concern universities, Federal and Cantonal authorities, industry, and students alike. The main objective was to introduce a significantly higher performance based funding mechanism on one hand and on the other to provide compensation for the financial backlog as seen from an international perspective.

With an implementation of the proposed measures and proposals, the Swiss universities could count on additional income of about CHF 1.2 billion per year by 2015. This amounts to circa 19% of their total 2009 expenditures. The Federal government and private sector would initially each bear about half of the cost. However, it can be expected that, once the incentives are implemented, the private sector portion would grow faster over time and reach in a few years 20 percent of the universities' total expenditures as compared to 16 percent in 2009.

#### Measures and Proposals:

Measure	Proposals for a significant increase of universities' international competitiveness	Financial consequences in favor of universities (est. CHF millions per year)	Time frame of implementation
1. Steady increase of Federal Expenditures for Education Research and innovation of at least 6% per year	New national programs: - "Think Swiss": Promotion Agency for the location Switzerland in Education, Research and Innovation - "Brain Gain": Outreach Program to interest children and adolescents in higher education - UMEC: Management education for university execs	200 (Fed. Gov.)	2013
2. Allocation of Federal funds increasingly according to merit-based rules	- Matching Funds (Fed. Gov.) for private donations (time-limited) - Much more incentive based models for distribution of subsidies - Introduction of "Excellency Awards"	100 (Fed. Gov.) part of measure 1 part of measure 1	2013 - 2016
3. Establishment of a large scale Alliance Alémanique	- Key areas for Cantons: universities, gateway issue, key industry branches - Exploitation of synergies to increase international competitiveness - For universities: Establish inter-university working group	n.n.	2016 - 2020
4. Strengthening of University Cantons' capacity to act	- Increase contributions of non-university cantons - Increase of VAT by 0.1% dedicated to universities - Redirection of funds from Federal "Härteausgleichsfonds" - Introduction of a National Inheritance tax (see M 7)	50 (Cantons) 300 (Fed. Gov.) n.n. n.n.	2013 2013 2015 - 2020
5. Increase of tuition for students together with a national system for scholarships and loans	- Gradual increase of tuition to a max. of CHF 5'000 per year - Out of country students pay more; at universities' discretion - Availability of scholarships and loans	500 (Private)  < 50 (Fed. Gov.)	2013 - 2015
6. Unlimited tax deduction for donations to universities	- Elimination of a limited tax deductible for donations to universities (individuals as well as corporations)	ca. > 100	2015
7. Redrafting of Federal inheritance law and tax	- Flexibilization of inheritance law in favor of testator - Introduction of an inheritance tax for 2 <sup>nd</sup> generation - Donations to universities are fully deductible - Partial or complete elimination of estate tax	n.n. n.n. n.n.	2015 - 2020