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PILOT PROJECT ON REGIONAL CO-OPERATION IN REFORMING HIGHER EDUCATION (SPONSORED BY EC/PHARE)

SEMINAR V: HIGHER EDUCATION POLICY FOR ECONOMIES IN TRANSITION NATIONAL STRATEGIES AND FUTURE DIMENSIONS FOR REGIONAL CO-OPERATION

BRATISLAVA, SLOVAK REPUBLIC, 7-9 SEPTEMBER 1994

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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Foreword

The success of economic transition depends on popular support, and education is a key area for achieving this end. If the current trend of decentralisation is to be successful, it will require a change in attitudes and development of management and decision-making skills and the reinstatement of democratic processes at the regional, local and institutional levels. The pace and content of change can be accelerated if educational reforms are demand led and include a wider use of competency-based learning systems that focus on achieving outcomes.

A long-standing activity of the Centre for Co-operation with the Economies in Transition has been Education and the Economy in Central and Eastern Europe. This activity has been carried out in co-operation with the Directorate for Education, Employment, Labour and Social Affairs and has addressed specific short- and long-term problems identified by the CEECs and has led to a series of education reviews and follow-up seminars. The causes of these problems are very different from those of OECD and European Union Member countries, but the form if not always the substance of the problems themselves is not that dissimilar, for instance the need for clarifying a policy agenda for reform and implementing changes in institutions and patterns of thinking and behaviour.

This series of five seminars on higher education has been made possible by a grant from the European Commission PHARE on themes selected by the CEECs with the twin objectives of promoting the regional co-operation necessary for establishing viable systems and policy for higher education for the transitional and post-transitional periods; and discerning the areas in which PHARE can make optimum investment in higher education programmes in 1995 and beyond.

This, the fifth and final seminar of the series dealt with higher education policy for economies in transition and strategies for future multi-country co-operation. In addition to the seminar papers, this volume contains a report on the entire project and project proposals to be presented to Regional PHARE.

I should like to thank the Ministry of Education and Sport of the Republic of Slovenia, the Ministry of Culture and Education of the Republic of Estonia, the Ministry of Education of the Republic of Romania, the Ministry of National Education of the Republic of Poland, and the Ministry of Education, Sport and Science of the Slovak Republic for their assistance in the realisation of this project. Further thanks are due to the many experts in the OECD, European Union and CEEC countries that have contributed papers to this series of seminars.

This is published on the responsibility of the Secretary-General of the OECD.

Salvatore Zecchini
OECD Assistant Secretary-General
Director of the CCET

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REGIONAL CO-OPERATION IN HIGHER EDUCATION

Strategic Seminar on the Government Role in Higher Education
Bratislava, 6-9 September 1995

Rapporteur's Report

The first day of this seminar, the last in a series of five strategic seminars organised by the OECD within the framework of the EC-PHARE pilot project on Regional Co-operation in Higher Education, was given over to a discussion of the government role, and more specifically, the scope for governments to steer or guide higher education development. Presentations from nine countries -- the *Slovak Republic, Hungary, Poland, Bulgaria* and *Estonia* from the transition economies and the *United States, Japan, Belgium (Flemish Community)* and the *United Kingdom (England)* from the Organisation for Economic Co-operation and Development (OECD) -- provided descriptions of the country situations as well as critical appraisals of overall strategies and approaches adopted by governments in the countries concerned.

As might be expected, the country experiences span a wide range of structures, circumstances and traditions. Nonetheless, there are a number of common issues and concerns about the role of government and about the need to develop more effective national strategies to ensure reform and development in higher education systems.

Points of departure

In all countries, considerations of the nature and form of the role of government appear to emerge from several key factors.

The first factor, common to all countries, is a situation of *limited resources available for higher education from the public budget.*

The second factor is *a recognition of the need for change in higher education programmes, largely in response to developments in the economy and society*. What are the needs? Points raised in the presentations and discussion seemed to reinforce conclusions arising from the in-depth discussion at the previous seminar convened in Warsaw on "professional and social competence". Several participants at the Bratislava seminar drew attention to those skills and competences in which higher education, at present, seemed inadequately organised and staffed to provide appropriate instruction. Mr. Aims McGuinness (United States) reported that policy makers -- if not employers -- looked to higher education to approach teaching and research from an interdisciplinary perspective. Professor Jaak Aaviksoo (Estonia) argued that economies in transition require increased creative capacity, in addition to whatever competences are developed in narrow, specialised academic or professional fields. Dr. Anne Jones (England), in describing the needs and interests of non-traditional adult students, pointed out the complementarity of learning through work and learning in organised study programmes. This aspect was underlined by Professor Jerzy Deitl (Poland) as an essential feature of effective university/industry co-operation, i.e. the development, in students, of competences to function in and contribute to the evolving market economies in the Central and East European Countries (CEECs).

A third factor, not widely discussed in the seminar, is the *attention given to non-university higher education.* Several presenters drew attention to needs which are best met by non-university programmes. Professor Aaviksoo argued that non-university higher education was the weakest, but probably the most important, in its contribution to the economic transition. Professor Deitl also drew attention to this component in the higher education system. Mr. Marc Vansteenkiste reported on a new financing system in Belgium (Flemish Community), which is being applied broadly to both university and non-university higher education, taking into account differences in mission between the two segments. Professor Kazuo Kurimoto (Japan) described new regulatory interest on the part of the Ministry of Education, Science and Culture (Monbusho) in the rapidly expanding segment comprised of "special training schools". These schools provide instruction and practical training at upper secondary to advanced first degree level (depending on the field) for those seeking to enter a wide range of technical and service occupations. In the case of the United Kingdom (England), Dr. Jones drew attention to the links between "further education" and higher education: universities can "franchise" course modules to be delivered by further education institutions. These links are evolving and criticised in some quarters as a blurring of the distinctive roles and a challenge to quality in both the university and further education segments.

A fourth factor is the *changing roles for governments and new national strategies*. In every country, present arrangements have been found by governments and institutions to be inadequate. The recent experience in the U.S., where authorities in a number of individual States have moved to replace long-standing structures and governance arrangements (abolishing the state board in New Jersey; criticisms of the Master Plan in California), provides the most dramatic evidence from among OECD countries.

The presentations and discussion revealed a range of views on the question of the role of government. Here, the views reflected judgements about degree or extent of the role of government, in relation to the roles and responsibilities of institutions and students, as well as those of the private sector. In the central and eastern European countries, as described for the Slovak Republic by Minister Lubomir Harach, this issue was seen largely in terms of the relation between the Ministry and institutions, with concerns also expressed about the extent to which decision-making could be decentralised within institutions. The common view in most CEECs is that decision-making responsibility at the institution-wide level (rector and/or university council) should be strengthened.

There are parallels with, as well as differences between, the positions adopted in OECD countries. For example, in Japan Professor Kurimoto observed that recent attention to management of higher education institutions is aimed at building up participation in decision-making at the institution-wide level, in the hope that individual units will be encouraged to see their work in relation to the efforts of the university as a whole (this applies particularly to the national universities). The approach in Belgium (Flemish Community), as described by Mr. Vansteenkiste, is to lodge decision-making responsibility at the institution, with only indirect 'steering' through financing mechanisms and a broad and light regulatory framework.

Professor Deitl argued for greater decentralisation *within* institutions, a step which needs to be accompanied by a decentralisation in financing. That is, what is required is a framework within which revenues are generated by -- and provided to -- each "unit" according to enrolment and external funds raised. Professor Deitl's idea widened the consideration of the role of government beyond the state-institutional relationship to include a balancing of roles and responsibilities with other actors, most particularly those from industry. Similarly, in speaking of the need for "joint responsibility" for higher education, Professor Turowski (Poland) implicitly adopted such a wider view. Mr. McGuinness, in referring to the present view of policy-makers in the United States, seemed to express the views of many participants when he said that "the sum of institutional interests is not the public interest".

This wider view was apparent in the individual country presentations. Again, in reference to the United States, Mr. McGuinness drew attention to the balance among the influences of student, society/business and institution interests. Dr. Gusztàv Serfözö noted that, in Hungary, higher education

development will be independently influenced by the choices made by students, i.e. from the "demand" side. This point was also stressed by Dr. Jones, in describing the evolution of higher education in the United Kingdom (England). Further, the participation of and links with business and industry were described as important in Japan, where boundaries between the university and industry are, in some areas, "blurred" and in the United Kingdom (England), where financing as well as co-operative training and research initiatives are promoted, directly or indirectly, through government policies. The involvement and influence of students and business/industry are just beginning to emerge as an important consideration in policy development in the CEECs.

Approaches and Strategies

The presentations and discussion also provided a broad, if uneven, review of experiences with and ideas about the strategies and approaches adopted.

Financing

There was considerable attention to financing, described by Ms. Ewa Sieczek (Poland) as one of two "levers" available to governments (the other being regulation). Several interesting financing approaches -- and the rationales behind them -- were discussed. A component of the higher education reform underway in Hungary, as described by Dr. Gusztàv Serfözö, calls for the establishment of five separate "funds" for higher education, each to support an identified purpose. Three of the the funds are to make allocations to institutions on a competitive basis. Bulgaria has moved strongly to encourage institutions to draw external (mostly private) funds, through tuition fees and sales of expertise and services. This approach has been successful in attracting support from non-governmental sources, at least at some institutions (with revenues from external sources accounting for 25-35 per cent of the institutional budget). Minister Lubomir Harach (Slovak Republic) anticipates similar development: in the Ministry's Concept 2000 strategy for the development of higher education, the government "share" of higher education funding is expected to decline to about 80 per cent of the total.

Several country experiences revealed concerns about financing approaches as "steering" mechanisms. Funding in Poland was characterised as "complicated", and, in the United States, as "working at cross-purposes" (if not incoherent). This concern accounted for much of the appeal of the new approach adopted in Belgium (Flemish Community). There, according to Mr. Vansteenkiste, a new, simple funding formula was recently approved for implementation. The formula operates within a cap on the share of the public budget devoted to higher education and provides for competition among institutions for the funds available. Here, too, there were concerns about the actual effects of the incentives introduced and the conditions under which such an approach can work.

Ms. Sieczek argued that any financing mechanism will be weak in its effects on the development of programmes and institutions if the government has limited funds available, as is the case in most CEECs. Professor Aaviksoo took a different point of view: limited public funding which gives rise to the need for higher education institutions to obtain additional external funding could have the effect of stimulating institutions to be responsive. This is the view in Japan, according to Professor Kurimoto, where recent reforms are intended to rely on the "market solution".

Others raised more practical questions: to what extent do the effects of different funding approaches (formula funding; mix of public and private funding) depend upon the overall level of funding? How are weights or criteria in funding formulas established? What steps can be taken to arrive at agreement among institutions, the government and other interests on funding approaches (given that there will be winners and losers, as compared to the present situation)?

High level advisory function

Several countries referred to the use of high level bodies to advise the Ministry on higher education development matters. Professor Dr. Boris Galabov and Professor Turowski, from Bulgaria and Poland respectively, reported that councils established next to Ministers are serving this function in their countries. A similar approach has been used in Japan, where the University Council developed recommendations for the reform of higher education. Professor Deitl expressed the concern that such councils, useful as they may be, are neither fully accountable nor responsible for the implementation of their recommendations. Such a separation between the formulation of recommendations and the responsibility for addressing the implications for the implementation of the recommendations (resource requirements, etc.) can lead to unrealistic proposals.

A different approach has been taken in the Slovak Republic, where a long-term strategy has been developed in the form of a public discussion document, Concept 2000. The document will be used to stimulate thinking and debate among all interested groups and individuals in the country as a whole.

Regulation of universities

Interventions from the CEECs (with the exception of Professor Aaviksoo from Estonia) stressed the need for a supportive legal framework as a necessary condition for effective "steering" of higher education. Such a legal framework would set down the respective responsibilities to clarify decision-making within the system as a whole. Presentations from Mr. Vansteenkiste of Belgium (Flemish Community) and Mr. McGuinness of the United States indicated concerns within those countries about the possible rigidity of the regulatory framework. In the United States, current policy development is addressing ways to streamline state functions and open up structures which, while they have served the States well, now are seen as overly restrictive and inflexible (the widely-studied California Master Plan was given as an example of a framework which recently has been criticised for its inflexibility).

Co-operation

Several presentations and interventions from CEEC participants referred to international co-operation as a key element in the overall strategy for the reform of higher education. Internationalisation figured in the discussions of earlier strategic seminars, in particular those convened on 'quality assurance' (Lubljana) and 'mobility' (Tallinn). There was a range of views on the features of co-operation which, initially, could lead to changes in structures, contents and contexts of teaching and learning in higher education and, eventually, a positive contribution to economic and social development in the countries concerned. For example, Professor Deitl expressed the concern about the adverse consequences of a potential brain drain. Limiting himself to the international dimension of brain drain, Professor Aaviksoo argued that the short-term loss (and cost) could well be outweighed by the medium-term gain from a **return** migration of a proportion of those who had left for post-doctoral studies or short-term research projects in the advanced, market economy countries.

Part I

Higher Education: The Government Role
Overview and Conclusions
Bratislava, The Slovak Republic, 6-9 September 1994

Seminar Papers

CO-OPERATION WITH INDUSTRY AND REGIONAL CO-OPERATION IN HIGHER EDUCATION: THE CHALLENGE

Jerzy Dietl

University and professional higher education and the challenge of global market economy

The share of professional higher education in the higher education system will be growing. However, the differences between this form of education and university studies in terms of methods and scope of education as well as in objectives are not sufficiently understood. These differences have a significant influence on the possibilities and avenues of co-operation with industry or on those of regional co-operation. The present transformation of Central and East European Countries (CEECs) and the market globalisation processes already observed pose a challenge to efforts at co-operation.

