

We consider the following mechanisms as the most important ones for national coordination of macro-planning in higher education :

- The Laender cooperate constantly in figuring out the areas of higher education in which coordination should be undertaken in order to ensure the constitutionally required “homogeneity of living conditions”. The Permanent Conference of the Ministers of Education of the Laender might formulate recommendations or might prepare decisions which will be enacted when the governments or the parliaments of all Laender eventually agree. Among others, this cooperation between the Laender is instrumental for regulations regarding access and admission to higher education and for curricular coordination in higher education.
- In the German constitution, educational planning and research promotion are named as areas of “joint tasks” of the Federal and the Laender governments.
- The Federal-Laender Commission for Educational Planning and Research Promotion is active stimulating regular communication of the overall quantitative and structural targets of education and research.
- The Science Council, a body comprised by representatives of Federal and Laender governments, of academics and of the public, notably is active in development in-depth recommendations for specific areas of higher education policy as well as in matters of expansion and re-structuration of higher education and research institutes as well as in construction in higher education.
- Major physical investments in higher educations are funded jointly by the Federal government and the government of the respective Land. There is a respective intergovernmental committee for planning of construction in higher education which cooperates closely with the Science Council.
- Major research promotions mechanisms are jointly funded by the Federal government and the governments of the Laender.
- If governments and parliaments of the Federal level and the Laender level agree on certain features of the higher education system, they can codify this agreement through a revision of the Framework Act of Higher Education. In that case, the parliaments of the Laender are obliged to modify their higher education laws correspondingly. For example, the Framework Act of Higher Education was revised in 1998 in order to provide the opportunity to the institutions of higher education of establishing stage degree programmes (bachelor and master programmes).
- The Federal Ministry of Education and Research has only few areas of direct action and supervision. And unlike the U.S. Federal government, it cannot taken sole action with the “power of the purse”, but only funding actions in coordination with the governments of the Laender. But its weakness, as far as direct supervision and action is concerned, forces the

Ministry to be a think-tank for innovation in higher education. Thus, it plays a much stronger role as initiator of macro-planning than one would expect on the basis of its formal tasks.

- Most stake-holders formulate key policies of higher education on a national level, i.e. not on the level of an individual Land.
- The newly established system of accreditation of course programmes is comprised by various agencies, and some of them are set up by individual Laender ; however, there is a national agency for accreditation which formulates guidelines for the various accreditation agencies and which accredits the agencies in charge of accreditation.

The Federal system in Germany (if Germans talk about the federal system, they do not mean the national level only, but the interaction between the national and the Laender level) is often seen as a weakness, as far as rapid political action for change is concerned. At times when government gives up detailed supervision and wants to steer through strategic target setting and evaluation, one might view this as strength. There are various mechanisms of macro-planning at place which ensure the macro-setting of the higher education system is constantly under scrutiny.

#### **4.2 Increasing Macro Target-Setting**

Germany undoubtedly belongs to those countries in which a reduction of procedural supervision and a strengthening of the university management has not led to reduction of macro target-setting. There is an emphasis on increasing market-regulations and increasing strategic responsibilities of the individual universities, but at the same time, we note more activities of macro-planning since the late 1990s than we could observe between the mid 1970s and the mid-1990s.

I do not aim to make an exact list of recommendations and decisions of the various strategic actors on macro-level. Also, I do not intend to establish the extent which these recommendations and decisions are really seriously pursued activities or whether they are merely declamations. Rather, I want to demonstrate the kinds of ideas of macro-planning put forward by governments or consultation or planning agencies which seem to be very popular :

- Most degree programmes at higher education institutions in Germany should be transformed into Bachelor and Master programmes until the year 2010.
- The total public and private expenditures of higher education and research should be increased to three percent of the GDP until the year 2010.
- To a certain extent, a concentration of fields of studies should take place within the overall German system. Universities should decide to widen their strong areas and discontinue those areas in which they are not very strong, thus creating an overall system in which in

most disciplines the number of institutions offering a degree programme is smaller, but the programmes existing would be better in quality and richer as far as the number of areas of specialisation is concerned.

- There should be a stronger concentration of research funds and research activities on a smaller number of high-quality universities. Some universities should be designated as elite universities and receive special funds for a couple of years.
- The enrolment ratio in higher education should increase by at least one percent each year.
- The number of foreign students at German institutions of higher education should increase from about 10 percent in the year 2000 to about 20 percent in the year 2010.

Clearly, goals of these kinds suggest a growing strategic “courage” on the national and the Laender level. There is a growing importance of the “market” in terms of incentive mechanisms in the relationships between government and higher education institutions as well as within higher education institutions, but the future of the macro-setting of the higher education systems is not expected to be determined strongly by the “invisible hand”.

## **5. New Mechanisms of Macro-Steering and Coordination**

The reduction of process supervision by government calls for new mechanisms of macro-steering and coordination. Some of them deserve attention.

