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Finanzwissenschaftliche Diskussionsbeiträge

UWM/UP Joint Study Program: Experience, Problems, and Future Perspectives

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UWM/UP Joint Study Program: Experience, Problems, and Future Perspectives

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To be presented at the 2nd Transatlantic Degree Program (TDP) Workshop
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Abstract:

The paper describes the exchange program in between the University of Wisconsin/Milwaukee and the University of Potsdam in the field of economics. It discusses in detail the development of the program, including the problems and challenges. Additionally a brief description of the curriculum is presented. Then the future possibilities of the Transatlantic Degree Program (TDP) are discussed and the influences and problems of the Bologna process analysed.

Keywords:

Joint study programs, Bologna process, economics curriculum, IASP Program of the DAAD, Transatlantic Degree Program (TDP), tuition fees.

JEL codes:

A2, A23, H0, Z10.

I. Introduction

The Department of Business and Economics within the Faculty of Economics and Social Science at the University of Potsdam (UP) and the Department of Economics within the College of Letters and Science at the University of Wisconsin/Milwaukee (UWM) have jointly organized a students and staff exchange, which is closely tied with an exchange program the author has started in 1987, when he was associated with the Justus-Liebig University Giessen (JLU). In 2003 both universities, the UWM and the UP, signed a partnership contract, which constitute the legal framework for a further extension of the exchange program. Since 1989 at the Giessen University and 1997 at the UP, the program is supported by the ISAP-Program of the German Academic Exchange Service (DAAD). The size of the program has continuously been increased, so that on side of the UP currently two DAAD-scholars, three BAföG-scholars (support program for students from low-income families), two UP students as teach-

ing assistants (TA) at the UWM, and three self-paying students are participating. While since the start of the program 46 students from the UP have earned a MA in Economics at the UWM, additionally more than 100 students from the JLU were successful as well. At the JLU a summer course was implemented as service in return, which was taught in English for four to six UWM students who came to Giessen as scholars of the Albert-Oswald Foundation and a selected group of JLU students (especially those participating in the exchange). In this summer course the UWM students could earn credit points, which were accepted within the UWM Master program. Because of a general lack of funds within the new German states such generous private support could not be raised; only since 2004, when the Potsdam Summer Academy (PoSA) was established with the support of the DAAD, the beginning of a mutual students flow could be achieved. In 2005 for the first time two PhD-Students from the UWM participated in the PoSA,¹ financed by scholarships from the DAAD. The introduction of PoSA as a course system in English was the motive to consider the implementation of a graduate and post-graduate program also taught in English.

In the following section II we describe briefly the history and the problems in the development of the program, while in section III the stress is laid upon the development of the curriculum and the program structures. Section IV contributes to the future perspective of a fully integrated and mutual program and section V gives a concise analyses of further existing problems, which are mainly related to partly fundamental cultural differences. In section VI the main results are briefly summarized. Already at the very beginning it should be mentioned that the following comments do have more a subjective character due to the personal experiences made in the last three decades; without doubt at least partially these comments have sometimes a certain objective relevance, too.

II. Historical background, Challenges and Obstacles

II.1. Brief History

The search for an adequate partner institution was a comparatively easy one. The German federal state Hesse has since the World War II a close partnership with the US federal state Wisconsin. Especially the language departments of the JLU but also many other faculties had already existing exchange programs with the UW in Madison as well as Milwaukee, when the Faculty of Economics and Business started the first initiative in 1986. The kick-off was given by a visit of the Dean of Letter and Science, Prof. Bill Halloran, who lead the negotiations on an expansion of the already existing cooperation. As result both sides agreed to a staff exchange, which took place the first time in Spring/Summer 1987.² Colleagues from both departments then stipulated further negotiations to implement a student exchange; important details were specified during the stay of the head of the Department of Economics, Prof. Yoshio Niho, at the JLU in 1988. Due to the language barriers of almost all of the UWM economics students not being able to follow economic courses in German, a joint and fully integrated study program from the very beginning was totally impossible. The discussions in Germany on teaching programs for foreign students in foreign languages had not even begun. Therefore both sides agreed on the idea to integrate the German students into the existing MA-program of the UWM and in return to implement a summer course taught in English for UWM students at the JLU. Both sides aimed to transfer the achieved study results and credits

¹ For details on the PoSA program see <http://marx.wiso.uni-potsdam.de/posa/>.

² The first colleague who came to the JLU was Prof. Boris Pesek from the Department of Economics at the UWM, while some weeks later the author became visiting professor at the UWM.

into their own programs – an intention which was made without having in mind the powerful graduation office at the UWM.

Whilst on side of the Giessen faculty it was more or less easy to get an adequate agreement on the credits transfer into the own study program, the German side had to learn that their assumptions on inefficient German bureaucracy and an efficient US system were totally misleading: Prof. Niho had a much harder job than the author because at US universities the colleagues and departments do only have very limited influence on the university administration and graduation offices as well. Lots of technical obstacles but also institutional hindrances came to surface, which were a clear proof that the German system of self-administration has sometimes enormous merits – apart from the time, which is often wasted in more or less important sessions of the numerous committees. Hopelessness was already spreading when we got information on a new DAAD-program, which was implemented to support such exchange initiatives: the forerunner of the current ISAP (International Study and Training Partnerships)³, the IAS program. With the support from this side most of the obstacles could be overcome, not least some monetary incentives were of specific value.

II.2. Challenges and Obstacles

There is no doubt about that implementing joint study programs including degree options with US universities is indeed most challenging – especially having in mind the rules of the current ISAP of the DAAD especially set by some colleagues being members in the selection committee, which demand an exchange without tuition fees for German students at US universities, fully integrated study programs, joint degrees in a bilateral or even multilateral form, and even more joint certificates with the official seals of the participating institutions. If such demands would be really taken seriously, we should forget all the plans on intensified TDPs. What has to be taken into consideration is the main cultural component that Anglo-Saxon institutions and universities are autonomous and almost totally independent and don't want to share their responsibilities with others. It is a process of longevity and trust building until at least joint curricular can be agreed upon, apart from having joint certificates. And the demand for tuition free study programs for the German students being abroad contradicts the policy of a majority of the German federal states, which are introducing currently such expedient programs themselves.⁴ There are institutional and technical obstacles enough, which have to be overcome so that setting more excessive hindrances is a real threat for existing programs and their further development.