There are major impediments to the expansion of the role of higher education in the process of transformation and socio-economic development. To overcome these, it is necessary not only to carry out changes in the area of management, but also changes in awareness both within universities and in their environment.

Co-operation between higher education establishments on a national and an international scale is quite unsatisfactory, this referring mainly to co-operation between universities in central and eastern Europe. Development of co-operation calls for major changes in external conditions, including economic, social and cultural ties.

A discussion of the following issues will expand and justify these statements:

-- differences between higher professional studies and university studies;

-- determinants, avenues and means of co-operation between higher education establishments and institutions belonging to their social and economic environment;

-- problems of regional co-operation in the field of higher education;

-- programmes involving co-operation projects.

University and professional higher education -- a comparative approach

The division line between higher professional and university education is rather blurred. Hence, it would seem desirable to give some attention to the differences between these two types of higher education.

Professional higher education is characterised by the specialised and pragmatic nature of its courses, a feature much less emphasized in university education. As a result, professional higher education offers fields of specialisation which, because they take into account future professional careers, are much narrower than those provided by university education. It must be stressed, however, that professional higher education should be transmitting a wide range of knowledge, including theoretical foundations in any

relevant discipline. That is not only a basic condition of higher education, but also a factor ensuring better adaptability in future careers. It is particularly important in post-communist countries, where it is difficult to predict the future structure of occupations.

Significant differences can also be found in teaching methods. The share of cases studies and simulations is larger in professional higher education. Traineeships play an important role and so do lectures given by practitioners. Meanwhile, in university education, the practical aspect is limited to the scientific verification of theory and to the participation of students in research work.

The nature of universities as higher education institutions imposes the requirement to conduct research, including largely basic research. That is not an indispensable condition in institutes offering professional higher education. Still, it has been rightly pointed out that there is a need for developing applied research in such institutions and for using the results of research in the teaching process. For example, the Scientific Council of German Higher Education postulates that more favourable material and legal conditions should be created for the development of research by higher professional education institutions, research which would be aimed at solving problems encountered in practical activity (J. Urbañski, 1994).

Research conducted in universities has traditionally resulted from a desire to acquire fuller knowledge of the world in order to better understand it. Meanwhile, research carried out in professional higher education establishments have a utilitarian character and their aim is to ensure better links between the students' fields of specialisation and their future professional careers.

Universities generally require a much wider range of international co-operation activities than do professional higher education schools. It could be added here that low standards in professional education in post-communist countries and the difficulties encountered by institutions in adapting to the requirements of a market economy generate a huge demand for foreign assistance. Higher professional studies are shorter (two or three years) than university studies (four to five years). In Poland, students completing professional higher education receive a license and those completing university education a master's degree.

University curricula cover all areas of human activity, while professional higher education schools restrict their teaching to the professional fields of polytechnics, business administration, agriculture, forestry, medical and veterinary science or teacher training. Moreover, universities provide opportunities for inter-disciplinary studies and research, as well as for integration of different scientific fields, giving an insight into different ways of thinking. The need to introduce broad study areas in higher professional education, including inter-disciplinary studies, as well as allowing individual choice of majors by students instead of imposing them, is stressed more and more (S. Jackowski, J. Kochanowicz, 1992; the Warsaw Central School of Commerce, 1992; and J. Dietl, 1992).

All higher education establishments should not only be educating specialists, but also creating an intellectual elite. Yet, universities are better able to perform this task than professional higher education establishments. Both types of education facilitate access to better positions in professional circles. However, university education creates an opportunity for holding the highest positions or the first level of management, while professional higher education graduates are more likely to fill the ranks of the second and the third levels of management and to manage small companies and other types of small professional groups.

In professional higher education, areas of specialisation are strictly defined by curricula and study programmes, while in universities, they result from an individual choice of lectures and seminars by students. Moreover, professional higher education calls for a stronger steering "from above" and a narrower direction of studies than university education. Consequently, the teaching load is much heavier in professional higher education schools than in universities, with a much smaller number of courses that can be chosen by students (the so-called electives).

Professional higher education is pragmatic, in the sense that it aims at immediate performance in any profession covered by the area of specialisation. The basic knowledge provided in these institutions should ensure the capacity to adapt to different work assignments or to change qualifications in the course of a professional career, as well as to adjust to a rapidly changing environment. That is why it should be stressed once again that professional higher education institutions should not provide a narrowly specialised education, but on the contrary widen their graduates' potential to perform different occupations. Rejecting the teaching of basic knowledge in this form of education is a mistake, as only such knowledge can ensure the possibility to adapt to changing environments, in accordance with an old principle that a good theoretical base offers the most practical approach to much of what will be encountered in professional life.

Students, however, should not complete professional higher education within universities, because the theoretical-cognitive, methodological and methodical foundations of these two types of institutions are completely different. After all, those with predispositions to university education and the most talented will always find a way to continue their studies. Meanwhile, offering such possibilities "in advance" would lower teaching standards in professional higher education and hamper realisation of its objectives. Moreover, it would involve a substantial increase in the social costs of education. This does not mean, however, that institutional forms of continuing education should not be created for those wishing to continue on after completing professional studies. This can be accomplished through supplementary courses, such as MBA programmes, which would allow their graduates to obtain doctoral degrees in the future. (An equivalent degree to the MBA does not exist in Poland and a change in legislation is required in this area.)

The social prestige of professional higher education and its share in the higher education of a society should be raised. In quantitative terms, it should represent about one-fourth of the entire higher education sector. This calls for a much faster quantitative growth in this form of higher education than as been the case until now, at least in Poland. For example, in West Germany, approximately 33 per cent of higher education graduates complete professional schools (Fachhochschulen) and, moreover, this percentage tends to be growing significantly. In Poland, this share does not exceed a few per cent (J. Urbañski, 1992). Moreover, such an expansion of professional education would make it easier to preserve the elite character of university education, which is compatible with the European tradition.

It would be advisable for universities to offer some professional higher education as well. That should certainly contribute to raise the standard of professional higher education in the future. Approximately half of all professional higher education should be provided by establishments offering master's degrees. Of course, these should be independent organisations possessing their own budget.

An important issue is the promotion of closer co-operation between universities and higher professional education schools. In practice, such co-operation does not exist at all, a fact which is true also of market economy countries (Proceedings of the International Conference on Higher Education, Warsaw, 1992). Five areas of co-operation between these institutions can be distinguished:

-- certain types of applied research;

-- consultation, and scientific-didactic supervision by universities of professional higher education schools;

-- training of higher professional institution staff by universities;

-- joint practical training;

-- planning and establishment of technological parks and business support centres.

Unfortunately, what has been observed so far between the two types of institutions is more like a tug of war between conflicting interests. It is, to a small extent, a result of rivalry in trying to attract students, but the main cause is hiring of university staff by professional institutions. Some university staff, motivated by the low salaries in universities, are tempted to work extra hours at the expense of their university duties, all the more so because teaching in professional institutions is well paid. As a result, professional higher education establishments find little interest in developing their own staff and this will become undoubtedly a barrier to their further growth. An additional factor restricting the development of their own staff is a strong involvement of foreign professors in professional higher education, particularly in the field of business administration. Consequently, one of the main goals of foreign assistance, the training of teaching staff, cannot be accomplished.

Privatisation of professional higher education will be proceeding faster than that of university education. Hence, a desirable solution would be to open within universities professional establishments with the status of private or semi-private institutions, e.g. in the form of joint ventures between universities or between universities and foundations, with a university acting as one of their sponsors.

A separate issue is the professional higher education available within larger companies, such as, for instance, in the field of telecommunications. This is an area in which international co-operation may prove to be very effective. It would be very difficult to find in any CEEC a local company currently able financially, professionally or intellectually to provide professional higher education on its own, or with the organisational structure enabling it to do so. However, this is possible in the case of foreign companies or in those where there is a participation of foreign capital.

Two solutions can be found in this case. The first is to request of candidates for employment or of persons already employed to complete professional courses, most often of a supplementary character, offered by such companies. This solution already exists in countries with developed market economies, e.g. Marriot or Procter and Gamble. The other solution is to establish higher professional schools in CEECs -- in Poland, for example, such a establishment has been opened in Poznan, to teach employees in the field of telecommunications (W. Borucki, 1993; J. Dietl, 1993). The latter solution can become a basis for regional co-operation between CEECs.

It is a big mistake to treat the first level of a two-tier university education as professional higher education. Two-tier university courses work well in some disciplines such as business administration. However, their first level cannot assume a professional character. That is why students sometimes interrupt their studies after completing the first level, in order to obtain practical experience and to verify the usefulness of knowledge acquired in university. They later come back to university to complete second-level studies.

To give two-year professional courses at a so-called post-secondary level in secondary schools is unjustified. Such courses generally have quite low standards, while the schools themselves do not have an appropriate teaching staff. Unfortunately, school inspectorates are negative towards post-secondary courses provided outside the network of secondary schools.

Higher education and industry co-operation in transition economies -- problems and solutions

The share of higher education in socio-economic transformation has always been quite significant in Poland, although its role seems to be declining. This is due to a process of diminishing intellectual and didactic potential which higher education is undergoing at this point in time, despite the establishment of new higher education institutions, these being found mostly in the area of professional education. This process has somewhat slowed down, but is still continuing. The most important causes of this phenomenon follow.

New work alternatives have emerged. These are particularly very attractive to young persons for whom work outside higher education establishments was either unaccessible or unattractive in the past. It is well known that higher education in Poland was characterised by a greater liberalism than in other countries of the Soviet Bloc.

Many scholars were involved in the process of democratic changes and they left universities temporarily or for good, taking over different high positions in the state administration or in the newly emerging private sector. It should be added here that the system of command-type economy had created bureaucratic managers and state functionaries who have been replaced, to a large extent, by university faculty members. By way of example, 40 per cent of the members of the first democratically elected Senate in Poland were professors in higher education establishments.

The salaries offered by universities are not attractive. This is why faculty members in some departments, often in those which are important for the transition process, seek jobs outside universities and leave. This acutely reduces the potential of higher education.

University staff also tends to age rapidly, as a result of an insufficient inflow of young faculty members (as a result of unattractive salaries and of cuts in the number of positions available). It is also interesting to note that it is most often the young faculty members sent on fellowships abroad who do not return to higher education.

Finally, a mention should be made of the personnel policy in many universities. In most cases, universities are unable to conduct positive staff selection. They generally tend to protect faculty employed for a long time, frequently linked to the former communist party apparatus and completely useless, as regards their intellectual capacities, in higher education.

The qualitative potential of higher education is falling behind and will continue to fall behind processes of socio-economic transformation. In the future, it may become a factor impeding economic growth. Naturally, for these tendencies to be checked it will be necessary to increase the share of education and science in the distribution of the national income and carry out major reforms in higher education. This issue will be referred to here only in terms of co-operation with industry and regional co-operation between higher education establishments.

Co-operation of higher education establisments with industry did not generally assume in the past an institutionalised form, and mainly consisted in the provision of services by individuals for economic practice, and this in state or self-government institutions. This type of co-operation faces quite significant barriers, namely:

-- The experience of the previous period and the current situation have generated a disinclination of academic circles towards applied research and, on the part of industry, a lack of confidence in the usefulness of university research;

-- Strategic thinking is not typical in this period of transformation and can be found only in some larger privatised companies, and here again mainly in those with a predominance of foreign capital, which accounts for a relatively small demand for research, particularly basic research;

-- The difficult situation in large state-owned enterprises and a slow-down in the privatisation process hamper co-operation of a decentralised nature;

-- Certain current centralising tendencies restrict, much as did communism, the role of universities as agents of cultural and social evolution;

-- A centralised funding of research from the resources of the state budget (Committee of Scientific Research), justified by limited financial resources, does not favour the establishment of direct co-operation between industry and higher education, even in the field of applied research;

-- The present system of higher education management is an impediment to services provided for industry and does not ensure sufficiently strong financial motivation for embarking upon such co-operative efforts;

-- Services offered by university faculty for industry are provided without the consent of a university, while they often involve using its facilities and equipment.

At this point, it would be worthwhile to draw some attention to proper future avenues of co-operation between industry and higher education, to the conditions that should be created to foster this type of co-operation and to the role of foreign assistance in stimulating it.

In order to create favourable conditions for co-operation with industry, it is necessary to upgrade and even to change the system of university management. It will be necessary to introduce the presidential system or some indirect form of it, in which, for instance, the vice chancellor assumes the responsibility for operational management. The present system of collective bodies within the universities releases decision-makers from taking the responsibility for their own decisions. In this respect, the situation of higher professional institutions, especially private ones, is much more advantageous.

Changing the system of management should pave the way for greater adaptability on the part of universities, encouraging in this way their co-operation with industry. For this task to be accomplished, it would be necessary to involve a certain number of people from outside university circles in the management of universities. A model which could be applied here (in the case of the presidential system) is that of supervisory boards (boards of directors), on which representatives from the environment of a university and from scientific circles, as well as university professors would sit. Such a system is already in use in higher professional establishments, even in those which are attached to universities (W. Borucki, 1993). The other solution would be to appoint advisory bodies composed of industry representatives to the vice chancellors (presidents) and even to the deans (Educational Enterprise Foundation, 1994).

