Erasmus School of Economics

Date
10 October 2024

Subject
Advice on Request to terminate BSc and MSc Fiscale Economie

To the attention of
Prof. dr. Patrick Groenen
Dean Erasmus School of Economics
and
Prof. dr. Michel van der Wel
Vice Dean Education Erasmus School of Economics

Our reference
PC FE/ESE-fr0049

Page
1/5

Appendix
count: 6

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Dear Prof Dr Patrick Groenen, and dear Prof Dr Michel Van der Wel,

On 11 September 2024, we as the Programme Committee for Economics and Taxation (hereinafter: PC) received the documents 'Request for Termination - Fiscale Economie' and 'Guidance note - Request for Termination FE'. These documents concern the Erasmus School of Economics' intention to discontinue the Bachelor's and Master's programmes in Economics and Taxation (hereinafter also referred to as: intention). The PC has the right to advise on the content of these documents. We provide that advice in this letter. Irrespective of the content of our advice, we emphasise that we are dismayed and deeply disappointed that we as PC were not involved in the decision-making process at an earlier stage.
We have been granted permission to consult our constituency on the aforementioned documents as well as underlying information.[1] We have made use of that permission. This means that teachers and staff of FEI B.V. have contributed to the preparation of the advice contained in this letter. Furthermore, Prof Kavelaars would like to emphasise that although he is mentioned as submitting the 'Request for Termination - Fiscale Economie', this explicitly does not mean that he also endorses the content of the intention. In an attached letter, he explains his position on this matter.

Advice of the PC Economics and Taxation with regard to the intention to discontinue the programmes

The intention to discontinue the Bachelor's and Master's programmes in Economics and Taxation is based on three grounds:
1. Declining student numbers;
2. Rising costs and;
3. The high risk of failure in jointly offering the Bachelor of Economics and Taxation from the Erasmus School of Economics and Erasmus School of Law.

[1] We refer to Dr Iris Versluis' email dated 11 September 2024, sent to (among others) members of the Programme Committee Economics and Taxation with the title 'Verzoek tot stopzetting Fiscale Economie en gevraagde stukken' (which translates to: 'Request to terminate Fiscale Economie and requested documents').

The PC has examined these grounds and has concluded that they are not substantiated or insufficiently substantiated and therefore cannot be considered valid. Before we summarise on which findings we base this, we remark on the following matter. The intention is based in particular on findings as described in an External Memo. The PC is of the opinion that the complete independence of the drafter(s) of the External Memo cannot be guaranteed and that this fact alone means that the aforementioned findings cannot underlie the intention.

Even if the External Memo were properly (independently) prepared, the PC is of the opinion that – as mentioned above – the grounds on which the intention is based cannot be considered valid. The PC bases this on the following:"

- As far as declining student numbers are concerned, this decline is based on the years 2022 to 2024. Leaving aside that this period actually shows a 40% increase, this period is, in the opinion of the PC, (much) too short to draw any conclusions with regard to student numbers. Historical intake figures and external market surveys have not been adequately considered.
- As for rising costs, it is suggested that the programme is loss-making without providing a clear rationale for the cost structure. Only a theoretical situation is outlined without definitive conclusions. Indexation of costs without adequate and appropriate increase in revenue will hit small programmes faster than larger programmes. The ESE could also make other choices here in allocating the available budget.
- Regarding the risk of failure in collaboration, the PC disputes the argument that collaboration between the Erasmus School of Economics and Erasmus School of Law would be unfeasible. The PC bases this on a recent report that instead suggests solutions. The risk assessment is not based on solid findings. Moreover, the cooperation actually offers good opportunities for synergy and cost savings, which the PC regrets have not been further explored in consultation with it.

For a detailed justification of this advice, please refer to the attached memorandum, which also includes the documents underlying the 'Request for Termination - Fiscale Economie' that have not been sent by you to the School Council.

Accordingly, the PC is very firm in its advice to continue the Bachelor's and Master's programmes in Economics and Taxation and therefore to refrain from discontinuing them.

Proposed termination path

In the 'Guidance note - Request for Termination FE', you expressly ask that we also advise on the proposed termination path of the Bachelor's and Master's programmes in Economics and Taxation, as summarised in the accompanying note.

The termination route referred to above is inappropriate as far as the PC is concerned. It appears that most students who start the Master's programme in Economics and Taxation have completed the Bachelor's programme in

Economics and Taxation at the Erasmus School of Economics.[2] For most students, therefore, the Bachelor's and Master's programmes in Economics and Taxation constitute 'one programme'. If it comes to a discontinuation of the Economics and Taxation programme at all, in view of the above, the PC believes that the termination path should be designed as follows. Students currently enrolled in the Economics and Taxation Bachelor's programme should be able to complete the entire Economics and Taxation Bachelor's and Master's programmes within a reasonable period of time. The current termination path does not provide for that possibility.
In addition, students can still enter the Bachelor's programme in Economics and Taxation in the academic year 2025-2026. These students should also have the opportunity to pursue a Master's degree in Economics and Taxation at Erasmus University Rotterdam.