The first more or less purely technical obstacles are the ***different periodical term structures***. The fall term in the US starts in September and lasts until Christmas, the spring term from January to May, while in between both the summer session is situated. This at least partly interferes with the German structures of the winter (mid of October to mid of February) and the summer term (mid of April to mid of July). Having a two term exchange program in mind, for the German students the problems are comparably easy to be solved. In the US they have to start six weeks earlier (fall term) and finish their program mid of May so that in their German program they have only missed the first four weeks in the following summer term. Because only the top 5 percent students participate they can easily catch up. Hence, they are only one term on leave in the German program, while they can earn an US degree within to terms at the UWM. Experience has shown that for the majority of our participating students this has

³ For details on this program see

http://www.daad.de/imperia/md/content/hochschulen/isap/programme_description.pdf.

⁴ For more details see *Petersen* (2007).

meant no prolongation of the German study periods, also due to the fact that a substantial amount of credits is credited within the German study program, too.⁵

Regarding the return service for the US students one has to keep in mind that for them possible solutions are much more complex and especially do interfere with some fundamental interests of the German teaching staff. Because a majority of the US students do not or only partly participate in the courses during the summer session, this period is predestinated for them to participate in study programs abroad. But beside the language problem discussed in more detail below the overlapping of the US spring and the German summer term for six weeks creates a serious hindrance. As long as no similar typed German program is supplied for the US students a possible loophole is the implementation of a summer course program as done at the JLU and later the UP (PoSA). These programs are taking place after the end of the US spring term, in Giessen from mid of May to end of June and in Potsdam in July, respectively. Even in absence of the language problems such overlapping of the terms creates time losses for the US students, which are of particular relevance for them in view of their short study periods on the one hand and the tuition fee problem on the other hand. One solution would be to start the programs for US students later and in a more condensed mode, which in view of the missing class rooms at many of our universities is often impossible to organize. Therefore, the best solution for the US students would be the introduction of summer sessions at German universities like in the US because from mid of July to mid of October the class room problem is not as bad and the students do not get overburdened by the condensed course programs.

But such scheduling conflicts with the interests of many members of the German teaching staff. Only the fact to have to teach the courses in a foreign language is still an enormous negative incentive for the attraction of the colleagues to participate in such programs. If then such programs take place from mid of July to end of August, before the US term starts in September again, this period is the most important holiday time in Germany and Europe. The abdication of holiday without any other compensation would require a purely altruistic behavior, which even German professors do not always demonstrate! Or in other words the course program had to be a perfect substitute for holidays, say a specific "Freizeitvergnügen", which also is not a very realistic assumption. In the current institutional setting at most of the German universities international study programs are still something like a Freizeitvergnügen for the engaged colleagues because such programs do not count for the teaching obligations, are not separately remunerated nor compensated by other means – apart from that cases in which a reasonable performance-oriented budgetary scheme has been implemented. This personal disadvantage - often also connected with reduced time for own research - is still the main obstacle for many colleagues to participate in such important projects. Beyond that opposite to the US where each student contributes with his fees to the faculties and universities budgets, additional students in a tuition free world are only an additional burden. This is particularly true for international students, which are acquainted with other teacher/student relations as typical in Germany and therefore specifically demanding for our staff.

⁵ The fact that academic credentials are counted twice, within the US and the German program, stood in contradiction with academic traditions of the past: credits accepted within one study program cannot be the base for another degree earned by another institution. Since the introduction of the European joint study programs and the political targets to shorten the periods of education as well as the corresponding demands of the DAAD programs, the German and other European higher education institutions have abandoned this strict rule in the interest of an internationalization of their own study programs. Our negotiations have shown that such a break within the traditions seems to be a specific problem at least in the US, Australia and New Zealand.

The second and more institutional obstacle is to be seen in the *differences of academic degrees* connected with the *length of the respective study programs*. The typical BA/MA degree structure has been or is currently introduced in Europe as consequence of the Bologna process.⁶ Before that change the German degree structure was determined by the diplomas to be earned in almost all faculties.⁷ These diplomas have a duration of study in between 4.5 and 5 years (9 to 10 terms). Normally an intermediate exam is implemented (pre-diploma: “Vordiplom”), which usually takes place after the fourth term but has not the character of an accepted academic degree.⁸ Beside the high drop-out quota and the in a global comparison relatively long German duration of study, the comparability of study times and quality standards were other arguments in favor of the Bologna process. With the standardization on the US degree structure in Europe the problem of comparability and mutual acceptance as well as approval should be solved like one currency in a monetary area solves the hardships with fluctuating exchange rates. This simple analogy obviously has convinced the majority of the European politicians in higher education policy so that the Bologna Declaration⁹ got vast support.

As outcome of the Bologna process, Europe has formally switched to the BA/MA-structure but closer analyses will prove the fact that as regard the content in most countries the material study conditions remain predominantly unchanged and the study times are different to those in the US and the South Pacific countries. Factually fundamental differences remain – e.g. a three years BA in Europe and a four years BA in the US, enormous differences in the students/staff relation especially on the MA level – so that the problem of mutual recognition remains almost unchanged, hence also in the future difficult negotiations within the single partnership programs will be inevitable. Beyond that the MA programs in the US are not necessarily clearly bound to a certain number of terms but characterized by a well defined sum of credit points, due to the fact that in this field the majority of the students is – opposite to the typical German student – studying part-time. As consequence full-time students can complete such programs in less than four terms, which are necessary for most of the European programs (in spite of the fact that those programs are also predominantly defined by “performance points”).

Such individual solutions have been possible already decades before the implementation of the Bologna process; having our specific program in mind, one of the first problems, which had to be solved, was the definition of a German equivalent to the BA level. If the whole higher education process is taken into consideration, the education period includes the preparatory education within high school. The tertiary education in Germany on the high school level lasted typically three years and only two years in the US. Thus as first component of the undergraduate education this year was credited. As second component the study times completed with the pre-diploma were taken (usually four terms or two years) and as third component the first year (two terms) of the German main study program was added. In total the study period then comprised four years, which was equivalent to the BA program in the US. For years this equivalence has been intensively controlled by the UWM graduation office; after the German unification more and more federal states reduced the preparatory education

⁶ For details see <http://www.dfes.gov.uk/bologna/>.

⁷ Apart from the dominating diplomas, magister, and state exam especially for international students only some few MA-programs did exist.