If co-operation with industry is to be expanded, it is important to also decentralise the management of universities. This has already taken place from a legal point of view, but in practice the autonomy of higher education establishments is restricted as a result of central funding, with the government having also an influence on the allocation of financial resources by universities. The criteria according to which funds are allotted to universities favour quantitative more than qualitative development. So far, there is no decentralised method of determining the value of a university teaching process. This might provide a basis for fixing the budget of a university. In all, the area of university management represents an attractive opportunity for regional and international co-operation and for assistance on the part of foreign institutions (Educational Enterprise Foundation, 1994).

It should also be noted that there is an excessive degree of internal centralisation within universities. It is important to provide particular colleges (or faculties) with a greater independence, and particularly financial independence. Such a move should stimulate a more intensive search on the part of institutions for their own sources of funding, mainly from industry. It should, moreover, release more innovations in the field of teaching and research, particularly in the case of inter-disciplinary studies and research (direct co-operation between colleges).

The upgrading of the management process aims at improving the quality of products offered by universities. For this goal to be achieved, it is necessary to improve the present accreditation given by the Ministry of National Education and its agencies in favour of a gradual adoption of social accreditation. This problem was already discussed at a previous seminar (EC-PHARE/OECD Seminar I, Ljubljana, 1994) and will therefore not be examined further in the present document.

However, an issue of primary importance is how a university can secure its own sources of funding; this is connected to co-operation with industry. A gradual introduction of partial tuition fees for higher education should certainly be undertaken. Initially, it could cover those major disciplines which are in big demand. Simultaneously, the system of scholarships should be changed, with bigger allowances being made for such criteria as learning results rather than for the material situation of students. Furthermore, a big part of all scholarships should be coming from industry, local administration, and foreign assistance funds.

The introduction of tuition fees is prompted by the following considerations:

-- the difficult financial standing of universities and the necessity to decentralise their funding;

-- the increased occupational activity of students, who partly cover the costs of their education;

-- the equalisation of competition between different forms of university studies, as tuition fees currently must be paid by students in extra-mural (part-time) courses, while day (full-time) courses are free.

It is necessary to create the possibility to establish fully independent organisational units in universities (this includes also financial independence) which would be oriented at co-operation with industry. These could be separate entities within a university, or organisations loosely linked with it, resembling foundations or joint ventures. Shareholders other than the university itself would likely be interested university employees, industry, or foreign institutions, including those providing assistance. Experience shows that international co-operation in the framework of separate entities within universities yields good results (as for example, the International School of Management, attached to the University of Warsaw). Both the university and the other partners can always ensure they bring their influence to bear by sitting on supervisory boards.

The following give some of the directions taken by activities aimed at strengthening co-operation with industry:

1. ***Distance learning.*** The present so-called professional courses are characterised by their low standards. To raise these appropriate material and modern techniques are needed and this may even involve taking over certain foreign models under a licence. Assistance from the PHARE Programme can be justified here. This type of studies requires much closer co-operation with industry than has been the case so far, particularly in the following: granting scholarships; choosing candidates; organising in-company seminars; tailoring of courses; offering specialised lectures to industrial employees.

2. ***Short-term training courses for industry.*** Until now, this form of education has been developing in the form of post-diploma courses separated from one another. (Post-diploma courses in Poland are addressed mainly to graduates of other academic disciplines or to those who have completed the same studies a long time ago. They last a maximum of one year, and are thus rather more of a short-time training than an equivalent to such courses as the MBA.) What is required here is a better integration of this activity, a more differentiated educational offer, tailored courses organised in industrial companies, in-house seminars and

so on. It is important that industry participate more actively in creating the above-mentioned offer, while universities should make a better use of external lecturers.

3. An important issue is the participation of universities in the establishment and the development of ***technological parks and business support centres***. A certain role in initiating the former is played by Polish universities, and particularly by the Polish Academy of Sciences and by technical universities. Unfortunately, higher education establishments generally go unnoticed in the setting up of innovation centres with the assistance of the PHARE Programme.

   This area of co-operation with industry can cover the following:

   -- establishing consultation centres supervised or even organised by universities;
   -- training within innovation centres for entrepreneurs or people willing to open their own businesses;
   -- seminars devoted to evaluation of the ideas and business plans of individuals wishing to set up their own firms;
   -- expert appraisals in the area of new technologies and of product development;
   -- applied research for business support centres and technological parks;
   -- participation in committees and supervisory boards of these institutions.

4. Establishing ***consultation centres***, combined with training programmes, in higher education institutions, especially professional ones.

5. Opening ***clubs*** within a university or any other higher education establishment promoting integration with the environment of the institution.

6. ***Co-operation with industry*** in preparing cases studies to be used next in the teaching process. A significant role can be played here by external assistance and international co-operation.

7. ***Research meeting the requirements of industry.*** At the present time, a large part of applied research carried out by universities is funded centrally by the above mentioned Committee of Scientific Research. Without questioning this solution, it is indispensable to expand decentralised co-operation of industry with higher education establishments. It is therefore necessary to:

   -- intensify co-operation on the practical applications of the findings of already concluded research;
   -- promote more active forms of consultation, which should make it easier for industry to ask the right questions, and enable a university to submit an offer to give an answer to these questions;
   -- expand different forms of co-funding of research, e.g. the Committee of Scientific Research, industry, resources of PHARE;
   -- seek more actively different solutions allowing industry to tap the findings of basic research.

8. An important avenue of co-operation are ***traineeships*** organised by industry for students. This is one of the most neglected learning areas in Poland. The following avenues of development in this area may be suggested:

   -- full independence for students in seeking out such traineeships should be allowed;

- -- co-operating industrial companies should advertise their requests for traineeships more widely than they have done so far, particularly addressing their offer to professional higher education establishments;
- -- co-operation among the CEE countries should be expanded in this area, and assistance from the PHARE Programme should be sought in organising apprenticeships abroad;
- -- large companies, and especially banks, should organise seminars lasting several days with their potential employees, and do so on a wider scale than what has been done so far.

To end this part of the analysis, it should be pointed out that it is necessary to increase the participation of higher education employees, and particularly those connected with professional education, on the supervisory boards of companies.

Regional co-operation -- scope, stimuli and constraints

Nobody can question the need to strengthen co-operation among post-communist countries. However, there is a large gap between this need and the possibilities of satisfying it. It is worthwhile to discuss several facts concerning this.

Direction and methods of economic development tended to be similar during the communist era. This has restricted economic complementarity among these countries and hampers their economic co-operation. Moreover, economic ties established between them during the period of command-type economy have been severed, leaving a favourable ground for conflict. An example of this is the fact that 50 per cent of the environmental pollution in Poland can be attributed to the location of power engineering industries fuelled with brown coal in the Czech Republic and in Germany close to the Polish border and another, the controversial issue of a dam on the Danube between Hungary and Slovakia.

Even between the countries belonging to the Visegrad Group, which are closest to entering the European Union, the scope and paths of transformation are different. This hampers integration processes, while the absence of external convertibility for their currencies is a further impediment to the development of economic co-operation. It could be added here that changes in legislation among the Visegrad Group are made rather with a view to co-operation with the West rather than co-operation within the Group.

Rivalry in the race to enter the European Union as soon as possible can hardly be favourable to the development of mutual contacts. The in-flow of foreign capital to the countries of the Group is also quite differentiated -- a much larger share going to the Czech Republic and Hungary than to Poland and Slovakia.

The justified concept of establishing Euroregions does not as yet ensure sufficient co-operation and this is due, among other factors, to the absence of certain laws and regulations.

An important role is also played by changes in social awareness. During the communist period, contacts between people had a controlled character and were sometimes imposed "from above". Hence, they cannot be a factor of unity today. Even touristic ties have been limited considerably as a result of addressing the tourist offer to the West.

Concerning higher education, a marked weakening of contacts has taken place. However, contacts have been maintained in all cases where they sprang from a real scientific motivation. This is true, in particular, of exact sciences and, to a somewhat smaller degree, of sociology.

Language is also another barrier. While in contacts with the West the English language was the major means of communication, among the countries of the Soviet bloc such a role was played neither by Russian nor by English. Generally, German offered the lowest possibility of communication.

The development of different research and didactic programmes within the PHARE Project has paved the way for establishing some forms of co-operation. Still, this is much less intensive than was assumed by programme initiators. However, a positive role has been played here by the increased interest in social and economic reforms taking place in these countries.

Despite numerous obstacles, the last four years have witnessed significant changes in the area of higher education, resulting in closer co-operation than in the past and that, not only between universities but also between higher professional institutions. This seems to concern especially the Warsaw Treaty countries, Slovenia and the Baltics, and among them, mainly Estonia.

Foreign assistance should be oriented, to a greater extent than has been until now, at various programmes initiated by higher education establishments in CEECs concerning co-operation between these establishments. Intellectual support on the part of the West can be based, to a larger extent, on personal rather than institutional ties. Within the budget allocated for a given programme, post-communist countries should be given larger control in selecting partners. It could reduce the participation of mediocre foreign institutions in the projects, not mentioning the fictitious co-ordination of many programmes.

Four areas can be distinguished, in which it is really possible to intensify co-operation between higher education establishments of the CEECs, while simultaneously making allowances for their co-operation with industry.

Firstly, the number of comparative economic and social research projects could be increased. The potential of universities has been tapped so far only to an insignificant degree. To promote greater initiative than hitherto on the part of CEECs, it would be advisable for research projects to be proposed to a greater degree by these countries. It would perhaps be a good idea to use a form of tenders for certain research topics. The research projects in question would allow, moreover, the intensification of co-operation with industry.

Secondly, teaching staff from the CEECs should be involved, to a greater extent than before, in various didactic programmes. This naturally calls for a major intensification in the exchange of professors between universities. What is meant here is not only the training of students but also of faculty members. It would be advisable for visits of foreign professors to last longer than has been the case so far, which would enable them to teach in a more systematic manner. No TEMPUS Programme exists yet which could be incorporated in a normal teaching process along the principles of regular lectures open to all students.

Thirdly, universities, and especially higher professional education schools, should get involved in training for industry more actively than in the past. An extremely important role could be played here by multinationals. For such companies, training could be organised with participants from several countries.

Fourthly, it is necessary to expand student traineeship exchanges between CEECs. It would be also important to accept foreign students on exchange, e.g. for one or two semesters.

Some conclusions on regional co-operation projects

The four proposals outlined here have been widely discussed in several recent papers and seminars:

1. ***Regional MBA project***. It would be open to university graduates from three or four CEECs and include, moreover, one country from the Organisation for Economic Co-operation and Development (OECD), where a selected higher education establishment would act as the main co-ordinator for the project. One higher education establishment from each country would become the local co-ordinator. Recruitment of candidates, based on strict selection criteria,

would be carried out on a national basis in each country taking part in the project. The studies would be partly paid for, with tuition fees covering the costs of training in CEECs. The costs of training in an OECD country would be covered from foreign funds.

Such a programme would last two years. During the first year, students would go through a very intensive eight-month training at the university assuming the role of main co-ordinator in the OECD country. This would be followed by a two-month apprenticeship. During the second year, the number of students would be increased by the inclusion of candidates from an OECD country. Courses would take place successively at higher education establishments in the CEECs (local co-ordinators); these would last three months, with the first two months being devoted to intensive training and the third month to in-company apprenticeships and seminars. The curriculum for the second year would be co-ordinated and cover business administration against the background of local problems relating to economic and social transformation. The seminars would be conducted from the point of view of international economic co-operation, and particularly East-West co-operation.

Final seminars would involve a comparative analysis of the experience of the countries covered by the programme. Most probably, such seminars could be offered to 80 to 100 people, with the English as the working language. (An example of this kind of programme is the MBA project co-ordinated by the University of Tennessee in Knoxville and covering the Czech Republic, Germany, Hungary, Poland and the United States.)

2. ***Co-operation within Euroregions***. This would involve the co-operation of higher education establishments and industry from two, or at the most three, CEECs supported by the participation of universities from the OECD countries. For many reasons outside the scope of the present discussion co-operation within established Euro-regions develops very sluggishly. However, one of the reasons is insufficient intellectual support on the part of higher education establishments of the member countries within any given Euro-region. With foreign assistance, it would become possible for higher education institutions of member countries to initiate co-operation between themselves and also between them and industry. Co-operation of this type could include:

   -- joint studies concerning the prospects of economic, social and cultural development of a Euro-region, taking into consideration local co-operation as a growth factor;
   -- assistance in establishing and developing business support centres based on local international co-operation;
   -- joint organisation of short-term training programmes;
   -- joint student camps and traineeships;
   -- expert appraisals referring to concrete issues of regional co-operation, e.g. tourism.

   Implementation of such a project would contribute to the development of inter-disciplinary research and to the integration of academic staff from co-operating higher education establishments.

3. A potentially important area of co-operation is ***joint applied research***, mainly comparative and inter-disciplinary research. A few critical areas of investigation are listed below:

   -- comparative research concerning transformation, e.g. forms, methods and scope of privatisation and re-privatisation, banking system, living standards in a given population, changes in social awareness, diffusion of economic culture in a society, trust funds;
   -- research concerning higher education, e.g. comparative studies of regulation, analysis of curricula, issues in the management of higher education, the problem of local brain drain.

4. ***East-West co-operation***. The goal of such co-operation is the integration of university milieus in the CEECs, with a view to intensify co-operation with western countries. So far, most initiatives have been taken by western countries or by individual CEECs, while group initiatives on the part of the CEECs have been missing. Three such fields of activity can be identified.