### **5.1 Structural Commissions**

Various Laender established a higher education commission or “structural higher education commission” for the purpose of undertaking a review of the existing overall structure of the higher education in the respective Land and to formulate recommendations about the quantitative and structural development of overall higher education system of the Land, of the various disciplines and of the individual higher education institutions. As a rule, the higher education institutions of the individual countries were asked to prepare materials, possibly write self-reports about their institutional strategies and were asked to open their doors to the commission. Commissions, appointed merely for a single report, might recommend for example that certain institutions should be merged, that some fields of study should be extended and others be cut, that universities should enlarge certain areas, improve quality in certain areas and close down certain other study programmes.

Of course, the government of the respective Land can handle the reports of such a commission differently. In North-Rhine Westphalia, the largest German Land, the prime minister as well as the minister in charge of higher education jointly set up such a committee. The government had given a guarantee prior to this consultation process to all public institutions of the higher education that not a single one would be closed in the near future, but it asked the

commission to formulate very specific recommendations for possible mergers of institutions and possible closures of study programmes. Behind the scenes of commission meetings which were open to representatives of the higher education institutions, key members of the commission and the ministry discussed possible institutional mergers and possible closures of study programmes. Therefore, the recommendations can be viewed as the result of the consultation process between the experts and the government. Actually, the Commission recommended the merger of two universities and the closure of several dozens of study programmes. Shortly after the publication of the recommendations, the ministry arranged a consultation process with the universities, and less than half a year after the publication of the recommendations, the ministry published a decree ordering the single merger suggested as well as the closure of a substantial number of study programmes whereby the list of study programmes to be closed corresponded to about 90 percent to that of the recommendations by the commission.

In some Laender, the establishment of such a commission was undertaken, because the government of the respective Land wanted to do some realignment of the higher education system in order to counteract weaknesses of the past, before the individual universities become key strategic actors themselves and thus could take over strategic responsibilities in a decentralized way. In those cases, macro-planning was viewed as the final major steering action before the decentralization of responsibilities. But one should not be surprised to find out in the future that macro-planning with the help of such structural plans will go on and might play even a stronger role.

## **5.2 Contracts**

Whereas the structural commissions are not viewed as a periodic instrument, several German Laender have decided to sign contracts with the individual higher education institutions regarding the targets to be achieved over a period of several years. The concurrent negotiations of such contracts for a period of three years or somewhat more are an instrument for the government to substitute the detailed supervision of the past by a combination of goal and outcome oriented funding of individual higher education institutions with a targeted macro planning of the quantitative and structural development of higher education.

It is still premature to make sweeping statements about the extent to which top-down or bottom-up movements dominate in this process of preparation of the contracts. It is also premature to assess the extent to which the institutions of higher education will face substantial sanctions if the results differ visibly from the targets.

## **5.3 Accreditation and Approval**

The reform of the Higher Education Framework Act of 1998 stipulated that a new system

of accreditation should be established for study programmes of the new bachelor-master structure. In comparison to the prevailing procedures in the past, according to which the Laender governments reviewed the so-called “examination regulations” of individual study programmes of individual institutions of higher education according to their compatibility to national curricular frameworks as well as possibly to according to other criteria of educational planning such as available resources, social demands and labour market prospects, a more rapid procedure should be established of accepting more diverse curricula.

A national accreditation agency was established in cooperation between the Laender governments and the institutions of higher education with the aim of establishing guidelines for accreditation and of accrediting those agencies actually undertaking the accreditation of individual study programmes. The establishment of this new accreditation system was praised by many representatives of university management and many academics as strengthening university autonomy and academic freedom with respect to curricula. But the Laender governments reserved themselves substantial rights regarding the accreditation process, and they are in the position to decide whether they keep a procedure of approval in which they examine the accreditation and possibly take into consideration additional criteria of macro-planning.

## **6. Concluding Observations**

The reforms of steering and management of higher education both in Japan and Germany intend to strengthen the power of the university management and to increase the role of market and incentive mechanisms. The changes implemented in those directions are substantial in terms of strengthening the university management as a strategic actor and in terms of diminishing the power of the academic profession. There are indications, though, that these changes might be over-interpreted as far market-steering or decentralized steering of the macro-development of the higher education system is concerned.

In Germany, we note that governments aim to keep a substantial role of macro-steering and that they develop new modes and procedures in tune with their withdrawal from detailed process supervision. We also note at second glance that universities might not achieve more “autonomy”, but rather more leeway for action in a more complex setting of actors. Though the managerial power of university presidents in Japanese universities seems to be more visibly strengthened in 2004 than that of German university presidents, a close look at the totality of mechanisms of steering and management might suggest that the sector of national universities in Japan moves into the same direction as the higher education system in Germany as far as the balance between macro-steering and the strategic potentials of the individual universities are concerned.

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# Higher Education Reform in Japan and Germany

—Are We Heading for the Same Direction? —

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Everywhere in the world, higher education is faced with the need to change in its idea, organization, and in its relation with the state. Some of the changes are so fundamental that the long-time tradition lasting for centuries may have to be practically abandoned. Higher education in Japan has been changing substantially, especially through the recent “incorporation” of national universities. Meanwhile, there is a wave of reforms among German universities since the end of the 1990s.