⁸ The drop-out students, who mainly leave the universities before the pre-diploma, do not have any academic degree; this was one of the main arguments for the shift to the BA/MA structure. The only question which remains is, are those students qualified enough to finish with a BA degree, which is questionable as long as the quality standards of the current diploma programs are kept even in the BA/MA structure.

⁹ For details see http://www.bologna-bergen2005.no/Docs/00-Main_doc/990719BOLOGNA_DECLARATION.PDF.

period on the high school level to two years so that for more and more German participants now in the equivalence scheme one year was missing. But because of the fact that all the German students have been extremely successful in their study performance and always belonged to the top ranked students in that program, also students with only three years higher education were accepted. We have certain hopes that in future also our students with a three years BA and excellent grades will be treated in a similar way. Even in the tightly regulated graduation office positive experiences are taken seriously and allow for some slight breaches of formal rules: so far to the problem of trust and quality!

The third and also complex obstacle is the different funding of higher education expenditure in the US and Germany. While in Germany up to the present most of the higher education programs are financed via general taxation by the state budgets, a substantial part of higher education outlays in the US are born via *tuition fees* by the private households. Even at the UWM as a state university, the tuition fees contribute substantially to the university budget; the current fees in the graduate programs are per term 11,645.90 USD for non-residents and 4,462.94 USD for residents of Wisconsin.¹⁰ From the very beginning of our discussions it was pretty clear that a total waiver of tuition fees was impossible to agree upon due to the unilateral flow of the German students. Because within the IAS program of the DAAD at least a substantial reduction of tuition fees was one important prerequisite; long lasting negotiation processes then resulted in a reduction for the German students to the resident's level. Compared to the non-residents fees this means a cut of more than 60 percent. Since 2005 the UWM offers this rate also for our self-paying students. Additionally the DAAD now demands a further decrease below the resident's rate in particular for the two students who are supported by the IASP program. This demand can only be met if in the future the program is based on an approximately equal bilateral flow of students.

Taking just the UP/UWM exchange into consideration, in the coming year 2007/08 our students will contribute an amount of about 107,000 USD to the MA program;¹¹ adding the JLU students this amount will almost be doubled. Obviously the German students substantially contribute to the existence of that MA program at the UWM, which also might be an argument for a decrease at least for the tuition fees of our DAAD scholars who are together with our TAs the top students in that exchange.

The fourth problem is the *language barrier* especially for the US participants. In about 20 years there has only been one student among the incoming US students who was pretty fluently in German so that he could have followed a study program in German language – and this in view of the fact that the a clear majority of Wisconsin's population does have German roots. Therefore from the very beginning the return service for the US students in form of the Giessen Summer School and the PoSA had to be taught in English. Since 2004 the UP and the UWM have begun negotiations about a more extended program for the US students in Potsdam, which could be linked to a MA program (Master of Economics and Business: MAEB)¹², which is currently taught at the UP for foreign students predominantly stemming from the Middle and Eastern European Countries, South East Asia and the Middle East. Because of this specific target group and due to a demand of the Russian Funds of the German Industry¹³ in Moscow and the DAAD this program was taught in German up to now. Because it has expired with the last year, this program will be at least partially switched into English so that a

¹⁰ For details see <http://www.bfs.uwm.edu/fees/Spring2007/TuitionSchedule.htm>.

¹¹ If we take the current tuition fees as inflation adjusted, for all German students up to 2008 the total flow of funds is about 518.000 USD.

¹² See <http://marx.wiso.uni-potsdam.de/master/aufbau/inhalt.htm>.

¹³ For more detail see http://www.daad.de/presse/de/2002/8.1.1_2602.html.

base for an extended exchange and a higher inflow of English speaking students will be established. However such a switch is heavily dependent on the number of incoming students from the US partner university.

Here a specific US problem emerges: Because the US universities predominantly do only have a very low number of graduate students in their MA programs, and most of these students study part-time, the group of interested students is extremely limited. Additionally internationalization of study programs up to now do not play such a substantial role like in Europe. The process of European integration and unification has created the necessity that European students go abroad to study and get knowledge of the cultural differences. That does not only create more mutual understanding, which improves the conditions for more European integration but is also a powerful argument for the single students to be more competitive on the European labor markets. Because most of the European students do predominantly not have to pay tuition fees (with the exception of the UK students) or are paying much less than in the US, a prolongation of study times, which is often connected with study abroad programs, does not play an important role. Therefore the net return of a prolonged study period is much higher than in the US, where the tuition fees press the vast majority of the students to minimize their study period. The burden on the budgets of the families is so high that the advantages of studying abroad are obviously overcompensated by the study costs. Only if the US employers would demand more skills, which are connected with study abroad programs, and differentiate the initial salaries for young academics, a behavioral adaptation might be more likely. Discussions in the US show that such a change is just ahead.¹⁴

But even if such a new strategy for higher education policy will increase the number of interested students for studying abroad, the further existing limitations (part-time studying, cost pressures) will remain relevant. The fact may remain that at a single US university the number of outgoing students might not be large enough for such a mutual and almost equally sized student flow. As consequence German universities planning such exchange have to look perhaps for more than one US partner university to be integrated in such a program, which on the one hand increases the number of interested students but on the other hand also makes the negotiation processes much more complex. In such a case there are several departments and graduation offices involved in the discussions of curricular, programs, prerequisites etc., which in Europe has been very successful taking the Erasmus, Socrates and Tempus programs into consideration. In the US such perspectives are pretty new and the progress within such negotiations is extremely slow as our own experience shows. But if we really want to have such also in the midterm perspective successful programs there seems to be no loophole.

III. Curriculum, Program Structures and Participation

In the currently running exchange programs for the German students studying at the UWM and the US students studying at JLU or UP the necessities for negotiations on different curriculum was very limited. Because the study programs were complementary to one another the exchange students could concentrate their choice on fields, which are very specific for the participating departments and faculties. The UWM has a clear main focus on labor economics as well as development economics, while the UP recently has put the emphasis on financial markets, banking, insurance, and public economics. Due to the different focal points the German students mainly take beside some obligatory basic courses in econometrics and statistics the labor economics courses (numbers 415, 447, 751 to 755, and 955, see appendix I). An-

¹⁴ See, e.g., the AACSB (2007) conference program under <http://www.aacsb.edu/conferences/annual07/default.asp>.

other focus is on development economics as well as urban and regional economics (numbers 454, 455, 712, 713, 774, 775, and 939 or 974). For all the successfully completed courses and a thesis (in case of the thesis-option) or a master's paper (in case of the non-thesis-option) the German students earn the academic title MA in Economics of the UWM within two terms.