   Firstly, ***training*** -- generally aimed at meeting the needs of industry; it could include different courses and seminars, conducted mainly with a view to the needs of large companies economically active in several CEECs. An important role could be also played by training oriented at the needs of small and medium-size enterprises.

   In these training projects, allowances should be made for the specific characteristics of not only one, but a few CEECs. Teaching staff and students should be recruited both from post-communist and western countries.

   Such initiatives are currently undertaken by the Central and East European Management Development Association (CEEMAN). Its activities cover almost all of the CEECs and it promotes training in the field of management for industry, attempting integration within the milieu of faculty members and integration of this milieu with multinational companies (Central and East European Management Development Association, 1993).

   Secondly, the establishment of ***university inter-disciplinary research centres for research on East-West co-operation processes***: These centres could tender out research projects of an inter-disciplinary and comparative nature, which would allow for the involvement of universities from several CEEs. These centres could also provide consultation and expert services to industry.

   Thirdly, ***traineeships***: there is an urgent need to organise traineeships for young faculty members from the CEECs higher education establishments within companies in western countries, including consultation firms and technological parks. Such a program could provide good foundations for co-operation with industry.

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THE SCOPE AND EFFECTS OF GOVERNMENT POLICY ON HIGHER EDUCATION: THE EXPERIENCE OF BULGARIA

B. Galabov

The most important goals of reforms in higher education in Bulgaria during the transition from a centrally planned towards a market economy, with their attendant social and political changes, may be formulated as follows:

-- reorientation of higher education and reform of its structures, in response to the requirements of the market economy, including introduction of new academic programmes and updating of existing ones, redrafting of curricula and introduction of new teaching methods;

-- institutional changes aimed at improving operation of the system, the quality of education and of educational and research services;

-- increased role of students and local communities in the educational sector, in agreement with the principles of a democratic society;

-- increased institutional autonomy, combined with social responsibility;

-- infra-stuctural modernisation, including incorporation of higher education institutions into the international information networks;

-- development of the links and of the co-operation between higher education institutions and economic structures, through joint research and educational projects;

-- diversification of higher education structures, development of continuing education, introduction of a distance education network.

These educational goals can be achieved through the concerted actions of parliament, government and higher education institutions. The reforms can be assisted most significantly through international co-operation, especially through projects coordinated by the European Union, the Council of Europe, the Organisation for Economic Co-operation and Development (OECD), UNESCO and the international financial institutions (The World Bank, The European Bank). The role played by bilateral co-operation between governments, universities, NGOs and others is also essential.

The implementation of reforms -- measures already implemented

The most significant changes in the last five years were determined by the Academic Autonomy of Higher Education Institutions Act, in effect since 1990. Through the provisions of this Act, higher education institutions have acquired considerable rights of self-governance.

In particular, higher education institutions were given the right to open new academic programmes of their own choice and to determine their own curricula and syllabuses. Institutions can now also open new departments, as well as branches in other cities, without prior approval of the government. Their

budget is negotiated directly with the Ministry of Finance and they are free to perform other revenue-generating activities, including charging tuition fees. As a result, approximately one half of the continuously growing number of students admitted in 1993 and 1994 paid tuition for their education. The total number of students entering university programmes has almost doubled in the past five years. Many new initiatives have been taken to increase the number of students in higher education, including the creation of fully non-state higher education institutions, three of which have already obtained legal status, while others are waiting for approval.

The internal governance of higher education institutions was also democratised in a significant manner. The General Assembly, which includes representatives of academic staff and students, elects the Rector and the Academic Council (the Senate), who are responsible for the governance of the institution.

The very broad autonomy given higher education institutions in these matters also had some negative effects, however. In many of the newly opened departments and branches, the conditions for normal academic work are not acceptable: all lectures are given by visiting staff, the buildings are not appropriately equipped, libraries are poorly stocked. In effect, many of these new establishments offer a type of distance education, rather than normal academic studies. On the positive side, they provide for a larger number of students, thus responding to social demands; they also have a positive impact on local communities.

In the traditional higher education institutions, the upkeep and development of the infrastructure have suffered because of financial restrictions. In many instances, laboratory equipment in engineering and science departments is out-dated. It is therefore difficult to keep the practical training of students at a proper level. Methods used in teaching foreign languages remain classical and are not very effective.

In general, teaching methods giving the students a passive role in learning still predominate in a number of institutions. There is a strong need to introduce various forms of interactive teaching methods. These, however, require a good infrastructure for independent learning: good libraries, connections to academic computer networks and a much larger number of working places for information access (terminals).

Scientific research in higher education institutions has also been hampered by financial restrictions. Economic conditions in the country have led to a break of the traditional links between university and enterprises.

The salaries of academic staff have in effect been reduced due to uncompensated inflation. As a result, the motivation for high quality teaching and research has decreased, a number of able specialists have left the system, and there is now lower interest in young graduates for an academic career.

The gradual solving of the problems facing the higher education sector requires a number of measures:

-- introduction of new legislation (laws and other regulatory documents) which reflects in a substantial way the development of society, the economy and of the higher education system, while remaining in harmony with national traditions and values;

-- well-directed investments, necessary to secure a positive outcome and, in effect, a return on these investments;

-- other concerted actions of government, parliament and higher education institutions.

The government has taken a number of measures during the past twelve months to address the problems discussed above. A law introducing several amendments to the Academic Autonomy Act was recently approved by the government and submitted to the National Assembly. These amendments touch upon many important problems concerning higher education:

-- The Act provides for the establishment of a National Agency for Academic Evaluation and Accreditation and the introduction of institutional, departmental and programme evaluation as an instrument to stimulate higher quality in teaching and research, as well as institutional integrity. Three levels of university degrees are established: bachelor, masters and doctoral degrees, thus securing a better balance between general and specialised studies, to reflect the interests of students and market demands.

-- The number of students whose education is supported by the state was increased by 10 per cent for the academic year 1994-95. The move has a significant social dimension, in view of the present economic situation in many families.

-- The state subsidy for doctoral studies was reinstated as of 1994 and 200 fellowships were approved by the government. A further extension to the number of supported doctoral studies is planned.

-- A procedure was established by decree to define state requirements for academic programmes in higher education institutions. The gradual introduction of specific requirements is expected to stabilise the system and assure higher quality in education. These activities will be, in the future, the responsibility of the accreditation agency.

-- A governmental decree providing the establishment of a National Council for Science and Technology (NCST) as a consultative body to the Council of Ministers is undergoing final approval. The NCST will help formulate harmonised state policies for the development of science and technology.

-- A completely new framework Higher Education Act is under final preparation. The principles of the new legislation have been approved by the Conference of Rectors. The new legislation will be the corner-stone of reforms in the higher education sector.

-- A Commission of representatives of parliament, the government and eight rectors has approved a concerted proposal for optimising the network of higher education institutions in the country. This proposal provides for the consolidation, on a regional basis, of higher and intermediate (colleges) institutions, as well as the establishment of several new universities. The project takes into account proposals of individual institutions and local authorities.

-- The problem relating to salaries of the academic staff has been solved by a governmental Decree. As of the 1st of July, 1994, salaries were raised by approximately 50 per cent.

-- The Ministry of Science and Education and the Ministry of Finance have defined new principles for financing higher education institutions. Means to stimulate high quality in teaching and research are stipulated. Introduction of these principles depends upon the adoption of the Amendment Act to the Academic Autonomy Act. The document has been approved by the Conference of Rectors.

While the government is finding legislative solutions to the problems of the sector, higher education institutions have also taken a number of steps of their own to adjust to social demands and hopefully, to market requirements: a considerable number of new academic programmes are now offered, and many of these have become very popular. The new programmes cover several fields: economics,

finance, social studies, management, administration and languages. Another major development is for Bulgarian universities to have begun very actively to find means of generating supplementary income through various types of paid educational services, consultation, special programmes for foreign students and others. Some institutions were thus able to add considerable funds to the budget provided by the state, increasing it, in some cases, by 25 to 35 per cent.

Higher education institutions have also undertaken a major revision of their curricula. A considerable proportion of the academic programmes offered now have been updated in terms of curriculum structure and syllabus content.

International co-operation and higher education reform

International programmes have played a significant role in the developments which have occurred in the higher education sector during the past several years. Bilateral agreements between governments, higher education institutions and research organisations have also contributed to the process of reform, to the adjustment of academic programmes to market requirements, and have helped further the qualification of academic staff in areas of knowledge neglected during the times of the totalitarian regime.

A number of international programmes have the potential to sustain the process of reforms in a most significant way. First and foremost is the European Union TEMPUS programme. In Bulgaria, it is now in its fourth year of implementation. In the context of PHARE for Bulgaria, TEMPUS is considered as one of the most successful programmes in view of the fact that it is characterised by a full realisation of the financial resources allocated. In terms of academic activities, it has helped many institutions to develop new market-oriented programmes and to update existing courses. This was achieved mostly through the exchange of teachers and students and, on a lower scale, through the upgrading of the infrastructure associated with particular academic programmes. In view of the considerable financial resources allocated to TEMPUS, it is felt its potential for a positive impact on the higher education system in Bulgaria is most important.

Future development and the positive impact of TEMPUS on educational reforms during stage II will be further enhanced if two aspects of the programme are emphasised and given careful consideration at the assessment stage:

-- sustainability of project goals and outcome;
-- good co-ordination between the educational policies of institutions and the projects proposed.

A very promising new activity is the PHARE regional project on distance education. A coherent regional programme has already been set up to promote and develop a network of distance education centres, associated with higher education institutions eligible under the PHARE programme in all of the Central and Eastern European Countries (CEECs). The experience in distance education accumulated in western European countries and shared experience in the eastern part of the continent provide a sound basis for these new developments in the higher education sector.

Copernicus, COST and PECO, programmes of the European Union (EU), have opened new possibilities for research cooperation between academics from CEECs and EU countries. It is understood that under certain conditions, most R&D programmes of the EU will be opened to the participation of scientists from associated member countries. A recent meeting in Bratislava provided an excellent opportunity to discuss the future of European co-operation in the field of research.

Two projects have been prepared with the help of experts from the Human Resources Development Department of the World Bank. These will require combined funding from the national budget and a World Bank loan. The first provides for the establishment of a Higher Education

Development Fund, operating with approximately $60 million for a period of five years. The essence of the second project is the creation of a Fund for applied scientific research. It will finance research projects with three participants: a higher education institute, a research institute and a company. The establishment of such a fund will promote applied research activities in the higher education sector, and will, in particular, foster interaction between universities, research institutes and business structures.

The Council of Europe is carrying out a number of programmes -- in fact a broad range of activities -- to encourage the process of reform in the higher education sector. The impact of these activities is quite considerable: legislative reform programmes for higher education; access to higher education; solutions to the problem of brain drain, improvements in the area of social and ethnic minority rights and many others.

The number of international programmes directed at assisting reform in the higher education system underlines the priority of higher education in the democratisation process of a society and in the transition from a planned to a market economy. In many respects, the future of Bulgaria and of many other countries depends upon the development of their higher education system.

In the sector of educational development, the process of European co-operation and integration is quite possibly more advanced than in any other sphere. The new programmes and the support provided by the OECD, UNESCO and international financial institutions for reforms in the higher education sector gives a measure of the global dimensions of this process. They underline the essential role of human resource development in the successful transition of countries to pluralistic democratic societies with effective market economies. There is no doubt that these activities will have a major impact on the development of the countries of this continent.

THE HIGHER EDUCATION SYSTEM IN THE UNITED KINGDOM: RECENT INITIATIVES TO RESPOND TO THE NEEDS OF SOCIETY AND THE ECONOMY

Anne Jones

As late as 1987, the Higher Education system in the United Kingdom reached only 12 to 14 per cent of the age cohort. Characteristically, the system was elitist, full-time, highly selective, with a well deserved international reputation for the quality of teaching and research. Relations with industry were good, particularly in terms of sponsorship of Chairs, studentships and research, but higher education did not then see itself primarily as a key contributor to the needs of society and the economy. It was a "good thing" in itself.

To some extent, this view still prevails, even though higher education has now shifted to a "mass" system with a 33 per cent participation rate. A recent article in the Higher Education Quarterly proclaims:

> "Industry's concern is to make a profit, universities are concerned with open enquiry and intellectual freedom. For more than a decade British government has sought to increase the competitiveness of industry and has initiated many changes in university which it has linked to this policy... If this tendency proceeds unchecked, universities will no longer be able to fulfil their vital role in a free society: the advancement of new and controversial ideas and the education of their students to think critically and autonomously." (Tasker & Packham, 1994.)

Although attitudes have changed considerably in higher education over the last decade, these comments do exemplify the perceptions of some academics.

A contrary view would be that society and the economy need new ideas and people with the ability to think critically and autonomously, but this is **exactly** what the university system is **not** achieving. There is clearly a culture clash here, one which needs a change of mindsets if the best use is to be made of the country's biggest asset, that is its brainpower.

In today's and tomorrow's world, **intellectual capital** becomes our largest natural resource and higher education institutions have a key role in developing it. The innovation and creativity needed to add value to the economy comes precisely from this stimulation of original, critical and autonomous thinking, and the ability to translate ideas into action through people. All this is the proper domain of the higher education system, which itself is potentially the biggest growth industry in the country, particularly if life-long learning is ever, as is needed, to become a reality.