What are the similarities between the two countries in the reform of higher education? What are the differences? Why do they have to be similar or same? These are the questions that I would like to address in this paper. Naturally my knowledge in German cases is severely limited and my arguments will be hypothetical at best. I will be most grateful for corrections of any errors that I will inevitably make in this paper.

In the rest of paper, I will characterize the Japanese national universities and German universities under the title of “State-Facility Model” and analyze why university of that mold is facing with particularly serious crisis (Section 1), summarize and compare the recent developments in higher education reforms in the two countries (Section 2), and then discuss the implications of the comparison (Section 3).

## 1. State-University Relation in Perspective

### State-University Relation in Perspective

There are three major dimensions on which the relation between government and university is analyzed : state control of university, the financial resources given by government to university and the power given to academics in university. Also, there are three major types of State-University Relation : State Facility, Corporate and Public Corporation. The three types can be characterized along the three dimensions as presented in Table 1.

*State Facility* model refers to the German universities and Japanese national universities. Universities of this model are essentially one of the government facilities, or a part of government organization. It has to be financed by the government, even though it may charge user fees or registration fees. On the other hand, the institutional governance is dominated by the academic members through participatory decision making processes.

**Table 1. State-University Relation**

	State Facility	Public Corporation		Corporate
		I	II	
	Germany Japan(National)	UK	US(Public)	US(Private) Japan(Private)
State Control	A part of government organization	Independent from government	Independent from government	Independent from government
Funding	Government Subsidy	Government Subsidy	Government Subsidy	Endowment Tuition
Institutional Governance	Academic and Participatory Governance	Academic and Participatory Governance	Layman Control by Board of Trustees/ Governors	Layman Control by Board of Trustees/ Governors

In this sense, this model inherently involves a dual structure. On one hand, it is a state organization ; on the other it is a guild among academics. The double definition is clearly seen in the German Higher Education Comprehensive Law (Hochschulrahmengesetz) of 1985, which defines university as a state facility (staaaliche Einrichtung) and a guild based on public Law (Koeperschaft des oeffentlichen Rechts).<sup>3</sup> Even though Japanese Education Law did not specifically define the nature of legal status of national universities, it was commonly understood that national universities have similar aspects. Inevitably, the dual character created chronicle tension between state and university. Consequently, one of the major and long-lasting debates over higher education in both countries has been which of the definition should be given precedence over the other

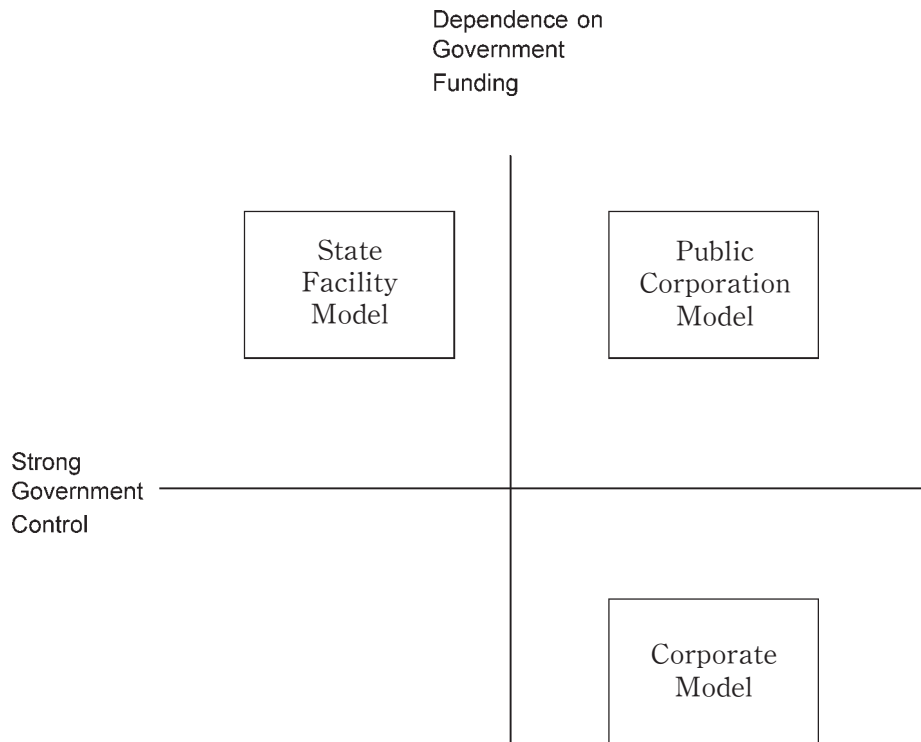
*Corporate* model is situated opposite to the State Facility model. Private institutions in the U.S. and in Japan fall in this category. A university of this model are established by a group of voluntary citizens who contributed to make the necessary basic fund. It is then governed by a group of private persons, who are entrusted to manage the university. The group is called the Board of Trustees, and it constitute a corporation. The university is therefore given minimal control from the government. The relation was legally established by the Dartmouth Case in the early 19th century. Financially, such universities are dependent on endowment and tuition and other revenues.