The study period at the UWM is accredited at the UP in form of one term; after the return of the students they apply for admission of their credits earned at the UWM. Within the current diploma program, which consist of five subjects with 14 term hours a week ("Semesterwochenstunden") each, up to 14 term hours are approved so that the students can skip at least one subject. This holds especially true for the participating business students, who then can get rid of the subject "general economics" within their business study program. The participating economics students can approved up to 14 term hours in the subjects economic theory, economic policy, and public economics.

Regarding the new BA/MA structures at the UP, which has only very recently implemented (winter term 2006/07), the well defined subjects in business and economics have substituted by a modularized system so that in future single additional modules taught at the UWM can be accredited to the UP study program especially in economics, while the approval within the business MA program remains an open question. A certain threat exists that both subjects, business and economics, are further disintegrated. At least at the UP the new structure has extended the study period for MA students compared to the diploma (4.5 years) by one term (three year until the BA and two years until the MA) but the contents and the curriculum has been reduced: longer study periods and less quality are like in many other cases the outcome of such questionable reform processes.

The incoming US students at the JLU and the UP can also earn some credits in the programs supplied by the two universities. Concentrating on the UP, the US students get a DAAD scholarship to participate in the Potsdam Summer Academy. The PoSA runs under the title "Banking, Insurance and the Public Sector: Empirical Experience and Policy Advice". The contents have a theoretical and applied component, while the staff has predominantly vast experience in international consulting on the highest political levels. The course program is shown in appendix II;¹⁵ the focus is laid on privatization processes in social security and the optimization of public and private partnership. Also such important questions like climate change and the increasing large-scale risks for the insurance industries are important topics.

For the participation US students get up to four credits, which are accredited within the UWM MA or doctoral programs. For this credits the UWM usually raises tuition fees in between 1,280.33 USD for a resident and 2,880.35 USD for a non-resident student.

In this context it is important to mention that the JLU some years ago has introduced a similar program with the Business School at the UWM so that their students can also complete a MBA at the UWM. This program has a three term structure (one more than in the MA program) and the Giessen students get accredited some parts of their courses taught at the JLU.¹⁶ Currently we are in negotiations to extend even the UWM/UP program in this direction.

As already mentioned in the introduction, up to the current generation 48 students have taken place on side of the UP. Table 1 gives some information on the structure of the sources from which the students have been financed. The exchange started in the year 1997/98 with two participants who were financed as DAAD scholars. In 2001 the Department of Economics at

¹⁵ For more detail see <http://marx.wiso.uni-potsdam.de/posa/>.

¹⁶ For details see <http://wiwi.uni-giessen.de/home/glaum/milwaukee/>.

the UWM decided to accept one UP student as teaching assistant (TA) and in the following year one more TA position was supplied, respectively.

Table 1: Outgoing students and financial sources

Year	DAAD	TA/UWM	BAföG	Self-paying	Total Number
1997/98	2				2
1998/99	2				2
1999/00	2				2
2000/01	2	1			3
2001/02	2	2	1		5
2002/03	2	2	1		5
2003/04	2	2	1		5
2004/05	2	2	2		6
2005/06	2	2	2		6
2006/07	2	2	3	3	10
2007/08	2	2	4	4	12

Since 2001/02 we are also sending students to the UWM, which meet all the prerequisites of the UWM and are funded by the above mentioned support program for students from low-income families. Since this program has been improved in recent years, we have again an increasing number of students on this schedule so that their participation has been stepwise increased. Since the study year 2006/2007 we have an ever increasing number of students who want to study at the UWM even on a self-paying base. Compared to all other US universities in Wisconsin they have the advantage of the reduced resident's (or in-state) fee. Having in mind the future fully mutual program, the DAAD rules demand a group of incoming students from the US of about 5 to 6 participants in average. As mentioned above (see II.2.) it will be very difficult to have such a number of interested students only from one US university so that multilateral exchange programs have to be developed.

IV. Future Perspective: Mutuality and Integration

For the competitiveness of any modern and highly ranked university the development of intensified international programs is a condition sine qua non. Only if the UP/UWM exchange is extended and the number of outgoing (non-self-paying) and incoming students is at least in a mid term perspective balanced, the DAAD will go on with its support or even increase the monetary flows for such a program. The problem remains that on side of the US there are no comparable support programs so that the US students would have to finance not only the stay abroad but also the tuition fees for the whole study period (in the US and abroad), at least as long as the US universities demand payment even in that case that their faculties have not been engaged in the teaching and are just approving the abroad earned credits. Only these facts clearly limit the interests of US students. Setting incentives from the German side giving support to US students would also be a very questionable measure because obviously the US does not belong to the poor countries, which might justify such a unilateral transfer.

As mentioned above, since the implementation of the PoSA in 2004 the staff exchange in between the universities has been intensified. In 2004 (Prof. Keith Bender), in 2005 (Ass. Prof. Scott Adams), and in 2006 (Prof. Keith Bender again) colleagues from the UWM have taught in the PoSA program, which will be continued and intensified in the future. In 2005 for the

first time two PhD-Students from the UWM participated in the PoSA, financed by scholarships from the DAAD. The introduction of PoSA as a course system in English was the motive to consider the implementation of an English graduate and post-graduate program. Since 2000 the UP faculty offers a “Master in Economics and Business”, which is as a further education program on “Financial Markets, Banking, Insurance and the Public Sector” especially addressed to students coming from countries in transition (see the conditions of study in appendix III). This program will be stepwise transformed into an English course program, in which the colleagues Malcolm Dunn (Chair of International Economic Policy), Carlo Jaeger (Head of the Department Global Change and Social Systems, Potsdam Institute for Climate Impact Research), Axel Werwatz (Head of the Department of Innovation, Manufacturing, Service at the German Institute for Economic Research), Ulrich Thiessen (Department International Economics, especially International Finance at the German Institute for Economic Research), Detlev Hummel (Chair of Banking and Finance) as well as the commentator (Chair of Public Economics, Insurance and Social Policy) will teach. With the support of the UWM colleagues teaching at the UP each summer term, a brilliant potential could be assured for a high ranked and sufficiently broad study program at the UP, which even in an international perspective would be highly competitive.