Nevertheless, it is salutary to realise that even in the late eighties, government saw no reason to increase the graduate output, nor to change in any way the nature of that graduate output. Treasury and the (then) Department of Education and Science held firmly to the 12-14 per cent as the maximum participation rate needed: arguments in favour were obviously cost, but also fears about loss of quality and over-provision of graduates. It took a lot of pressure from such groups as the **Confederation of British Industry (CBI)**, the **Royal Society of Arts (RSA)**, **The Council for Industry & Higher Education (CIHE)** and indeed industry in general, to persuade government that targets for higher education participation should be raised. It was only in the late eighties that the United Kingdom realised fully that its graduate output was way behind that of other countries, in particular those in the Pacific Rim, and that

in terms of competitiveness, Britain was lagging behind. Porter's seminal work on "the Competitive Advantage of Nations" (1990) fuelled the arguments. The targets for participation in higher education were raised to 25 per cent with a long term target of 33 per cent by the year 2000. The target of 33 per cent has in fact been reached this year (1994), six years ahead of time.

However, the arguments were not only about quantity, but also about quality. Employers were vociferous about the lack of skills in graduates, though they took some time to articulate clearly what these skills were. There were two sets of arguments, one to do with lack of specific technical skills (too many arts and humanities graduates), the other to do with lack of managerial and interpersonal skills.

In a market economy, it is difficult to regulate the number of students in each subject, but the differential grants to higher education -- more for science and technology, less for arts and humanities -- although justified to some extent by higher teaching and laboratory costs, were intended at least in part to "encourage" greater expansion in science, engineering and technology. The free market has meant that students have exercised their right to choose. There is **still** a shortage of scientists and engineers, although as jobs become less technically specific and more generic, arts and humanities graduates are demonstrating their ability to retrain in order to acquire sufficient technological knowledge to manage technological businesses (Eggins, 1992).

In fact, government did take seriously the complaint about the lack of "capability" in the graduate output. It was the Employment Department, not the Department of Education & Science, which took the initiative in doing something to improve the "entrepreneurial" qualities of the educated workforce. **The Technical Vocational Education Initiative (TVEI)** was set up in 1983 with the aim of influencing young people while they were still at school; by 1997, at a cost of £1 billion, virtually every State School will have participated in a scheme designed to make school students more capable and enterprising, more technologically competent and more highly educated.

This was a far sighted initiative, which slowly and strategically worked with the secondary education systems to ensure that young people leaving full-time education, at whatever age, are equipped to cope with the demands of a rapidly changing economy, are flexible, capable and keen to go on learning throughout life. These young people are now percolating through the higher education system and into work. The increase in participation in higher education from 12 per cent in 1987 to 33 per cent in 1994 comes largely from these TVEI graduates. The signs are that they are already more demanding of the higher education system itself, since they are by and large not passive, dependent students, but students who realise the importance of taking initiative and taking responsibility for the management of their own learning.

In 1987, the TVEI initiative was followed by **Enterprise in Higher Education (EHE)** (Employment Department, 1994), a programme established by the Employment Department and which aimed to equip university graduates for working life. EHE has much in common with TVEI, not only in its aims, but also in its methodology. No higher education institution was required to participate. It was (like TVEI) a voluntary activity for which higher education institutions had to bid, in competition with each other. Despite the initial resistance of the system, and some hostility, there was tremendous competition to participate. Eleven higher education institutions were accepted in Year one; currently, 58 institutions have contracted to deliver EHE. Funding, for each institution, £1 million over five years, is allocated against a plan with specified targets and outcomes.

A key demand is partnership with employers. Each institution interprets the programme to meet its own particular context. Thus, the free market operates within broad policy guidelines and outcomes which have been agreed upon. The higher education institutions are **partners** in EHE, not slaves to it. This combination of targeted policy framework, voluntarily contracted and flexibly interpreted, has been highly effective both with TVEI, and even more so with EHE, in getting commitment and change in potentially very resistant cultures.

In the meantime, as participation in higher education has increased (Department for Education, 1994), various problems have emerged. The demand for higher education places has far exceeded the government's expectations, so that whereas in 1992-93 universities were rewarded for increasing numbers, in the Autumn of 1993 universities were given very strict numbers and a 45 per cent cut in tuition fee levels. They will be penalised in 1994-95 if they either exceed these targets or fail to meet them.

Concurrently, the fact that former Polytechnics now have University status has caused problems for the new combined admissions system. The recent merging of the two separate admissions systems has thrown the market for selection into chaos. Whilst previously there were known patterns for selection, this year (1994-95), there is considerable mismatch between student demand for places and places available. Some of the well established Universities may have lost out, other capable students may have failed to get places, despite the fact that examination results at Advanced Level have improved both in quantity and quality for the seventh year running. The final picture remains to be seen. The fact is that the "market" is no longer predictable for either party.

A further emerging problem in the new expanded Higher Education system is that student grants have not been increased for three years and are gradually, in effect, being phased out. The United Kingdom has been particularly generous in the past as compared with most European countries, but clearly cannot afford to keep this up in view of the expanded numbers. Many people argue that students should not in any case be subsidised by the State to the extent that they are (Ball, 1992), particularly if their parents are wealthy (student fees but not grants were paid by the State regardless of parental means). A system of student loans is in operation, with the result that many students are in debt.

The United Kingdom has always had high retention and low drop-out rates. However, there are signs that drop-out rates are beginning to rise, and there seem to be two main reasons: financial hardship and difficulties in coping with the academic work. Many students have to take part-time jobs as they study and this may harm their studies. The United Kingdom system has not yet totally adjusted to this new kind of student, though the former Polytechnics are more used to part-time and flexible students, who may need to learn in a more flexible way.

The Department for Education (DFE) has taken measures to contain the expansion, and to encourage more flexible provision through the funding mechanisms of the **Higher Education Funding Council for England (HEFCE**) (DFE, 1994). The quality of the British higher education system is being fiercely guarded with the establishment of the **Quality Assessment Division** of the HEFCE, which has the task of ensuring quality standards are monitored through regular assessment. Other measures include extra funding to ease the transition and to allow for "non formula" funding. Money is also being put into encouraging more "sub degree courses" (i.e. a qualification **towards** a degree), more part-time student places, and a further sum in preparation for the next higher education expansion period in 1997.

In 1994-95, the HEFCE will distribute £3,332 million to the 128 higher education institutions and 75 further education Colleges providing courses of higher education. Of this amount, £2,641 million is recurrent funding, but it is to be noted that a further £681 million is being offered to compensate institutions for the 45 per cent reduction in tuition fee levels announced in November 1993. As far as the higher education institutions are concerned, this is cold comfort: yet again, the unit of resource has been squeezed and universities will all have to deliver more with less. The HEFCE is the main source of funding for universities. Industry's contribution currently stands at about £350 million per annum (Council for Industry and Higher Education, 1991), more than most people realise. If partnerships develop between higher education institutions and industry as they could and should, the balance between public and private sector funding will also alter over time.

Without doubt, industry itself has realised how important higher education is to economic survival. **The Confederation of British Industry (CBI)** has recently published an important document: "Thinking Ahead and Ensuring the Expansion of HE for the 21st Century" (1994). They postulate the need for a 40 per cent graduate population and opportunities for people to be re-educated and trained throughout life if the United Kingdom is to remain a sustainable economy. They highlight the need to educate those already at work who missed out on qualification the first time around. They criticise the government's stop-go policy on the growth of student numbers in a market economy. They stress that **successful** companies are innovative and require people with high-level knowledge and skills which will enable them continuously to improve their own and their company's performance. Expansion should be determined by levels of demand. The government's retreat from a market-orientated approach should be reversed.

However, in encouraging this expansion, the CBI is also demanding more of higher education. The Confederation want all students to develop the kind of core, transferable skills which EHE is encouraging, that is: ability to learn; planning and organising; leadership; initiative; quality; analysis of number; innovation; flexibility.

Despite the best efforts of EHE, not all universities or all departments in those universities have accepted the delivery of core skills as part of their role. However, the **HE Quality Council** is well aware of the need of universities to change and to develop a more flexible system which is more responsive to the needs of employers and individual learners. The HEQC Development project **'Choosing to Change'** (1994) recommends that higher education should move to a system of credit awards so that students can get transferable credits for all their learning and build up qualifications gradually module by module. Although it does not spell it out, clearly a large market for this more flexible approach to higher education will be **people at work**, all those talented people who have left full-time education and need now to update or upgrade their qualifications. Such proposals are likely to be resisted by the higher education system, but for the individual learner and for the economy, they make sense. If and when -- as seems likely -- the HEFCE moves to a funding regime that recognises credits rather than full awards, then the shift to a more flexible and customer-focused higher education system will come much more quickly. This change may meet with initial opposition, but will eventually be adopted.

The higher education system in the United Kingdom is thus under pressure both from government (**more with less**) and from employers (**more, throughout life**). And **students** themselves are beginning to be a force in the market, being both more demanding and more discerning than hitherto. They are beginning to use their powers of selection better and are more critical of poor learning conditions. They will eventually take their custom elsewhere if they are dissatisfied.

In the meantime, the higher education system has entered into various forms of "**partnership schemes**" with business and industry. Some of these schemes are individually and locally negotiated. Others are pump-primed by government and, in particular, the Department of Trade and Industry (DTI). Examples of such schemes are the **Teaching Company Scheme**, the **Integrated Graduate Development Scheme**, the **Engineering Doctorate (EngD)**.

These all offer opportunities for graduates to do further learning in the context of real work, thus enabling technology transfer to take place. They offer particular opportunities to involve small and medium enterprises (SMEs). In addition, many universities find work placements for undergraduates before they graduate: for example, at Brunel University, the four-year degree programme includes two six-month work placements and an opportunity to take a Diploma in Professional Development, which itself can be counted towards a Msater's Degree. These work placements include opportunities for working in other countries. Brunel graduates have the second highest record in getting employment (Oxford being first).

Some large companies, e.g. **Rover**, **Ford**, **Unipart**, work very closely with universities and get accreditation for much of the learning developed in-house. There is a danger that if the higher education system does not work closely with industry, then industry will find a way of giving its own qualifications,

without partnership with higher education. The disadvantage of this development would be that both industry and higher education would lose out: the cross-fertilisation of ideas and good practice which takes place in a Business Education Partnership activity gives added value which is much more than the detail of the programme itself.

The United Kingdom has put more obvious effort into partnerships at school rather than at the higher education level. The **COMPACTS** and **Education Business Partnership** movements, also established by the Employment Department under my direction, have encouraged and made more coherent a range of activities at **school** level to help education and business work together in order to equip young people to make the transition to working life. These activities have now been looped into the **Training and Enterprise Councils (TECs)**, which are local employer-led bodies responsible for skills training in their areas. This is making more sense of the plethora of initiatives which were in some ways competing with each other. But it is a glaring omission that most of this 'partnership work' is at lower levels of skill, whereas what UK Ltd needs is the development of higher level skills. In this, higher education is the obvious, but so far under-used, partner.

However, at least the government has now set targets for education and training. Much encouraged by the CBI, who devised them originally, the government now espouses **National Training and Education Targets (NTETS)**, which are:

-- **Foundation Learning**

1. By 1997, 80 per cent of young people to reach National Vocational Qualification Level 2, i.e. semi-skilled (NVQ2) or equivalent.

2. Training and education to National Vocational Qualification Level 3, i.e. semi-professional (NVQ3) or equivalent to be available to all young people who can benefit.

3. By 2000, 50 per cent of young people to reach NVQ3 (or equivalent).

4. Education and Training Provision to develop self-reliance, flexibility and breadth.

-- **Lifetime Learning**

1. By 1996, all employees to take part in training or development activities.

2. By 1996, 50 per cent of the work-force to be aiming for National Vocational Qualifications (NVQs) or units towards them.

3. By 2000, 50 per cent of the work-force to be qualified to at least NVQ3 (or equivalent).

4. By 1996, 50 per cent of medium to large organisations (200 or more employees) to be "Investors in People".

At last, **continuing education and training or lifelong learning** is made explicit in policy makers' thinking. However, more effort is put currently into foundation targets than lifetime targets. In the higher education system, the importance and the potential market of the adult working population has not yet been fully realised nor exploited. In too many universities, continuing education is seen as marginal rather than a real source of higher skill development for the nation and appropriate work with high quality students for the universities themselves.

Universities are currently overwhelmed by the demands of the student population explosion. Despite the demographic decline in the number of eighteen-year-olds, the demand for full-time places is so buoyant, with high demand from students **over 21**, that the imperative to develop more flexible provision, more suited to people at work, is not strong in the older universities. The new universities (i.e. the ex-Polytechnics) are the leaders in this field.

Government funding policies, the needs of employers and the demands of the adult learners themselves are likely in the long and medium term to encourage a more flexible, responsible, higher education system, in which people come in and out of learning throughout their lives, building up credits towards a range of qualifications, constantly updating their knowledge so that it remains at the leading edge. To do this well, and retain the **quality,** which is so important for the nation's competitiveness, **partnerships** between higher education and employers will be essential. In these partnerships, the three players, that is the learner, the employer and the learning provider will need to work out together the best way of delivering, recognising and accrediting that learning. The essence of the partnership is that it benefits all the partners and everybody wins. This is a quite different mode from getting a government grant to prop up an out-of-date system. The key to genuine change and progress is to build **together** for a better future.

For social regeneration, economic survival, as well as general social well-being, a learning society needs to be built, in which individual and organisations continue to develop their understanding, knowledge and skills to the highest possible level.