*Public Corporation* model is situated in between the State Facility and the Corporate Models. British universities and American public institutions fall in this category. As a social organization, university of this mold is independent from the State. On the other hand, university is financially dependent on government. With respect to the mode of institutional control, this model is further divided in to two sub-models. The British model is characterized with strong

3 Article 58, German Higher Education Comprehensive Law (Hochschulrahmengesetz) 1985.



**Figure 1. Relative Position of the Three Models**



academic participation in the institutional governance, even though this tradition is changing recently. In the American model, universities (sometimes organized into a university “system”) are controlled by Board of Governors, in which academic members are given nominal representation.

The relative characteristics of the three models will be better understood in Figure 1, where the three models are located in the space created by combination of the first two axes, i.e., Control and Finance. The State-Facility model is situated in quadrant I, while the Public Corporation Model should be located in quadrant II, and the Corporate Model in quadrant III. One thing to be noted in this typology is that the recent reforms of higher education tend to involve movements from left to the right on the two axis in the Figure. An if we draw the same picture along the axis of institutional governance, it should be also from left (Academic/ Participatory) to right (Layman Board). It is also interesting to note that even the private institutions in the U.S. and in Japan, even though situated towards the right in all three axis, appear to be moving towards the right in all the three axis. Also, in the U.S. and Japan, the emerging new player in higher education is for-profit institutions. They operate under minimal regulation by the government, they do not receive government subsidy even in the form of tax-exemption status that private institutions enjoy, and there are no academic members of the institution in the strict sense since many of the faculty members are part-time professional

## **The German model and Japanese Version**

The State Facility model was created by the birth of Berlin University in 1810. That the model Since then the stayed as one of the major models of university shows how it has been effective in providing research and education for the modern society. In this sense, German universities and Japanese national universities share common characteristics. Nonetheless, Japan adopted the German model more than a century ago, and German universities have gone through significant transformation, especially after WWII. There should be significant differences between the two cases.

Before going into detailed discussion it is important to set the two cases in a wider context of the structure of higher education system Japan has a large sector of private institutions of higher education, which is practically non-existent in Germany. Higher education institutions in Japan are highly differentiated in selectivity and prestige, whereas such differentiation is much less discernable in Germany. The principle of universal service among government facilities appears to be one of the factors hindering differentiation. On the other hand, there is a large sector of non-university higher education, or Fachhochule. The non-university sector in Japan, Special Training Schools (Senshugakko) enroll a significant number of students, but their difference from four-year universities is substantial. For mostly historical reasons, Japanese national universities are part of the national government, while German universities belong not to the national government but to the government of each State (Land).

With respect to the organizational relation between state and university, the German and Japanese national universities are parts of government, and the academic and non-academic employees are public employees. The organization and persons in the universities are subjects of executive directions for performing their tasks. Beyond that, there are some differences. One major difference is the recruitment process of academics : in Japanese national universities the faculty meeting selects a candidate and the candidate will be seldom rejected by the government ; in most State of Germany universities are requested to present a list of candidates, and the government is given discretion of choosing the one to appoint.

The second aspect is finance. In both cases, the finances of universities constitute a part of the national budget. They have to be approved by the legislative bodies as a segment of national (State) budget, which includes number of employees in each university. The expenditures, categorized in each line item, have to be spent as it is designated, and the usage receives national auditing in the same way as the other government organizations. The major difference between the two cases is the independency of higher education. With Japanese national universities, the revenues and expenditures of all the institutions are grouped together to constitute a National Schools Special Account, which constitutes a segment of the national budget. In most German States, in contrast, expenditure items for universities are expressed as individual lines

in the State budget - it is therefore difficult to assess directly from the budget what kind of, and how much of, expenditures are directed to universities as a whole or to an individual university. Moreover, Japanese national universities had substantial amount of income in the form of tuition, which German universities have so far have not been allowed.

With respect to internal governance, the two cases are characterized with participatory decision making among academics. There are, however, subtle differences beyond that. In Japanese national universities, participation in decision making is limited to the members of faculty meeting, which exclude technical staff, administrative staff, and students. German universities, in contrast, allow participation of non-academic members and students in the Senate. On the other hand, the coverage of the faculty meeting appears much wider than that in Germany. Many young faculty members are given the status of Associate Professor with tenure, and their power and responsibilities are virtually indistinguishable from those of full professors. In German universities, full professors still enjoy a significant room of discretion.

Through these observations, I am tempted to argue as follows : The separation between state and universities tended to be clearer in Japanese national universities - the universities are given stronger power in appointment of academic staff, and the finance of each institution was defined clearer. On the other hand, the freedom of individual academics, especially the full professors, appears to be stronger in national universities. It is probably related to the relatively high mobility among academics in German Universities. How these differences affect future changes is an interesting topic.

### **State-Facility Model as a Logical Construct**

Even since its establishment in the early 19th century, the State Facility model has been influential to affect virtually any higher education system in the world, and robust enough to stay as a basic structure for two centuries. It is based on a logical construct called the Humboldtian idea. I argue that the State Facility model comprises three major elements.

