

# Loss of US dominance in education 'mirrors car industry decline'

European destinations emerging as 'legitimate rivals' for international students because they are improving while US stagnates, argues paper

Published on April 6, 2026

Last updated April 6, 2026

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European higher education has emerged as a "legitimate rival" for international students because of the decreasing sustainability of the US sector's business model, according to a new paper.


Just as the US lost its dominance in the steel and car industries in the 20th century, American universities have reached a "critical juncture", the study published by the UC Berkeley Center for Studies in Higher Education (<https://escholarship.org/uc/item/385370m4>) warns.



Source: iStock/Tudor ApMadoc

"Divergent Business models in international higher education: A transatlantic comparison" says that the US model – defined by "dangerously" high tuition fees, rising costs and an over-reliance on a limited number of countries for overseas students – is becoming "untenable".

"The lesson from industry after industry in the United States is not that the products actually became worse over time, but that they did not keep up with innovations and improvements from the overseas competition. American cars did not get worse, but those produced in Japan and Europe got better."

 Paper warns that this model can prove particularly difficult when combined with visa uncertainty, geopolitical tensions or reputational damage, as is currently happening.

“A business model built on high tuition and cross-subsidization becomes particularly fragile when one of its primary revenue streams is exposed to political volatility (<https://www.timeshighereducation.com/news/visa-concerns-blamed-overseas-student-numbers-fall-fifth-us>).”

Instead of being a replica of the US system, Europe has emerged as “an alternative business model”, the authors write.

The paper says that European universities combine substantially lower costs with a broadly high quality of education and a deliberate strategy of internationalisation.

The diversity of European nations also protects the continent’s overall reputation from any “country-specific shocks” from populist movements, as seen in Italy or the Netherlands.

And in contrast to the US, which relies heavily on students from China and India, Europe is “nurturing a self-contained, more diversified demand pool” – and is attracting more demand from the US itself (<https://www.timeshighereducation.com/news/uk-universities-benefit-trump-puts-foreign-students>), according to the authors.

The paper also says that the US system gives disproportionate global visibility and symbolic prestige to a select group of elite universities (<https://www.timeshighereducation.com/news/barring-harvard-international-students-trashes-us-soft-power>) – which is dangerous in terms of global mobility.

“Perceptions of U.S. dominance are shaped disproportionately by the performance and visibility of its top-tier institutions. As a result, fluctuations in global rankings and reputational indicators tend to affect the symbolic standing of the system as a whole.”

However, the paper says that Europe still lacks the concentration of flagship universities that the US has and faces its own political and demographic pressures.

Co-author David Audretsch, distinguished professor at Indiana University Bloomington (<https://www.timeshighereducation.com/world-university-rankings/indiana-university-bloomington>), told *Times Higher Education* that European universities, like their counterparts in the US, are under considerable financial pressure.

“The sustainable business model of the future for European universities will be to diversify funding sources away from a predominant reliance on governments to include alternative sources of finance, including the business sector and philanthropy.”

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