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Useful Addresses

The Confederation of British Industry (CIB):
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The Council for Industry and Higher Education (CIHE):
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The Higher Education Funding Council for England (HEFCE):
Northavon House, Coldharbour Lane, Bristol BS16 1GD

The Higher Education Quality Council (HEQC):
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Tel: 0242 222444

The Industrial Research & Development Advisory Committee of the European Commission (IRDAC):
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The Royal Society of Arts (RSA): John Adam Street, London, WC1.

DEVELOPMENTS IN THE JAPANESE HIGHER EDUCATION SYSTEM

Kazuo Kurimoto

Background of higher education in Japan

Higher education for all

The major characteristic of Japanese higher education is that it provides educational opportunities to all university-age students. Approximately 96 per cent of the 18 year-old cohort complete 12 years of primary and secondary education, and 36.1 per cent continue on to university and college (21.9 per cent to university and 14.2 per cent to college), while an additional 16.6 per cent will complete their studies in non-university skill-training institutions.

The change from an elitist education system to one aimed at the bulk of the population originated with the reform of 1947, but it became reality from the late 60s to the mid 70s. The percentage of 18 year-olds continuing their education in both universities and junior colleges has increased from 10 per cent in 1955 and 1960 to 17 per cent in 1965, to 24 per cent in 1970, and then to 38 per cent in 1975, 1980 and 1985, to fall slightly to 36 per cent in 1994. After 1975, however, attendance in Senshu Gakko, or skill-training school, started to increase rapidly: 3.5 per cent in 1976, 12 per cent in 1980, 13.5 per cent in 1985, 18 per cent in 1990 and 20 per cent in 1994. Thus, the higher education system no longer offers only highly selective schooling for the elite, but has shifted to a mass education system with a participation rate of over 50 per cent.

The present higher education system in Japan includes the following categories of institutions: university (four-year undergraduate studies and two to five-year of graduate school), junior college (usually two-year programmes), Senshu Gakko (or professional skill-training school, with programmes lasting one year and longer) and other types of institutions such as Open University, etc. Currently, there are 523 universities, 591 colleges and 3,409 Senshu Gakko in Japan. Due to their different background, the quality of research and education is not always at the same level in all of these institutions. Former imperial universities, a few key regional universities, as well as several prestigious private universities occupy the top ranks of the hierarchy as elite training institutions.

Concerns relating to the quality of university education

The original 1872 plan for the modernisation of the Japanese education system foresaw eight universities distributed in each region, under which 32 middle schools were to be established as feeder schools, while 210 primary schools were to be created under each middle school. This was to bring to 54 000 the total number of primary schools. The population of Japan was 35 million at the time, and this meant one primary school for every 600 people. In reality, the education system started with only 24 000 primary schools, about half the number in the original plan, and implementation of the plan depended heavily upon support from the private sector.

Moreover, only one university was created in 1877, in Tokyo, instead of eight universities, due to financial and technical difficulties in obtaining qualified teaching personnel. This university was made the first Imperial University in 1886 and six more Imperial Universities were finally established at

considerable interval from one another, in Kyoto (1897), in Tohoku (l907), in Kyushu (1910), in Hokkaido (1918), in Osaka (1931) and in Nagoya (1939). Some private universities were started as early as the Tokyo University, but they were not allowed to use the title of "university" until 1903, in fear of the possibility of degrading standards in university education, due to less qualified teaching staff and less than satisfactory facilities.

Tokyo University was created following the German model, with a three-year programme. The German universities management system of "university autonomy" was also adopted in this process. In order to maintain an equivalent level of research and education, a three-year preparatory course was added after middle school before students could advance to the three-year university programme. This unique Japanese feature brought the total length of university education to six years and made it very costly. In order to maintain the quality of research and education, the other universities were established following the Tokyo University model in structure, staff qualification, courses to be offered and management methods. This procedure may be responsible in making Japanese universities nearly identical to each other, rather than offering a similar range of educational opportunities within more varied regional outlooks and specific features.

The limited number of university graduates was not enough to feed the growing industrial and commercial sectors. Therefore, the government established several technical colleges of advanced studies, many of which were later converted into universities. Many private colleges of advanced learning were also created in parallel to private universities. In the 1947 reform, preparatory courses for university were cancelled and the length of university studies was increased to four years: two years of general education and two years of professional education. At the same time, many non-university institutions offering advanced professional training in any single province were combined into a new national university.

A good number of private colleges of advanced learning were also upgraded to university level when they met the chartering standards. Thus, by 1950, the new higher education system included 70 national universities, 18 public universities, as well as 70 private universities. In the process of establishing new universities, organisational structures and university management methods were copied from those of imperial universities, together with a strong notion of "university autonomy".

Private education

Another pre-eminent feature of Japanese higher education is the significant presence of private educational institutions. Of the 523 universities, 98 are national, 41 are public, and 384 private universities. Similarly, of the 591 junior colleges, 39 are national, 53 public and 499 are private colleges. Of the 3 409 Senshu Gakko, only 161 are national and 190 are public. The remaining 3 058 are private institutions. This means that 73 per cent of the universities, 84 per cent of the colleges and 89.7 per cent of skill-training schools are private. In terms of the number of students, 76.2 per cent of university undergraduates, 31.8 per cent of graduate students, and 92.4 per cent of junior college students are in private institutions (1992 academic year).

This significant presence of private institutions in the Japanese system of higher education is due to the traditional concept of treating the education of children as a household affair. Unlike European countries, where churches provided the basis of education before modernisation, it was common in Japan for secular education to be organised through the private initiative of local communities and to be maintained by the contributions of wealthy people, the tuition being paid by parents. Private initiatives supported the first modern education system of 1872, by financing the cost of building new schools through contribution from local communities.

When the modern sector of the economy grew around 1900, it was again private initiatives which built many professional training middle schools and post secondary institutions, copying national and public commercial, technical and medical colleges established by the Government and the authorities. Commercial middle schools and colleges, technical middle schools and colleges were established by local guilds and commercial organisations. Agricultural middle schools were funded by local land-owners and wealthy farmers. Women's middle schools were established by local leaders and intellectuals. These efforts expanded the limited opportunity for higher professional education and met the growing demand for education. The same pattern was repeated as well during the more recent development of the education system.

The difference in the quality of education and research between national and private universities is not very wide. However, the top ten national universities have a stronger orientation in science and technology, as well as markedly stronger research capacities.

Tanki Daigaku -- junior colleges

Many of the private post-secondary institutions established before 1947 developed into private universities when they met the standards set by the Ministry at the time of the educational reform of 1947. Other institutions which did not meet the standards were temporarily categorised as "short-term universities", with a two to three-year study programme. This category of institutions proved to be very popular at the time for completing the education of young women. Taken by the Ministry of Education to improve the quality of education through the introduction of a new framework, this temporary measure produced a unique feature of the Japanese higher education system, one which proved adapted to the social needs of the times.

Senshu Gakko -- skill training schools

The rapid expansion of universities and junior colleges reached a plateau in the mid-70s. Meanwhile, active private initiatives continued and led to the creation of another category of non-university higher education institutions, which started to expand from the mid-70s onward. These were schools which provided training in industrial skills, design, para-medical activities, accounting, computer programming and operation, and many others subjects. Until 1975, these institutions were included in a category of schools called "Kakushu Gakko", or miscellaneous schools. Among these institutions, those giving continuous schooling for more than one year, with a registered number of students over 40, and an entrance qualification of high school graduation, were grouped into a new category, "Senshu Gakko".

Senshu Gakko play an important role in providing professional skills to those of the younger generation who are not in universities. In 1993, there were 3 404 such schools (16 national, 190 public, and 3 058 private); 860 000 students were registered in these institutions and 50.6 per cent of the students were young women. Again, the Ministry provided a framework for the Senshu Gakko, most of which were started through private initiative, to help improve the quality of education and training.

The role of government and function of private initiative

In the process of developing the Japanese education system, the government has provided the vertical axis of the system by establishing prototype models of universities or colleges of advanced studies in specific fields, and also by implementing measures to maintain the quality of education and training in institutions started through private initiative.

Private initiative responded to the technical needs of society and expanded the areas of higher education on the horizontal axe of the system. Whenever there was a specific need for a new type of educational institution related to professional training, the government established a few models and these were eventually copied by private school founders to satisfy the demand among youths who wished to enter into schools of this kind. Also, when various schools emerged without any specific government guideline or sample model, the Government repeatedly provided a new framework to promote these private initiatives and to improve the level of education and training in these institutions.

Changing role of the university

When Japan opened its frontier to the outside world in 1868, there existed a big gap in scientific knowledge and technology between Europe and Japan. Universities were established as a mechanism to transmit the advanced technology of the West to Japan. Since the creation of the first university, the core of each Japanese university has been the school of science and technology. When Tokyo University was created in 1887, 35 per cent of students were registered in the Department of Science and Engineering. When the Kyoto Imperial University was established in 1897, 40 per cent of students were in science and technology. This pattern of strong emphasis on science and technology in national universities has continued until 1990s. Business and industries depended upon the technical expertise of universities both for the training of future personnel and for research products.

When the technical gap was great, the flow of personnel and information cascaded down swiftly from universities to industry, to reach ultimately all levels of society. Universities were indeed the prime source of knowledge and technical innovation. As such, the university system soared high above all other social institutions. Now, Japanese business and industries have somehow caught up with the level of science and technology in the United States and the European countries. The university is no longer such an important technical and social catalyst.

Education and research in business and industry

Business and industries have repeatedly expressed their demand for the improvement of quality in university research and education, while not articulating clearly the specific skills they required in graduating students. Now, in many areas of specialisation, business and industries have more information and conduct higher quality research. They have also taken initiatives in the area of professional education.

Major business firms (both industrial and commercial) recruit new university graduates primarily on the basis of their potential future development rather than on the technical qualifications obtained through university education, and then give them their own tailor-made complementary professional training. It has now become a standard practice for most large and medium companies to have their own initial training programs, of quite considerable length (200 -- 300 hours), as well as a solid schedule of on-the-job training for their new recruits. This completes the professional training already obtained through broader-based university programmes, and enables new recruits to meet the specific needs of the company.

At the same time, many industrial companies have strengthened their own R&D capacities. In certain areas (maths and physics, chemistry, machinery and aeronautics, electronics and communications, pharmacy, etc.), major private research institutions have clearly out-distanced university research institutions in the number of full time researchers, the amount of funds available for research activities per researcher, and, in many cases, the quality of research.

A new phenomenon can now be observed, that of many promising graduating students in science and technology leaving university to join these firms in order to continue their research there, rather than pursuing their studies in graduate schools. Two examples will illustrate this point. The New Japan Steel

Co. employs 200 researchers with doctorate degrees, and 120 among them obtained their degree through research activities conducted after joining the firm; the company is now introducing a study-leave with pay to allow researchers to complete their higher degrees, especially in basic sciences, in selected universities. Research institutes at Hitachi Co. currently employ 940 researchers with doctorate degrees and the company encourages other researchers to obtain their advanced degrees through in-house research (The Asahi, 29 July, 1994). In these research institutes are found three basic elements which have become rather weak in university research institutes: sharp competitiveness, sufficient research funds and updated research facilities and equipment, and finally, a flexible research organisation.

This phenomenon may be considered as part of the common private initiative in education. However, it may eventually tarnish the image of the university as the most advanced centre of scientific research and as the instrument of terminal education. What is needed now is to refurbish the image of higher education institutions, especially that of universities, together with the establishment of a partnership between government and the business community in maintaining such institutions.

Governance

Management of universities and the Ministry of Education

Well before 1947, the imperial universities -- the selected few elitist universities -- were granted the right to exercise university autonomy. The reform of 1947, which was conducted according to the principles of democratisation and decentralisation of educational opportunities, added generously to the number of universities. As a result, the new higher education system included 70 national universities, 18 public universities, and 70 private universities.

Many of the new national universities were the product of combining specialised colleges, established during the previous period to train qualified specialists required by the growing industries of pre-war Japan. Local teacher-training colleges were also added to the new national university established in each province, or made into an independent university.

However, when these colleges, of diverse background and with different management practices, were combined to form new universities, a new management system was also required. The principle of university autonomy and the management practices of imperial universities were applied across the board to all new universities.

As a result, the Ministry of Education, while generally considered responsible for all matters relating to higher education, had no means to direct the research and education activities in any university. On the other hand, universities were not equipped to conduct direct dialogues with regional political authorities, business and industry, and thus could not respond directly to the demands of society.

Therefore, two measures were eventually taken by the national authority to manage national and private universities. One was participation in the preparation of university budget-making, and the other was the setting of standards for the establishment of universities.

*University chartering standard*s

At the start of the new system, in 1947, university chartering standards set by the University Accreditation Society were used in the process of chartering new universities. In 1956, the Ministry replaced this by the Ministerial Order on University Chartering Standards, which has been used with minor modifications (16 revisions) until the recent major revision.

These standards control both "hard" and "soft" university activities. They define the qualifications of university teaching personnel, the student registration quotas, the structural organisation of the institutions, the framework for teaching contents and educational methods, as well as the standards for open and built space corresponding to the size of the student body in any given university, required library facilities and volume of books, etc.