- 1) The ultimate mission of the state rests on establishing a body of culture.
- 2) For that purpose government collects resource through tax system, design a higher education system to support the plan.
- 3) Each university should be given the freedom to develop their own ideas for the sake of knowledge. This will serve the state best.

It should be observed that this logical construct is critically dependent upon that the freedom given to academic research in pursuit of knowledge for its own sake will eventually lead into the perfection of culture, or the purpose of mankind and its society. In other words, point 3) in fact leads into point 1). The assumption, on the other hand, provided an ample justification for the government to invest large amounts of public funds to universities. Given the resources, the

universities in fact succeeded in availing substantial academic achievements/

In the following two centuries the basic logic remained unchanged, except for that the construct covered increasingly greater sphere of social life. The mission of government extended, with the development of capitalism, to the promotion of technological basis of economic development, and then to the expansion of opportunities of higher education in the era of Welfare State.

Accordingly, the government had to assume increasingly wider ranges of activity. In order to satisfy the needs to support economic growth, the government had to develop a mechanism to collect necessary research. In order to respond to the need of the Welfare society, the government had to assess the social needs comprehensively. Moreover, in order to translate those needs to specific action of establishing new institutions or departments and finance them, it had to have the capacity of intricate planning. The government was also responsible to secure the financial resources to support all of those activities.

These developments naturally lead significant changes in universities. The number and size of institutions increased dramatically, and universities become to require huge amounts of financial resources. On the other hand, the participatory decision making system remained basically intact.

Today, the logical construct of the State-Facility Model remain basically intact, but the social environments have changed dramatically.

## **2. Crisis of the State-Facility Model and Higher Education Reforms**

The logic of State-Facility model, so successful in the past two centuries in accommodating the significant changes is now facing a serious crisis.

### **Crisis of the State-Facility Model**

One significant factor is the advent of marketization. Aside financial crisis brought about by exponential increases in social spending, the ideological tide of “new liberalism” has been acquiring considerable momentum in Japan as elsewhere in the world. Either accepting the new liberalism or not, it appears to be the case that the increased diversity and complexity of the modern society and its needs necessarily made centralized decision and control less effective. It is argued then that many social services that have been provided directly by the government should be moved to the realm of market for the sake of efficiency. This argument can be directly applied to higher education. The basic premise underlying the role of government in higher education has been that government is the best agent to capture various needs of the whole society. The government then plans and implements various policies to satisfy the needs through its involvement in higher education. This premise, however, appears less plausible

when social activities become increasingly diverse and industrial development less predictable. Meanwhile, the financial resources that the government can bring into higher education are becoming more scarce. The government appears as if it is losing the ideological and fiscal grounds to be the sole or primary agent intermediating the exchange between the society and the university.

Second is the coming of what might be called the Knowledge Society, where knowledge assumes increasingly central role in society. Fierce competition over technical innovation has made it inevitable that research and development become critically important for the success in the market. Knowledge, whose creation and transmission has been the central task of the university, is going to take the central role in the economy. It does not imply, however, that the society will become more generous to the present universities. On the contrary, the society will be more likely to be critical about their ability to respond to the challenge. Since the needed knowledge may be very different from the traditional academic knowledge, the universities will face serious difficulty in responding to those needs. In fact, knowledge is produced and transmitted in various forms and at various locations, often outside the University. Even basic researches take place in business firms. Various forms of business firms have been developing to produce knowledge and make profit from it. University can no longer enjoy monopoly in advanced and specialized knowledge.

The third factor is globalization. Under lowered barrier for international trades, financial capital and production equipment can travel easily from a country to another making it possible for many countries in participating production of sophisticated goods. Relative strength of a nation's economy, or its competitiveness, then rests on its ability to create knowledge and accumulate it. At the same time, the direction of economic growth has moved from the manufacturing to the services sector, which is essentially a production of human services based on various kind of knowledge. For many countries, maintaining a high level of competitiveness in international trade appears to be essential for economic well-being or even for survival ; and in order to foster competitiveness the knowledge transmitted and created in the university is essential. Moreover, the services rendered by university are becoming increasingly mobile. Not only the students move across national borders, but the universities are moving across borders to recruit students. E-learning technology made it possible for the universities to offer courses overseas. In a word, there are growing global markets of higher education.

These arguments can be heard anywhere in the world, but they cause particularly acute sense of crisis in Japan. Marketization argument threatens the delicate balance between the government and private sectors of higher education, as it has been always a controversial issue ever since the creation of higher education in Japan. If the underlying agenda of Knowledge Society lied in the increased involvement of research and education in market exchanges, then

the Humboldtian principle of Academic Freedom and aloof academic pursuit that constituted the backbone of Japanese research universities will have to be questioned. With the advent of globalization, Japan is threatened on the one hand by China and other low-wage countries in the market of manufactured goods, and on the other by the U.S. and other English-speaking countries in the trade of services including higher education - at both ends, competitiveness of Japan has to be questioned. There is growing awareness that the past social and economic structure that enabled the past success in catching up the West may be losing its ground in the face of those new trends. Japanese society has to find a new mechanism of growth, in which higher education should assume critical roles.