In view of these positive perspectives colleagues from both universities have agreed to start with negotiations for the aim to intensify the exchanges especially in mutual direction. After having some first discussions in Summer and Fall 2004 a visit of the commentator at the UWM was arranged to clarify the open questions and to discuss the possibilities of a concrete realization with the interested colleagues on the spot. The first negotiations took place in May 2005, in which the head of the Economics Department Prof. Sunwong Kim and our partnership representative, Prof. Mohsen Bahmani, did participate. In a further round with the dean of the College of Letter and Science, Prof. Richard Meadows, and the associate dean, Prof. Eleanor M. Miller, the more general problems were discussed, before the department members expressed their interest in a further intensification of our exchange.

As preliminary results the following points had been fixed:

1. The Economics Department of the Faculty for Economics, Business and Social Science at the UP and the Department of Economics at the UWM will agree upon a curriculum, which will be established as a specific study program jointly organized by the UWM and UP, in which students of both universities (if applicable under inclusion of international students from other partner universities) can participate on a reciprocal basis. The American and the German study programs provide the qualification profiles, which are necessary to complete the national final degrees (MA). The UWM will start the discussions on an appropriate study program in summer 2005 and perhaps discuss program components including distant learning. The Economic Department at the UP will either transform the above mentioned MA-program or discuss a newly formulated program, which will be implemented in connection with the completion of the Bologna process at the UP. Because of the fact that the discussions on the implementation of BA and MA study programs are currently running at the faculty, the application for the program component B of the ISAP-program at the DAAD will be postponed to that date when the UP faculty has finished the switch to the new BA/MA structure. That happened very recently. Then the newly developed program modules could also be integrated into the new US/German study program.

2. Both partners express their interest that the two jointly planned study programs will be designed as entry programs for their respective doctoral/PhD-programs. Already today some students of the UP after the completion of their MA at the UWM and diploma at the UP have been accepted for the UWM PhD-program, partly with a joint supervision by UWM and UP colleagues. The Department of Economics at the UWM is supporting these PhD-students with positions as teaching assistant. Especially on side of the UP solutions have to be found for a mutual support.
3. The current MA-program at the UWM is targeted as a three term program (in which the UP students participate for two terms financed by the DAAD). Also the current Potsdam MA is a three term program. As far as this program will be chosen as basis for the mutual exchange, the US-students can only study for one term at the UP, because they have to gain a sufficient number of credits at their own university. In case of a possible prolongation to four terms within both study programs, the study abroad could be extended to two terms. Via the staff exchange and the participation of US-colleagues in the Potsdam teaching program, for both universities the conditions for a sufficient minimum number of credits can be assured. In any case a certain problem of double counting of credits remains, which is especially by the US colleagues seen as a certain obstacle. On the Potsdam side double counting is a usual fact in international study programs (currently about one third of the credits earned at the UWM can be transferred to the diploma program at the UP – a fact, which is a prerequisite for the ISAP-program of the DAAD). One has to wait and see, which rules with regard to double counting will be implemented in connection with the transition to the BA and MA-grades (perhaps even by state legislation of Brandenburg). For the German side especially the standard periods of study have to be taken into consideration.
4. The Department of Economics at the UWM and the Department of Economics at the UP will agree upon harmonized conditions for admission into the study programs. The examination will be normally organized along with the single study component (under supervision of the respective lecturer). In case of oral and written final exams (especially in case of thesis option) colleagues from both universities have to be in charge (as first and second referee). Furthermore colleagues from both institutions become member of the boards of examiners for the MA-programs as well as the connected PhD-programs. The credit transfer follows the rules of the ERASMUS countries in the framework of the European Credit Transfer System (ECTS).
5. The German students have to acquire the TOEFL-Test and as far as necessary additional qualifications in the framework of their Potsdam study program. The US students take part in a basic German language program at the UWM before they start their studies at the UP. During their stay at the UP they can participate in additional German language courses on a voluntary basis.
6. Many US colleagues have already expressed their interest to teach within the joint program at the UP. With regard to the staff exchange the program will rely upon the DAAD program (in the framework of the ISAP or guest lecturers program). Because of the limited teaching capacities at the UP, German colleagues can participate in the UWM program at best every second year (that is especially difficult in case of Professor Jaeger and Werwatz, who both are in charge of a department at a non-university research unit).

7. The US side underlines the fact that for a foreseeable future joint degrees and joint certificates are not possible. Therefore it should be agreed that the participating students will earn their respective nationally accepted degrees (as it is currently the case for the German students: US-MA and German diploma). Annotations in form of a diploma supplement will be accepted.
8. The US side excludes the possibility of totally waiving all tuition fees. Already since the original start of the program in 1989 the German students get a tuition waiver from the UWM and only pay the residents rate for Wisconsin citizen. In addition to this reduction no further waivers were seen as possible. In the meantime the DAAD is demanding a further decrease for the DAAD scholars, which has to be re-negotiated. A mutual and total waiver cannot be agreed upon. The US partner will make efforts to raise some funds for the exchange program as well as for their own students studying abroad especially within the German Community in Wisconsin.
9. The German partner will base the future exchange on the ISAP and the BAföG-program. Beyond that the UWM supports the program with two teaching assistant position each year.
10. Both partners agree to admit at least five students for the test period in their respective study programs. The programs are continued until the last student has gained his degree.
11. The Faculty of Economics, Business and Social Sciences as well as the College of Letters and Science have Departments of Political Science and Sociology. An intensified exchange in the direction of a harmonized PhD-program could also be interesting for the colleagues of the Social Science Departments. Therefore the commentator will make an effort to organize and finance for the tenth anniversary in 2007 a joint conference for colleagues from both institutions at the UP.

This road map is still worthwhile but because of some delays due to the process of adapting to the BA/MA structures at the UP have been inevitable. Therefore both partners will put all their effort into to project so that in the running year all preparations for the DAAD application procedure have to be finalized. To assure for a sufficient number of US students, the UP will be in touch with their other US partner universities (especially the University of Connecticut, University of Michigan, and the University of Montana) to come with them to a similar agreement.