Throughout the period of university expansion, the majority of newly established higher education institutions were private universities and colleges. The university chartering standards played an important part in managing the quality of university education. However, application of these standards has not been consistent over the years. They were applied with flexibility when expansion of university facilities was required during 1960s to maintain the same rate of university admission for the increasing number of 18 year-olds. From the mid-1970s onward, standard application was stiffened to meet the call for improved quality in university education, as a result of an excessive intake of students which the size of facilities and the number of qualified professors could not match. After 1985, the rules were relaxed again to allow universities to expand their capacity, in order to meet the increasing population of 18 year-olds from 1990 to 1992 and to enable them to find innovative ways of preparing for the "ice age" of universities (a period with a sharp fall in the student population), which would immediately follow.

Financial management of higher education

The Ministry of Education is fully responsible for providing the financial means to maintain national universities. According to regulations, it must also provide support to public (those established by provinces and municipalities) and private universities.

The Ministry of Education has the authority to nominate key administrative and managerial staff, who are instrumental in preparing and executing university budget, to the administrative secretariat of every national university. Currently, "university autonomy" means in reality "autonomy of faculty members". In any university, the budget proposals of each faculty and specialised institute are prepared individually and then collated for the entire university into draft programs and budget. These are then negotiated with the Ministry of Education. It is through this process that the Ministry maintains equilibrium among universities, while also helping to set priorities within individual universities. The Ministry then integrates all university budget proposals into a budget proposal for the entire higher education sector, sets the priorities at the national level, and conducts negotiations with the Ministry of Finance. The budget of the Ministry, and of each university, is finalised through approval by the Diet.

Financial support to public and private universities

The financing of public universities is the responsibility of the founder, whether a province or a municipality. The budget of these institutions are subject to the approval of local government. The national government provides support to these universities according to the regulations.

Private universities are financially managed by the management board of the university. The national government has maintained a policy of "no control, no support" from the 1870s to the 1950s. However, in view of the important role played by private universities in higher education, the government started a loan project in 1953, at the time of university capacity expansion to accommodate the "war babies" generation, in order to help private universities also expand their capacity and improve their facilities. In 1983, support for research equipment was programmed. Financial support for the costs of running such universities was initiated in 1970. In 1976, the amount spent on this reached Y 283.5 billion. The percentage of national support in the cost of running private universities reached a peak, in 1980, of 29.5 per cent, and has since declined gradually to the present level of 12 per cent.

Financial support to researchers

In addition to sharing part of the cost of running research institutes and to providing support for the improvement of research facilities and equipment, the national government provides financial support to foster advances in scientific research (including humanities and social sciences). Through the National Scientific Research Fund, the Ministry gives grants to selected research projects submitted by university researchers, regardless of their affiliation to national or to private universities (Y 73.6 billion in 1993). While the general allocation of research funds to each university has diminished gradually, the allocation of research funds for specific research has increased.

Financial support to students

Education in the national and public universities is not free. Students are charged a sizable amount of tuition. However, the ratio between national and public universities and private universities in terms of tuition fees is roughly one to three. In real terms, student fees are currently approximately US$4 000 in national universities and very roughly (with a wide gap) from US$8 000 to US$12 000 in private universities.

Because the tuition charged to students is quite considerable, scholarships play an important role in helping students complete university. In 1993, the government gave the Japan Scholarship Foundation Y 86 billion (roughly US$860 million) to help provide scholarships totalling Y 199 billion to 460 000 students. The number of recipients represent 10 per cent of all students and 30 per cent of graduate students.

In addition to the Japan Scholarship Foundation, a number of private foundations also provide scholarships.

Long-term development orientation

The Ministry of Education has established the University Council, composed of selected personalities broadly representing higher education, and has sought their advice on specific issues and on the long term orientation of higher education policy. This council was established on the recommendation of the Central Education Council meeting of 1971, which indicated the need for a comprehensive national plan to help trace the course of future developments in higher education.

The University Council was constituted in 1976, and the first mid-term plan (1976-80) was prepared by a working group of the council. The principal goal of the first plan was to identify measures to cope with the increasing number of high school graduates advancing to higher education. Measures were suggested to encourage decentralisation of higher education institutions away from large metropolitan areas, and to increase the capacity of private universities in order to accommodate more students.

The second mid-term plan (1980-86) was prepared in 1979. This plan promoted the idea of the decentralisation of higher educational opportunities, with as a background, the decreasing trend in the number of university applicants. The third plan (1986-92) gave policy guidelines to cope with a sudden increase in the population of 18 year-olds (from 1.5 million to 2.05 million during the period covered by this particular plan) and with an expected sharp decline to 1.51 million in the year 2000.

The fourth plan addresses the problem of the changing nature of planning in higher education. Up to this point, educational planning always had to deal with a quantitative expansion in student intake and facilities. At this point in time, however, educational planning must address both the qualitative improvement and the diminishing scale of the system.

It was found that the traditional approach of setting numerical targets and applying standards to regulate structure, or to detail the qualifications of teaching personnel and the teaching content, could not cope with the problems relating to the diminishing scale of the Japanese higher education system, as the system depended heavily upon the private sector. Also, the policy of fixing strict standards in order to maintain quality in education was becoming counter-productive, by preventing attempts at innovation and initiatives on the part of individual institutions to improve the quality of their own research and teaching. In order to encourage innovative moves on the part of universities and colleges, it had become necessary to relax the application of existing rules and standards and even to initiate some deregulation. On the basis of past experience, it appeared that the best new approach to educational planning was to try and obtain the most appropriate mix of educational institutions through market mechanisms.

In the past, private institutions survived on this basis and accumulated managerial experience, while the development of management aptitudes in national and private universities, deeply entrenched in their notion of "university autonomy", was left behind. Now, with the narrowing gap between national/public universities and private universities in terms of quality of education, quality of facilities, as well as tuition fees (the ratio in tuition payable by students between public and private universities was 1 to 5 some years ago and has come down to 1 to 3), increased reliance on the function of market mechanisms appears inevitable to all the institutions.

Reforms of education

The higher education institutions in Japan are currently undergoing a reform at their own initiative. This movement is caused by the following factors.

The first, as has been already discussed, is the sharp decline in university-age population expected in a near future. The second wave of "baby boomers" (more exactly, their children) reached a peak from 1990 to 1992, with the numbers in this age group a little over 2 million. This figure is estimated to decline to 1.77 million in 1995, 1.51 million in 2000, 1.38 million in 2005, and 1.26 million in 2008. The percentage of people in this age group who will study at the university may increase, but after 2000, some universities and many colleges will certainly not fill to their capacity. A sharp reduction in student intake may even force some of these institutions to close part or all of their facilities.

The second is the large number of institutions (over 1 000 universities and colleges, as well as over 3 400 non-university institutions, most of which are private). It is nearly impossible to set a strict development framework for such a diverse amalgamation of higher education institutions, to make a numerical estimate of the future needs of a rapidly changing society, and to predict the impact of developments in life-long learning.

To face these problems, the traditional principles of numerical target setting and control of quality through sometimes strict and sometimes flexible application of the chartering standards must give place to a new notion, that of the development of a flexible framework based upon the independent initiative of institutions and reliance upon market mechanisms.

Deregulation of the chartering standards

In 1991 the government introduced a major change in the university chartering standards, by removing the restrictive framework for undergraduate education and ensuring freedom in curriculum development to each university. At the same time, as a built-in mechanism to improve the quality of universities, a new article was introduced aiming at the revitalisation of the ability of each university to evaluate the quality of its own research and teaching . The establishment of inter-disciplinary departments has been taking place over the last several years and the liberalisation of the standards is the final stage of the evolution the system from one directed at the education of the elite to one fostering education of the entire population.

The standards previously required universities to have four obligatory streams: general education, foreign languages, health and gymnastics, and specialised education. This restriction was removed and each university is now empowered to make decisions concerning the structure and contents of its courses, based on its specific educational goals. The old regulation, introduced with the reform of 1947, certainly had a positive effect by creating a new university model. It provided one of the bases of the new university for all, and also contributed to bind together students of separate departments into one new university body. Otherwise, any new university made up of an assembly of separate special colleges would have fallen apart. Over the years, however, university teaching did not develop quite as had been expected at the start. One tendency which was repeatedly observed was for the units handling each of the four divisions to become more independent from each other and to develop their own sub-goals, goals which when put together did not always meet the general goals of the university as a whole.

Article 2 of the revised Chartering Standards indicate that each university is to increase its effort to make academic self-evaluation of its research and teaching. Self-evaluation pre-supposes the existence of a mechanism to modify an issue, based on the findings of the evaluation. In order to make the evaluation more objective, there should also be provisions for the participation of a third party. The revised regulations of the university chartering standards do not refer to this point. Initiatives on the part of each university are expected in expanding this evaluation process into the core of its policy-making.

When the Research Institute for Higher Education of the University of Hiroshima made a survey in 1991, only ten per cent of universities had been equipped with an academic self-evaluation system. The following year (1992), the Media Education Centre conducted a similar survey and found that the figure had increased to 60 per cent.

The liberalisation of restrictions is certainly an important reform for private universities. However, for national and public universities, this liberalisation does not immediately mean a free hand in reform, as financial arrangements for the change have to be negotiated with the Ministry of Education. In fact, this reform is meant for the "soft" part of university education, the "hard" component not having been affected. Regulations relating to university staff, space and facilities remain unchanged, so does the student-professor ratio. The liberalised part consists in the development of curricula, the disappearance of the division between general and specialised education, and such prerogatives as the naming of faculties and sub-sections.

Management reform

Another issue of concern to Japanese higher education institutions is management. As already discussed, at the time of the reform of 1947, many new national universities were created as the product of the amalgamation of separate specialised colleges within the same province. The application of university autonomy as the method of management resulted in creating several "faculty autonomies" within any given university. A means to support strong leadership on the part of university presidents, or on that

of the policy-making body of the university as a whole did not emerge in the development process. An improvement of management practices in this respect appears to be the most crucial component in making each university respond to the need for change.

The current position of the university in the Japanese society is not the same as it was at the time of the creation of the Imperial University, at the beginning of the century. The gap in levels of information and technology between society and university has diminished rapidly. The university has not been an ivory tower for quite some time now. Yet, national universities have not developed any new means of dialogue with society, nor have they updated their methods of managing objectives, personnel policies, research activities, etc. Only private universities have developed the management tools required to survive social change.

The strengthening of national and public university management appears to be a hidden, but most important issue relating to university reform at the moment.

Conclusion

The Japanese education system has always suffered from a chronic shortage of financial resources throughout the history of its development. This shortage was partly alleviated through the active participation of the private sector in education, which sprung from the traditional notion of considering education as a household matter. During the development phase of the national higher education system, the government always provided the framework which helped maintain quality in education, and private initiatives expanded educational opportunities and the diversity of education and training.

The current problems of higher education in Japan are problems arising from adapting a previously elitist system to provide educational opportunities to the bulk of the student population, from the diminishing technical and information gap between universities and society, and from obsolete and inflexible management mechanisms within universities. The issue of the accountability of universities, as well as the channels of interaction and dialogue between universities and society remain to be worked out.

HIGHER EDUCATION POLICY IN THE UNITED STATES: TOWARDS A MORE AGGRESSIVE ROLE

Aims C. McGuinness, Jr.

The next decade will be one of the most difficult faced by American colleges and universities in 50 years. Growing tensions between government and higher education about priorities, funding and accountability will be especially challenging (McGuinness, 1994b). Clearly, there are significant differences between the histories, cultures and institutions of Central and Eastern Europe and those of the United States (U.S.). However, there are still opportunities for sharing new approaches to deal with similar problems.

The present document gives an overview of current and developing trends in the relations between government and higher education in the United States. In summary, this paper provides the following:

-- a brief overview of the salient features of higher education in the U.S.;
-- an outline of several of the major policy dilemmas facing the U.S.;
-- a description of the relationship between government and higher education, focusing on the state governments;
-- highlights of the changes which have occurred in this relationship in the past decade;
-- observations about the fundamental transition taking place in the U.S. and about principles that should undergird these changes.

Distinctive features of U.S. higher education

The complexity of the U.S. higher education enterprise makes generalisation exceptionally difficult. It is not a "system" in the sense of an integrated set of institutions functioning within a single governmental framework. The word "enterprise" is often used because of the exceptional institutional diversity and independent governance of the higher education sector. The following distinguish the enterprise from higher education systems in other countries.

Institutional numbers and diversity

There are 3 638 colleges and universities in the United States. The majority of institutions are private (55 per cent), but because many are small (less than 1 000 students), they enroll only 20 per cent of all students. Two-year institutions (e.g., community colleges, technical institutes) offering associate degree and short-cycle training are numbered at 1 469 and comprise 40 per cent of all institutions. These institutions are comparable to non-university and upper-secondary programs in many other countries. The 125 major research universities, both public and private, the most widely recognized on an international level, comprise 6 per cent of all colleges and universities other than community colleges. The remaining institutions range from large, comprehensive universities to small liberal arts colleges (U.S. Department of Education, *Digest*, 1993).

Students numbers

Total enrolment is approximately 14.4 million. Public colleges and universities enroll 80 per cent of all students. This percentage in the public sector increased dramatically in the 1960s with the expansion of community colleges. Since the 1950s, private institution enrolment has increased but at a rate slower than in the public sector. Only 58 per cent of students (8.5 million) are at a level that would be generally comparable to polytechnic and university sectors in other countries (U.S. Department of Education, *Digest*, 1993).

Multiple funding sources

The shares of funding for colleges and universities overall are 16 per cent for the federal government, 38 per cent for state and local governments, 33 per cent in student tuition and fees and 13 per cent from private (foundations) and other sources.