### **Reforms in Japan**

Since Japan went into a serious economic stagnation in the mid-1990s, the pervasive political ideology pointed to the reduction in the role of government in economic and social activities either in the form of regulation or direct involvement. In the agenda of the reforms along this line, higher education assumed a central position for its symbolic value.

Over the last decade of the 20th century, there have been steady developments towards de-regulation. It was mentioned above that the Standards for Establishment was simplified substantially. In addition, various regulations and requirements concerning higher education have been either substantially simplified or abolished altogether. For example, the requirement of at least twelve years school education before entering institutions of higher education is no longer insisted, allowing some students to “jump” to university before completing high school. It is also possible now to enroll in graduate courses after three years in undergraduate course. Requirements on facilities of universities have been substantially lessened. One area of deregulation that remains controversial has been admission of for-profit higher education institutions in the national system of education. Under the current School Education Law, only non-profit “School Juristic Person” can establish legally defined *schools* including higher education institutions. Many proponents for deregulation are now proposing to remove this requirement. When the Economic Advisory Council under Prime Minister Koizumi proposed its “Action Plan” in 2002, legalization of for-profit university was listed among the prioritized issues. While it met staunch opposition from the Minister of Education, the issue is hardly settled down.

A reform that has already been made into concrete changes is incorporation of national universities, which has considered legally as a part of government organization even though they were given substantial autonomy in academic matters. The governance and finance of national universities have been criticized from inside as inflexible and from outside as inefficient and irresponsible to the needs of changing economy and society. Moreover, as it was mentioned above, there has been a strong sense of resentment among private institutions about the privi-



leged status of national institutions.

In 1996, the government under Prime Minister Hashimoto made restructuring of the government organizations a major political agenda. It encompassed every part of government activities including higher education. "Privatization" of national universities was frequently mentioned in government committees. Under the following Prime Minister Obuchi it was made a formal decision of the government that the legal status of national universities be changed to an Independent Administrative Agency, which serves the public purposes but is organizationally independent from the government. Subsequently an expert committee including representatives from the national university issued a report in the summer of 2002 providing the basic outlines of the new body named National University Corporation. In 2003, the National University Corporations Law was passed in the Diet, and each of the national universities will become a National University Corporation by the spring of 2004.

Under this law, National University Corporation (NCU) will be an independent entity legally separated from the government. It will be governed by the President and the Executive Board, on consultation with the Academic Board and the Administrative Board. The President will be selected by the Selection Committee and appointed by the Minister of Education. The government provides subsidy to NCU based on prescribed formulae, and the NCU administers the budget in similar accounting system to private firms. The subsidy will be determined in the framework set by the six-year Middle-Term Goals and Plan approved by the Minister. Achievement of the Plan will then be evaluated and reflected in the following Middle-Term Plan and in the level of government subsidy.

There have been various criticisms against this scheme. One of the major concerns is the unusually strong power concentrated on the President. The President, together with the Executive Board members that he appoints, makes basic decisions, while at the same time he acts as the chief executive - there is no internal organization, such as Board of Trustees in private institutions, to supervise the President and his staff. On the other hand, the Ministry of Education will retain decisive power in approving the Mid-Term Goals and Plan that would bind the administration legally and fiscally. Meanwhile, the traditional authority given to the Faculty Meeting or Academic Council may be curtailed substantially.

Since many of the internal procedures for decision-making are left for individual institutions to design, the actual practice of governance may turn out to be less radically centralized than the law appears to stipulate. At least, it will take some time before the new system of governance and finance will take roots. How these changes will affect the organizational behaviors of national university is unclear, but at least it is likely that the national universities will become more aggressive in acquiring their own standing in the market, and as a result become more divergent in their identity and mission. That will inevitably recall the persistent issue of the

validity of differences in mission between public and private institutions.

### **Reforms in Germany**

In contrast to Japan, it is difficult to draw a clear picture on the development of reforms in Germany. Because universities are governed by each State, there are substantial variations among individual States. Basic Law of Higher Education issued by the national government signifies what are politically conceived the main issues and challenges for higher education reform, but the law itself does not dictate the change itself.

The first wave of reforms, especially in the relation between state and university, seem to have started with the Framework Act for Higher Education (Hochschulrahmengesetz) of 1985. This law, among other things, emphasized the need of increased variation among higher education institutions and competition among them. Consequently it emphasized the need for increased discretion of individual institutions over educational programs. Introduction of the outside funding was liberalized. Probably the thrust of reforms came with the introduction of governing scheme under a President, who can presume greater responsibility, rather than a rector.

The second and most recent wave came with the Framework Act for Higher Education of 1998. The forte of this law was a keen sense of serious challenges that the higher education is facing to keep up competitiveness in global setting of economic competition. The law clearly stated that such challenges should be met by deregulation and increased competition among higher education institutions. In order for the universities to transform in such directions, the law made a few specific stipulations allowing for introducing such means as state evaluation system for universities, state funding linked to achievement indices. Most important of all, it in effect eradicated the old clauses defining the mechanisms of institutional governance, thus allowing for rooms of changes in this respect.