V. Remaining Problems and Cultural Differences

Currently remains the fact that in Germany and the US the internationalization is seen from different perspectives. Whereas in Germany international experience of the German students is seen as an inherent value, this view does not have the same relevance in the US. Their internal labor market is so big and flexible that international experience and knowledge has not yet reached such significance. The growing markets of China and India in the coming decades will qualify even the US markets as comparably small so that openness of the US system and the knowledge of different cultures in management and marketing will gain in importance

also for US students. The changes in the behavioral patterns are already happening as the discussions for such internationalization do prove.¹⁷

Up to now international students have played a dominating role especially as incoming students to the US and payers of the non-residents tuition fees, which has been especially of relevance for the middle and lower ranked private universities. Not only in the US but especially in Australia and New Zealand foreign students are an important source for university financing. As managing director of the Australia Centre at the UP the author had the opportunity to observe the developments in Australia since the mid of the nineties of the last century. Since the introduction of the higher education contribution system (HECS) in Australia, tuition fees have gained in relevance. The numbers of incoming foreign students have been steadily increased so that since years people are talking about the “education industry”, which contributes much more to the GDP than some real industries do. In such a setting a foreign student becomes a paying customer who gets a certain product (the academic degree), which is almost sold as any other material product. Immaterial values do not play any role, just the users pay principle applies.

Such a steering of university education clearly has consequences for the universities structures and study programs themselves. Taking the staff of some Australian universities and business schools into consideration, there are hardly to find any associate or full professors but lecturers and at best some senior lecturers. The link to the research loses in tightness and the staff degenerates more or less to pure teachers. Consequently the university education deteriorates and the qualifications of the students are downgraded. The academic degree trade also runs into trouble and is comparable to a sale. The ongoing discussions in Australia on the pure quality of many MA programs demonstrate that this knowledge has already gained public attention. And all such downgrading takes place in spite of the fact that quality assurance and accreditation programs are running in which hundreds of experts are involved – the new evaluation bureaucracy. All those developments are then boosted by the professional university management whose members have an especial appeal to out-of pocket expenses of very questionable value.

The view that foreign students are mainly net payers to the system stands in clear antagonism to the German philosophy and university culture at least before the Bologna process took place. Even today a large number of foreign students get scholarships from the DAAD and other support institutions. Such a support has nothing to do with a short term interpreted users pay concept. The justification can be seen in gaining reputation abroad and developing links to the young generations, hopefully getting good impressions of Germany as well as a highly competitive education which enable them to become opinion leaders in their respective home countries. Such a strategy is not purely altruistic steered but also might render a positive future return: Made in Germany and educated in Germany are important terms, which also secure the future sales of German products abroad and therefore the German exports. Immaterial values are then in full accordance with material targets – an almost ideal coincidence.

In the past decades such motivation has obviously paid off and surely it will in the future, too. The Bologna process with its adaptation of foreign structures and the breach within the own traditions is also accompanied by the accreditation of the new study programs, which are predominantly new by name but old by contents. The process of accreditation has without doubt its relevance in a setting of private universities, which are more or less autonomously acting

¹⁷ Hence, one main targets of the above mentioned AACSB (2007) Conference following the TDP-Workshop at this venue is: “Connect with potential partner schools and develop international alliances”, see <http://www.aacsb.edu/conferences/annual07/default.asp>.

within the education markets. Here quality assurance and evaluation are an important protection for the families and the young customers. In the German case where the vast majority of the different kinds of universities are still state financed and controlled by the ministries of the federal states, accreditation beside the ministerial control is simply over-steering the system thus inducing new inefficiencies.¹⁸ The price is a further increase within the education bureaucracies and raises the question, who has to evaluate the new group of evaluators?

In total the adjustments to the Bologna process might not be the enormous progress, which is seen by politicians and the new groups of evaluators. In the contrary, incentives are set for more bureaucracy and inefficiencies.¹⁹ Hopefully these subjective interpretations are false so that at least the negative impacts are less than here expressed.

VI. Summary

The existing transatlantic exchange programs have supplied evidence enough that personally negotiated solutions built on experience and trust are efficient even in the absence of state regulation. The Bologna process itself has not positively contributed for the future developments because of the remaining differences. In Germany the adaptations to the BA/MA structures and especially the high speed of adaptation has led to the result that many interdisciplinary links in between the subjects and the different faculties have been cut and have to be reinvented in the future. With regard to interdisciplinary approaches the Bologna process has created predominantly regresses and any progress is hardly to be seen.

The process of introducing more and better integrated international study programs is inevitable if universities will be grouped in the high ranked league. Such a close corporation does not only yield synergetic effects of cooperation but also the access to new knowledge and spreading societal and technical progress. It also opens the minds of the young people for cultural differences and international understanding and is therefore one of the main prerequisites for a peaceful future. Therefore the politicians in higher education should not only rely upon a short term users pay concept but also have in mind the long term effects of mutual understanding, which is an important asset even for a successful material future. This clearly does not justify only a pure market orientation but in this specific field a certain amount of subsidization.

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¹⁸ This corresponds to the official press release of the German Universities Association (Deutscher Hochschulverband – DHV), see Deutscher Hochschulverband (2007).

¹⁹ This view is supported by a very recent publications from staff members of the “Hochschul-Informationssystem GmbH (HIS)” in which the view is expressed that the introduction of BA/MA structures in Germany will have a negative impact on students international mobility; see Jaeger/Grützmaker (2007).

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Appendix I:

Graduate Course Listing at the UWM

(Please note: Courses numbered 300 to 699 are Undergraduate/Graduate. Courses numbered 700 and above are Graduate only.)

Graduate/Undergraduate Courses

310 Research Methods for Economics. 3 cr. U/G. 403 Business Cycles. 3 cr. U/G.
405 Breakthroughs and Debates in Economic Thought. 3 cr. U/G.
411 Economic Forecasting Methods. 3 cr. U/G.
413 Statistics for Economists. 3 cr. U/G.
415 Economics of Employment & Labor Relations. 3 cr. U/G.
422 Regional Economics. 3 cr. U/G.
426 Government Tax and Expenditure Policy. 3 cr. U/G.
432 Industrial Organization. 3 cr. U/G.
437 Public Utilities and Transportation Economics. 3 cr. U/G.
447 Labor Economics. 3 cr. U/G.
448 Economics of Human Resources. 3 cr. U/G.
454 International Trade. 3 cr. U/G.
455 International Finance. 3 cr. U/G.
458 Selected Topics in Economics: (Subtitled). 3 cr. U/G.
506 Mathematical Economics I. 3 cr. U/G.
513 Econometrics. 3 cr. U/G.
529 Applied Microeconomics in the Public Sector. 3 cr. U/G.
606 Mathematical Economics II. 3 cr. U/G.