If the termination process nevertheless goes ahead, the Erasmus School of Economics should, in the opinion of the PC, ensure a generous funding policy towards FEI B.V. This means, among other things, that declining student numbers as a result of the discontinuation of the Economics and Taxation programme should not affect the funding from the Erasmus School of Economics to FEI B.V. Should this be the case, there is a real risk that the termination process cannot be completed. It is beyond the scope of our advice to elaborate on the conditions advocated by the PC regarding a termination path. Moreover, such further elaboration - given that this advice concerns an *intention* - would be very premature.

Conclusion and closure

The PC firmly believes that the current situation with regard to the Economics and Taxation programme could be continued, if the ESE Board were willing to agree on a more balanced distribution of the available budget. That this is financially unfeasible has not been demonstrated in view of what we have noted above. In addition, the PC recommends further investigation into the feasibility of the variant developed by the working group to offer the Economics and Taxation programme from the ESE and ESL. This variant offers advantages from the point of view of synergy and may also lead to substantial cost savings compared to the current situation. Where there are doubts about the alignment of the Economics and Taxation programme with the strategy of the Erasmus School of Economics, we note the following.

The Economics and Taxation programme at Erasmus University Rotterdam has existed for around 60 years. Partly because of this long period and thanks to FEI B.V.'s highly committed teaching team, the programme is known by (potential) students and market parties alike for its excellent quality. Tax economists graduating from the Erasmus School of Economics enjoy excellent job opportunities. They find jobs in, among others, the tax consultancy practice, business, the Ministry of Finance and the Tax Administration. Thus, the programme also plays an important social role. An economics faculty without a tax study programme does not do justice to everyday reality. Taxes are so much more than just legal rules; they constantly touch upon economic behaviour and public finances.

[2] Cf. Request for Termination - Fiscale Economie, p. 3.

If Economics and Taxation is no longer offered in Rotterdam, students wishing to follow an Economics and Taxation programme will only be able to attend Tilburg University and the University of Amsterdam. The PC emphatically calls attention to this. For prospective students from the Rotterdam and Rijnmond region, this means a serious obstacle to following a study of their preference. In this context, the PC points to the housing problems and long travel times. Student members also stress the importance of the possibility of obtaining two economics Bachelor's degrees at the ESE: currently students are able to obtain a Bachelor's degree in Economics and Taxation as well as in Economics and Business Economics. This is no longer possible after discontinuation of the Economics and Taxation programme. This was an important factor for many students to study at Erasmus University, as obtaining two Bachelor's degrees increases their chances on the labour market. Students' opinions on a combination of the Bachelor's programme Economics and Taxation with the Bachelor's programme in Tax Laware positive; students see this as a good solution if it allows the Economics and Taxation programme to continue to exist. In addition, they emphasise the social relevance of the Economics and Taxation programme. They point to the activities of the Stichting Belastingwinkel Rotterdam, whose staff consists of students of Economics and Taxation and Tax Law, and the student association Christiaanse-Taxateur, of which the majority of Economics and Taxation students are members. They also fear that a decreasing supply of tax economists in the face of an overall increasing demand for tax professionals in these changing times will lead to a greater shortage in the labour market.

Should our advice not convince you to withdraw your intention, we hereby request the Erasmus School of Economics to make sufficient time and resources available to the PC to conduct a complete (counter)study on the future of fiscal-economic education at Erasmus University Rotterdam. We hereby request the Erasmus School of Economics not to take any actions aimed at discontinuing the Economics and Taxation programme as long as this (counter)study has not been fully completed and commented by the relevant (university) bodies.

Finally, the PC would like to stress that this opinion is unanimously endorsed by all teachers and staff of FEI B.V.

Sincerely,

the Programme Committee Economics and Taxation,
on behalf of these,
the chair of the Programme Committee Economics and Taxation

Dr Y.M. Tigelaar-Klootwijk

cc.: School Council

Our reference
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Appendix 1 FEI - Memorandum with respect to the advice of the PC Economics and Taxation
Appendix 2 FEI - Letter Prof Kavelaars to PC-021024
Appendix 3 ESE - Adviesrapport_werkgroep1 (only in Dutch)
Appendix 4 ESE - Final report Fiscale Economie - werkgroep2
Appendix 5 ESE - Externe Memo Fiscal Economics (April 2024)
Appendix 6 ESE - ESE NoteMT_FinancesFE