Following this law, there have been various attempts of reforms. Some of the reforms were undertaken as the policy of the States. Some others, have been undertaken as an experiment of a particular type. So far, there has not been any systematic assessment of those attempts, at least published in English language.

## **3. Elements of Reforms**

### **Legal Relation with the Government**

The most outstanding implication of incorporation after the University Corporation Law in Japan was the obvious transfer of the legal status. It is no longer a part of government organization ; consequently the status of the academic and administrative staff was moved from public employee to the employee of the particular National University Corporation. The

president is the legal employer, and assumes the accompanying responsibilities.

In Germany, the Basic Law of 1998 made it possible to establish a university in other form than a facility of government. So far, there have not been cases where existing universities shifted their type of establishment based on this provision. An attempt to change the legal status of existing university is “Foundation University” (Stiftungsuniversität) that the Higher Education Law of Lower Saxony, as revised in 2001, made possible. Ostensibly, universities established under this clause appear to be independent from the government. In fact, however, the Higher Education Law categorizes this type of university as one of the national universities (Hochschulen in staatlicher Verantwortung), as contrasted to Non-National universities, and stipulates (Article 1) that it is under the responsibility of the state government.

## **Finance**

Compared to the change in legal status, the change in funding arrangement is less clear. In the case of Japanese National University Corporation, the government subsidy is given to university in lump-sum, without any specification on particular expenditure items. That eradicates, on theory, on the number of employees that university can take.

The level of subsidy is linked with a set mid-term objectives and mid-term plan, which are set for a 6-year period through negotiation between the government and the university corporation. The degree to the extent that such objectives have been accomplished will be achieved towards the end of the 6-year period, and the results from the evaluation will be the basis of the negotiation for setting the next set of objectives. Apart from this, the performances of the institutions will be assessed every year based on a set of quantitative performance indicators.

Similar reforms have been seen in Germany. There have been attempts to integrate some of the expenditure lines. The fully integrated budget in the form of lump-sum block grant, or (Globalhaushalt), has been seen in a few States since the beginning of the 1990s. Another reform was introduction of explicit government funding based on explicit formula, which involves demand indicators such as numbers of teaching staff and students. In many cases the formula also involves some types of performance indicators, including number of graduates. The formula-based funding started in the state of North-Rhine-Westphalia, and followed by a few states including Hessen, Lower Saxony, Baden-Württemberg and Rheinland-Pfalz. There are also attempts, in Bremen and Hamburg, to strike a contract between State and University covering policy objectives and necessary funding to achieve them.

These comparisons reveal that the reforms in the two countries share a few elements.

## **Institutional Governance**

Most profound changes brought out by National University Corporation Law was in the area

of institutional governance. The head of institution, presiding over both academic and administrative matters, is clearly designated as the President of the institution. The president appoints a limited numbers of Directors, who constitute the Board of Directors. The president has to go through the Board for important Decisions. The president also has to consult with Academic Council for academic affairs and with Management Council for managerial decisions. The former comprises constituted with academic members of the institution, while the latter has to have members from outside the university who constitute the majority.

In the case of Germany, introduction of President, as opposed to Rektor, by the Framework Law of 1985 which allowed even non-academics from outside of the university symbolized a move towards a model of the head of institution more engaged and professional in management of university. The Framework Act of 1998 eradicated stipulations on the form and arrangement of governance and management of university, obviously with the purpose of allowing and encouraging new and innovative frameworks. Following this revision, waves of changes have been made with State Framework Acts and consequently in the scheme of individual universities. It is difficult to summarize the changes in a compact sentence, partly because the Framework Law abandoned standardization and the States in fact varied substantially in the new arrangements and in terminology. It should be pointed out, however, the changes involve a few common elements, including strengthened power given to the head of institution, establishment of executive boards assisting the head, decreased direct participation among academic and non-academic members, and increased participation in management from outside the university.

Thus, there appear to be common elements of change in this direction. The traditional participatory decision making is becoming obsolete ; the power of the president or rector and the executive bodies are strengthened, and the participation of lay members is strengthened.

### **Emerging Issue - Accountability Instruments**

One emerging element that has never been involved in the traditional State-Facility model is the instruments to assure accountability in supporting and controlling higher education institutions. It took the form of evaluation of university.

In the case of Japan, the report of University Council advised the government to establish a national body for academic assessment. Subsequently, a National Institute of Academic Degrees was established in 2000, primarily to undertake assessment of academic achievement of national universities. It had a trial assessment exercise which lasted from 2001 to 2004. The assessment was undertaken in three fields ; i.e. thematic evaluation of institutional achievement, assessment of research achievement in selected sample institutions, and assessment of education again in selected sample institutions. The reaction to the experiment has been mixed, the major criticism being the excessive time and cost to be expensed for assessment.

The assessment exercise is supposed to provide the basis for the envisaged assessment of achievement of mid-term objectives, which is designed to be the critical factor in the scheme of National University Corporation. The details of the scheme of evaluation and its integration with the funding, however, are not clear yet.