Graduate Courses

701 Economic Theory: Microeconomics. 3 cr. G.
702 Economic Theory: Macroeconomics. 3 cr. G.
705 History of Economic Thought. 3 cr. G.
706 Mathematical Economics. 3 cr. G. 708 Industrial Organization I. 3 cr. G.
709 Industrial Organization II. 3 cr. G.
710 Applied Econometrics. 3 cr. G.
712 Urban Economic Theory. 3 cr. G.
713 Regional Economic Theory. 3 cr. G.
731 Money, Income, and Prices. 3 cr. G.
734 (635) Foundation of Econometric Methods. 3 cr. G.
735 Econometric Methods I. 3 cr. G.
747 Public Finance I. 3 cr. G.
748 Public Finance II. 3 cr. G.
749 Urban Public Finance. 3 cr. G.
751 Labor Economics I. 3 cr. G.
752 Labor Economics II. 3 cr. G.
753 Collective Bargaining. 3 cr. G.
754 Worker Participation. 3 cr. G.
755 Comparative Labor Markets and Employment Relations. 3 cr. G.
774 Economic Development - Theory. 3 cr. G.
775 Economic Development - Policy. 3 cr. G.

- 801 Advanced Microeconomic Theory I. 3 cr. G.
- 802 Advanced Macroeconomic Theory I. 3 cr. G.
- 803 Advanced Microeconomic Theory II. 3 cr. G.
- 804 Advanced Macroeconomic Theory II. 3 cr. G.
- 806 Mathematical Economics. 3 cr. G.
- 831 Monetary Theory and Policy. 3 cr. G.
- 835 Econometric Methods II. 3 cr. G.
- 871 The Pure Theory of International Trade. 3 cr. G.
- 872 Money in the International Economy. 3 cr. G.
- 888 Candidate for Degree. 1 cr. G.
- 905 Seminar: Banking and Monetary Theory. (Subtitled). 3 cr. G.
- 915 Seminar: Econometric Methods. (Subtitled). 3 cr. G.
- 931 Seminar: Regulated Industries. (Subtitled). 3 cr. G.
- 939 Seminar: Urban and Regional Economics. (Subtitled). 3 cr. G.
- 947 Seminar: Public Finance. (Subtitled). 3 cr. G.
- 955 Seminar: Labor Economics. (Subtitled). 3 cr. G.
- 974 Seminar: Economic Development and Growth. (Subtitled). 3 cr. G.
- 977 Seminar: International Economics. (Subtitled). 3 cr. G.
- 990 Graduate Thesis. 1-3 cr. G.
- 991 Workshop in Economic Research. (Subtitled). 2-3 cr. G.
- 999 Independent Work. 1-3 cr. G. –

Appendix II:

Course Program PoSA 2007 (Preliminary)

Business Courses taught by the following Professors

Dr. Detlev Hummel

Professor of Finance and Banking,
University of Potsdam
Finance and Banking

Dr. Yakov M. Mirkin

Professor, Department of Financial Markets & Financial Engineering
Finance Academy of the Russian Federation, Moscow
Capital Markets

Walter Dolde PhD

Associate Professor, Department of Finance, University of Connecticut
Finance and Banking

Alan E. Grunewald PhD

Professor, Department of Finance and Insurance
Michigan State University
Finance and Insurance

Dr. Friedrich-Leopold Freiherr v. Stechow

Professor of Finance
University of Potsdam

Dr. Stefan Bund

Fitch Deutschland GmbH, Frankfurt am Main
Senior Director
European Structured Finance

Economics Courses taught by the following Professors

Dr. Hans-Georg Petersen

Professor of Public Economics
University of Potsdam
Public Economics

Glenn Withers PhD

Professor of Economics, Policy and Governance Program,
Australian National University, Canberra
Social Protection

Truong Truong PhD

Senior Lecturer
University of New South Wales
School of Economics, Australia
Research Professor at DIW
Dep. of Energy, Transportation, Environment
Energy and Climate Change, CGE Modelling

Dr. Georg Meran

Professor, Vice-President, DIW Berlin
Industrial Economics, Economics of Regulation, Environmental Economics

Dr. Michael Hüther

Professor of Economics, European Business School
Director, Institut der deutschen Wirtschaft
Public Economics and Banking

Dr. Carlo C. Jaeger

Professor, Potsdam Institute of Climate Impact Research (PIK)
Climate Change and Insurance Sector

Dr. Michael Wolgast

Head of the Economics Department of the GDV - Gesamtverband der Deutschen Versicherungswirtschaft e.V., Berlin
Private Insurance Economics

Dr. Manfred Weber

Professor, University of Potsdam
General Manager and Member of the Board of Directors
Bundesverband der Deutschen Banken, Berlin
Banking and Social Security

Scott Drewianka, PhD

Assistant Professor, Department of Economics
Demographic Economics, Microeconomics
University of Wisconsin/Milwaukee

Former lecturers

Scott Adams PhD

Assistant Professor, Department of Economics
University of Wisconsin/Milwaukee

Keith Bender, PhD

Professor, Department of Economics
University of Wisconsin, Milwaukee
Labour Economics

Steffen Habermalz, PhD

Assistant Professor of Economics
University of Nebraska - Kearney
Public Economics

Min-Ming Wen PhD

Assistant Professor
Department of Quantitative Finance
National Tsing-Hua University, Taiwan
Risk Management

Appendix III:

Conditions of study for the postgraduate study program “Financial markets, banks, insurances and public economics” at the University of Potsdam

From 6 December 2000

On the basis of § 74 para. 1 no. 1 *Brandenburgisches Hochschulgesetz* (University Law in the State of Brandenburg) from 20 May 1999 (GVBl. I p. 129), amended by Article 2 of the law from 28 June 2000 (GVBl. I p. 90), the faculty council for the School of Economics and Social Sciences at the University of Potsdam has issued the following conditions of study for the study program “Financial markets, banks, insurances and public economics”¹ on 6 December 2000.

Contents

- § 1 Scope
- § 2 Objectives and specifics of the program of study
- § 3 Requirements for admission
- § 4 Field of study guidance, study preparations and the acceptance of already completed studies
- § 5 Chronological structure of studies
- § 6 Study structure of contents
- § 7 Efficiency transcripts and final examination
- § 8 Quality assurance and accreditation
- § 9 Commencement

§ 1 Scope

These conditions of study in conjunction with examination regulations govern the postgraduate program of study “Financial markets, banks, insurances and public economics” at the School of Economics and Social Sciences at the University of Potsdam.