In Germany, academic evaluation from outside the academic has been rather a delicate issue. The Framework Act of 1998, however, stipulated that assessment scheme has to be established in every State. Following this provision, many States established their own organs for evaluation. It is not clear, however, how this scheme will be integrated with the state control and financial support of universities.

The above observation shows that both in Japan and Germany, academic evaluation has become one of the critical policy issues in the late 1990s, when significant change was envisaged with the State-Facility model of university. In both countries, the prospect of being evaluated from outside the university created a sense of anxiety. Nonetheless, assessment is not integrated in the reform as an instrument for providing accountability after direct state control is relaxed.

## **Conclusion**

The arguments above indicated that the recent reforms in Japan and Germany share many elements. That, however, raises numerous further questions. Let me pick up three points.

First, are the Japanese national universities and German universities departing from the traditional State-Facility model? If they are, what are the models that they are eventually arriving? Will the final destination be the Corporate model, and the universities are converging into the American private institutions? Or is there any place in between, as the Public Corporation Model appears to indicate. It should be pointed out, however, that the institutions in the Public Corporation Model seem to be moving quickly from the present scheme.

Second and related question is the sustainability of the present reform. One of the impressions that one may get from the comparison between Japan and Germany is that the present reforms are more or less ambiguous in their design and consequences. Moreover, many elements of the reform are unrelated, or at least not integrated enough to constitute a coherent system. What are the critical elements that are lacking for the present reform to advance to the next stage? If there were any suggestions made from the other countries in this aspect, the recent development of policy instruments for providing accountability in the U.K. seems to be important.

Third question is whether the Japanese and German systems of higher education would become more similar or different through the envisaged changes. The above discussion indicated that the two systems are employing similar elements of reforms. Moreover, one is bound to

thin that the increased freedom and responsibility given to individual institutions in Germany will necessarily increase differentiation among institutions. Increased emphasis on evaluation in Japanese national universities may urge the institutions to increase differentiation of salaries among researchers, and the increased dependence on external sources may lead to the increases in non-tenured staff. On the other hand, the differences in tradition may create different reactions to the reforms, which may result in still new dimensions of difference.

One thing, however, is certain. Once departed from the State-Facility model, both the Japanese universities and German universities have started a voyage without reliable map. We had better exchange information on where we are and where we are heading.

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# Outline of Workshop

An International Workshop on Higher Education  
HIGHER EDUCATION REFORM IN JAPAN AND GERMANY  
Transformation of State-University Relation

**Organized by :**

Japan Association for Higher Education Research  
Center for Research and Development of Higher Education, The University of Tokyo  
Chair of Higher Education, School of Education, The University of Tokyo

**Date :** 14<sup>th</sup> June, 2004

**Place :** Conference room #1, School of Education, The University of Tokyo

**PROGRAMME :**

**Session 1**

Chair : Prof. Masayuki KOBAYASHI  
(Associate Professor, Center for Research and Development of  
Higher Education, The University of Tokyo)

1 : 00-1 : 10 Opening Remarks

Prof. Masayuki KOBAYASHI

1 : 10-1 : 50 Reforms of Higher Education in Germany

Prof. Michael DAXNER

(Professor and Former Rector, Oldenburg University)

1 : 50-2 : 30 Reforms of Higher Education in Japan

Dr. Hitoshi OHSAKI

(Director, Inter-University Research Corporation, National Institutes for  
the Humanities)

2 : 30-3 : 00 Coffee Break

## Session 2

Chair : Prof. Morikazu USHIOGI (Professor, Obirin Univerisity)

3 : 00-3 : 40 Changing Role of Government as System Coordinator and the Consequences for the Universities.

Prof. Ulrich TEICHLER

(Professor, University of Kassel and the University of Hiroshima)

3 : 40-4 : 20 Reforms in Higher Education in Japan and Germany - Are We Heading for the Same Direction?

Prof. Motohisa KANEKO

(Professor, The University of Tokyo)

4 : 20-6 : 00 Discussion

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Prof. Dr. Michael Daxner is a professor of sociology of higher education in the University of Oldenburg (Germany). He was former president (1986-98) of Carl von Ossietzky University of Oldenburg. He works with many international academic organizations for examples, CRE (The European Association of Universities), CC-HER (The Higher Education and Research Committee, Council of Europe) and IAUP (International Association of University Presidents). He has many works on higher education, in particular, on mass higher education, personnel system of higher education, student financial aids (Bafög), and university/industry cooperation.



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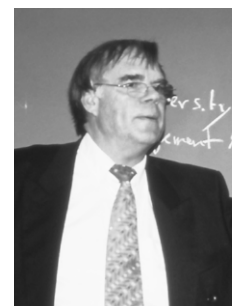
Dr. Hitoshi Osaki was former director of the Center for National University Finance and Management. He is now the Director of the Inter-University Research Corporation, National Institutes for the Humanities. He was former director of the Agency for Cultural Affairs, the Ministry of Education, Science, and Culture, too. He has excellent works on the historical study of university reform in Japan, a comparative study of university finance, and so on. He is recognized as an opinion leader of higher education reforms in Japan.



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