§ 2 Objectives and specifics of the program of study

(1) The postgraduate program of study “Financial markets, banks, insurances and public economics” is to impart extensive and profound knowledge in the fields of economics, business as well as public administration to university graduates especially from transition countries.

Its constitutive learning target is focused on acquainting the students with internationally accepted methods of modern scientific work. It is precisely this that constitutes the precondition to allow the successful implementation of the theoretical base for the specific problems of the transition countries.

In doing so, the study program focuses on economic and public administration topics that are of central importance.

Due to the postgraduate program the students should be able both at micro- and at macro-level to class transformation problems theoretically, to develop acceptable political methods of resolution and as well to implement these on the individual level.

(2) After passing the final examination a successful study leads to the awarding of the academic degree “**Master of Economics and Business**”.

§ 3 Requirements for admission

(1) Preconditions for participation in the postgraduate program of study “Financial markets, banks, insurances and public economics” are:

- (a) At least one successful eight-semester study at a university in an economic subject. The submitted first academic certificate should be graded above average (i.e. “good” or “excellent”) and has to be in accordance with the guidelines of the central office for approval foreign educational degrees. Applicants with a differing certificate may be admitted as an exception, if they satisfactorily show the required qualification otherwise.

¹ Approved by the rector of the University of Potsdam on 8 August 2001

(b) Proved German language skills that suggest that the candidate can successfully undertake the period of study. Only certificates accepted by the *Akademisches Auslandsamt* (Academic Office for International Exchange) at the University of Potsdam will be acknowledged as proof of sufficient German language ability. Applicants without adequate German language ability are allowed to acquire the skills at the University of Potsdam. The board of examiners adjudicate in doubtful cases. In cases where students have undergone examination of German language skills as holders of scholarships from German sponsors, acceptance by these sponsors is also recognized as proof. Furthermore, additional English language skills may be stipulated if necessitated by the master study program.

(2) The board of examiners decides on the admission to the program study “Financial markets, banks, insurances and public economics”, where applicable in consultation with third-party funds sponsors (DAAD in representation of the “Russian Funds of the German Industry in Moscow”).

(3) After admission the attendees will be matriculated at the University of Potsdam with all collegiate rights and responsibilities.

§ 4 Field of study guidance, study preparations and the acceptance of already completed studies

(1) Before admission to the advanced study program an obligatory field of study guidance takes place. In this, the requirements for study will be checked and the main focus of interest will be co-ordinated with the concrete course offers. The study program will provide a continuous study support.

(2) Where preliminary courses are offered a successful attendance can be made obligatory.

(3) Scientific study work already performed or available final degrees cannot be taken into account (see § 6 examination rules). Study achievements within the scope of the study program “Financial markets, banks, insurances and public economics” undertaken outside the

University of Potsdam can be taken into account by the board of examiners subject to the requirements of the conditions of study and examination rules.

§ 5 Chronological structure of studies

(1) The course of studies is restricted to three semesters. During these studies, the first semester courses of the advanced study period in economic science can be chosen, whereas optional subjects from the attachment to a maximum of four credits per subject may be taken into account.

(2) The study cycle in the second and third semesters will also be arranged by obligatory and optional courses specified in the attachment, whereas the majority of the listed lectures are offered by the chairs in a two-semester period.

§ 6 Study structure of contents

(1) The lectures of the postgraduate program of study “Financial markets, banks, insurances and public economics” are structured into two groups of study:

- (a) Compulsory courses
- (b) Optional courses

(2) The groups of study are structured into courses of the subject economics, business administration and public administration. The formation of the study should be orientated to the degree course schemes (see attachment).

§ 7 Efficiency transcripts and final examination

Successful performance in the lectures will be documented by performance statements, which have to be provided according the guidelines of the examination rules for the program of study “Financial markets, banks, insurances and public economics”. The final examination will also be executed according these examination rules.

§ 8 Quality assurance and accreditation

The study lectures and the study program will be subject to continuous assessment. The experiences gained should enter in regular checks and as the case may be in revisions of the study program and form the basis for international accreditation, which is to be aimed for.

§ 9 Commencement

These conditions of study come into force on the day after publication in the official announcements of the University of Potsdam.

Enclosure: degree of course schemes

In general the following lectures are two hour lectures, which are take place on a weekly basis or as block-lectures. Every student has to enrol for compulsory and optional courses from the lectures offered that are at least sufficient for the required number of credit points (CP) stipulated by the examination rules. Thereby one semester hour per week (shw) is equivalent to one credit point.

Compulsory lectures

- I. Financial markets**
(Chair for Economic Theory, Macroeconomic Theory and Politics)
Monetary theory (2 shw)
Monetary policy (2 shw)
Monetary foreign trade theory (2 shw)
Special macroeconomics (2 shw)
- II. Banks**
(Chair of business administration with the main focus on financing and banks)
Bank I (2 shw)
Bank II (2 shw)
Analysis of the capital market (2 shw)
Advanced seminar banking (2 shw)
- III. Insurances**
(Dr.-Wolfgang-Schieren-Chair of insurances and risk-management, School of Economics at the Humboldt-University in Berlin)
Insurance management I (2 shw)
Insurance management II (2 shw)
Risk management (2 shw)
- IV. Public economics**
(Chair of Public Finance)
Public economics (2 shw)
Fiscal economics (4 shw)
Social economics – theory and practice of the social security (2 shw)
Environmental economics (2 shw)
- V. Economic system and structure**
(Chair of economics / economic policy and theory / international business relations)
Competition theory and policy (2 shw)
Structural policy (including industry and R&D-policy) (2 shw)
Sectoral economic policy (2 shw)
International business relations (2 shw)

Optional lectures

All subjects in the following category study groups are counted among the optional courses. If requested, the board of examiners can take study performances undertaken at Berlin universities and/or in other departments into consideration. It must be pointed out, however, that during the first semester a maximum of four credit points per subject may be taken into account.

1. Economics
2. Economic Policy
3. Public Finance
4. European Economics and International Business Relations
5. Environmental Economics and Management
6. Organisation and Human Resource Management
7. Marketing
8. Financing and Banks
9. Public Management
10. Accounting and Auditing
11. Statistics
12. Law for Economists

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