Federal and state governments provide an additional amount in direct grants and loans to students (approximately $12 billion) to help them pay tuition and fees. This amount does not show up in institutional accounts as federal and state funding because it goes directly to students. It is therefore included in the 33 per cent in revenue received by institutions from student tuition and fees.

The terms "public" and "private" institution refer to formal ownership and control. Actually, public institutions receive about 46 per cent of their funding from private sources, including student tuition and fees. Private institutions receive 25 per cent of their funding from public sources, primarily in federal research grants and contracts (U.S. Department of Education, *Digest*, 1993).

Mixed governmental responsibility

As demonstrated by the figures on shares of funding, all governmental levels in the federal system have some higher education responsibilities. The U.S. Constitution leaves to the 50 states the responsibility for education. This is definitely the case at the elementary and secondary levels where the states, not the federal government, establish the legal framework and standards for schools. The federal government provides only six per cent of the funding at these lower levels.

In contrast, the federal government has historically played a significant (some would say pre-eminent) role in higher education. The states have legal and principal funding responsibility, but at critical points in U.S. history, the federal government was the catalyst for changes in colleges and universities. Examples include the federal laws in the late 19th century creating the public Land-Grant Universities (e.g., universities such as the University of California, the University of Wisconsin or the University of North Carolina), the National Science Foundation and the major Post-World War II increase in federal research funding that created the foundation of the modern research university, as well as the major federal initiatives on grants and loans to students (the GI bill in the late 1940s and the student aid programs enacted since the mid-1960s).

Despite these periods of federal leadership, the state governments continue to be the most important governmental units for most colleges and universities. As will be discussed later, most of the changes and tensions comparable to those occurring in other countries are being played out in the 50 American states.

Openness

The U.S. has a long-standing tradition of openness and access to higher education. There are no school-leaving requirements (similar to "A"-levels in the U.K., the *Abitur* in Germany or the *Baccalaureat* in France). Many institutions require applicants to take the Scholastic Aptitude Test (SAT) or the American College Testing Service exam (ACT), but these are privately developed and administered tests.

Admissions requirements are usually established institution by institution, although state governments usually set admissions policies for public institutions. Only a small number of institutions (perhaps no more than 100) are highly selective, meaning that only students with the highest academic standing in secondary school and exceptional test scores are admitted.

Among the 24 countries in the Organisation for Economic Development and Co-operation (OECD), the U.S. has one of the highest ratios (24.9) of university enrolment per 100 population aged 18 to 24, exceeded only by Austria (25) and Canada (27.5). (U.S. Department of Education, *Education in States and Nations*, 1993.) More than 50 per cent of upper secondary school completers go on to some form of post-secondary education.

Private, "voluntary", quality assurance

There are no national governmental standards for degrees or, in fact, for most aspects of higher education. Most quality assurance mechanisms are private or determined at each college and university. Historically, the country has relied primarily on voluntary regional accrediting associations to judge college and university quality. States approve institutions for operation but only according to minimum standards. State governments **do** set quality standards for public institutions. As mentioned later in this paper, the states have become far more aggressive in setting standards and assessing quality in the past decade.

Quality related to research is judged primarily through peer-review mechanisms operating voluntarily through disciplines and professions. Most federal research funding is awarded competitively using this peer-review process.

Strong lay institutional governance

In contrast to most institutions in other countries (especially in Europe), American institutions are governed by boards of trustees composed of lay citizens who are generally not faculty members, other persons employed by the university, or students.

Most private institutions are governed by boards of trustees that have responsibility for only one institution. Most public colleges and universities are units within larger multi-campus or consolidated systems headed by a single lay board of trustees. A small number of public institutions still have their own governing boards, following the model of private institutions.

University presidents are appointed by, and accountable to, the boards of trustees. In contrast to "rectors" in the European university, presidents do not necessarily come from the faculty and are only indirectly accountable to the faculty. They generally do not serve specified, limited terms.

Mobility of faculty and students

In contrast to most other countries, the U.S. is relatively market-driven for both faculty and students. Faculty receive their appointments and promotion and tenure at the institutional level. They do not receive state-level or national appointments. They may move from institution to institution within the overall market. Students also may chose which institutions to attend within the constraints of their ability to gain admission and pay required tuition and fees. Students increasingly transfer among several institutions and gather credits toward a degree at several places.

Unit credit

The ability of students to move from one institution to another is facilitated by a nation-wide understanding of the meaning and value of "academic credit." The ability of students to carry credits earned at accredited institutions from institution to institution throughout their academic careers is higher in the U.S. than in most other countries.

Major dilemmas facing American higher education

Three broad trends will have a profound effect on American higher education over the next decade: Firstly, demands for services will continue to escalate. Secondly, resources will not be available to meet these demands and their related costs. Thirdly, to complicate matters even more, the public is increasingly frustrated and angry about the inability or unwillingness of higher education to respond to major societal priorities (McGuinness, 1994b).

Escalating demand

Following the patterns in many other countries, demand in the U.S. is escalating across all dimensions of higher education's mission: education, research and service. Student demand for access will continue to increase. This will result from increases in the number of secondary school graduates toward the end of the decade and public perceptions that a post-secondary credential is essential for access to good jobs.

The education mission will continue to become more challenging as both standards and the diversity and complexity of the student population increase. The greatest need, in terms of society and work-force, is for more of the students who currently receive only secondary school credentials or less to receive post-secondary training. Most of this will be at the one- and two-year levels. In time, however, if more students obtain this short-cycle training, demand will increase at the baccalaureate level. Also, an increasing number of adults are finding that they must return to higher education to maintain their competitive position in the job-market.

Severely limited resources

The U.S. is emerging from a recession that seriously affected higher education funding. Even with economic recovery, however, higher education funding is unlikely to improve sufficiently to meet increasing demand and costs. Every major revenue source as outlined earlier will be under strain.

Federal funding for higher education (16 per cent), especially for student grants, is being seriously threatened by efforts to reduce the size of the federal deficit and the demands of other priorities for limited discretionary funding. Republican control of the next Congress will accelerate demands for cuts in

education and other domestic programs to achieve a balanced budget and to reduce taxes. Moreover, the continuing post-Cold War reductions in defense-related research are already resulting in fundamental shifts in the funding of major research universities.

State and local funding (38 per cent) is improving with the economy but with significant variations among the states. In the recession years of 1991-92, state higher education funding actually declined for the first time in more than a quarter of a century. Funding has now returned to pre-recession levels, but not sufficiently to meet increased demands. Because of other priorities -- funding of new prisons, health care and elementary and secondary education -- the share of state and local funding going to higher education is continuing to decline. California is not typical of the nation as a whole, but it illustrates the dilemma that will confront several large, growing states such as Florida, Texas and Virginia:

-- California institutions will have to make room for a 50 per cent growth in the number of full-time equivalent students by the year 2006, from 915 000 in 1991-92 to 1.4 million.

-- Based on the 1991-92 budget, state support will have to increase by 52 per cent to accommodate this growth in enrolment. From the more depressed 1992-93 budget, state funding of higher education will have to grow by 85 per cent to accommodate these students.

-- Only in the most optimistic scenario, a sustained seven per cent annual growth in the state's economy over the decade, at a time when state officials are projecting deficits throughout the 1990s, would be adequate to meet these needs (California Higher Education Policy Center, 1994).

Tuition and fees (33 per cent) will have to increase, especially in the public sector, to make up for cuts in government funding. However, strong public reaction to price increases will limit the extent to which they can keep pace with cost increases.

Private support (13 per cent) is seen by some institutions as a source of relief, but competition among public and private institutions for limited private philanthropic and corporate support will make this source problematic for most colleges and universities.

The result of the inability of colleges and universities (especially public institutions which serve the largest percentage of the nation's students) to obtain the revenues necessary to accommodate demand will be a steady decline in funding per student over the next decade. How this clash between demand and available resources is resolved will have profound effects on American higher education. The enterprise will be strikingly different ten years from now, but the dimensions of the change are exceptionally difficult to predict.

Higher education in the U.S. is becoming even more private in terms of funding. Ironically, this is happening while the percentage of enrolment in "public" institutions continues to increase. Government funding for undergraduate education will continue to decline in real terms. The cost of higher education is being shifted to students through increased student fees and public policies that emphasise long-term loans rather than student grants. In other words, the cost of higher education is being shifted away from this generation of parents and taxpayers to the next generation, who will be obliged to pay student loans.

The nation is moving back from the commitment to access for all citizens as a public good and a basic right in a democracy. This sense of "right" or entitlement is the legacy of the 1960s and is deeply ingrained in American society, especially in the middle class. The emerging perspective is that access to higher education is primarily a private good and that the public commitment should serve explicit public purposes (e.g., ensure an adequately prepared work force or equitable participation of a diverse population

in the work force and economy). From this viewpoint, enrolment should be managed to ensure that purposes are met within the constraints of available resources. This emphasis on higher education as a "strategic investment" has shaped much of state policy since the mid-1980s.

As a result of the recent recession, many institutions have already "down-sized", by cutting programs and staff and restricting the numbers of students being admitted. In the public sector, this means significant reductions in student places and access. Other institutions have continued to accommodate students but with much larger class sizes and pressure on limited staff and resources.

Talk about use of technology to achieve productivity improvements and accommodate student demand is more serious today that at any time in the past decade. It remains to be seen whether its impact will be sufficient to accommodate demand.

One possible consequence will be an acceleration of closures and mergers among the many small private colleges (many with enrolments under 1 000). This could further narrow the diversity of the American higher education scene and put even more pressure on the large public institutions.

Growing gap or mismatch between higher education and the broader society

Public opinion polls and the actions of political leaders throughout the states demonstrate a widening gap on priorities between the public and the higher education sector. This is a decade-long trend triggered in the mid-1980s by public reaction to double-digit increases in tuition and fees. It intensified in the late 1980s, as states began to feel the impact of slowing economic growth and recession. The conflict is between two fundamentally different perspectives:

-- The internal priorities of the university are driven by disciplines and professions. It is these priorities, linked to academic advancement and research funding, which most influence faculty perspectives. Highly focused on individual competition, these pressures accelerate the centrifugal forces fragmenting the capacity of universities to address issues that require team, group or inter-disciplinary responses: general education, applied research and external service.

-- There are external expectations that the university should be responsive to major societal issues, e.g. improving the elementary and secondary education system, the environment, criminal justice, health care. Corporations are frustrated by the declining quality of graduates and the lack of focus on application and technology transfer within higher education’s research capacity.

This gap is fuelling the most intense demands for external intervention (primarily through state policy) experienced by American higher education in this century. What began as a state-level concern is now extending to federal policy.

A quarter of a century-old practice of federal reliance on the voluntary accreditation as an indicator of the quality of institutions participating in the federal student aid programs has now collapsed. In its place, Congress has enacted requirements that will link federal quality control to state policy. Because of the storm of controversy stirred up by these new laws, it remains to be seen whether they will be sustained. It is highly unlikely, however, that public officials will retreat from their commitment to scrutinise and, if necessary, to intervene in determining the priorities of the higher education enterprise.

Focus on the states

It is in the 50 states, not at the federal level in Washington, D.C., that most of the coming decade's tensions between American higher education and government will be fought out. These state-level policy debates are most relevant to, and in many respects, similar to, the policy debates taking place in other countries around the world -- including those in central and eastern Europe. This is not to deny, as just suggested, the important indirect role that federal policy will play in these dynamics.

Understanding the state role

All American states have certain characteristics in common in terms of their higher education systems:

-- All have state constitutions which define executive (the governors), legislative and judicial branches of government, roughly similar to the branches at the federal level. As indicated later, the actual powers of the executive and legislative branches varies greatly among the states.

-- Because education is a state responsibility, all states have a state education agency with broad authority to set standards and oversee the public elementary and secondary schools. With only a few exceptions, these agencies do **not** have responsibility for higher education.

-- Historically, states have maintained a "hands-off" posture toward their colleges and universities. In fact, in states such as Michigan and California, the major state universities were granted autonomy by the state constitutions. In theory, this means that state political leaders cannot direct the universities' substantive priorities. In reality, their influence through funding priorities is significant.

-- In response to demands in the 1960s for better state planning and co-ordination, more rational allocation of public resources, and more public accountability, virtually all states established state agencies ("buffer" agencies, in the international context) to oversee their higher education systems. States organise their systems in either of two ways. Half the states retain relatively decentralised systems of locally-governed colleges and universities, but provide for state co-ordination through a higher education planning, coordinating and regulatory agency (the State Council for Higher Education in Virginia is an example). The other half of the states have consolidated all or most of their public colleges and universities under one or two central boards. While these multi-campus or consolidated systems have a degree of independence from state government (the governor and legislature), they often maintain a high degree of central control over the operation of individual campuses within their systems (the Board of Governors for the multi-campus University of North Carolina is an example).

-- Despite the appearance, to many outside the U.S., that government plays a limited role in American higher education, the reality is that 80 per cent of the students attend institutions under the fairly tight state-level control of a board or agency with responsibility for:

  -- state-wide planning;
  -- defining the mission of each public college or university;
  -- reviewing and approving academic programs;
  -- recommending budgets and, in some cases, allocating public funding to each institution;
  -- regulating quality and defining the terms of public accountability;
  -- managing student grant and loan programs;
  -- maintaining state-wide data and information systems.

Despite these common characteristics, generalisations about "the states" in the U.S. are difficult to make and can be misleading (McGuinness, 1994). The differences are roughly similar to the differences among nations. The obvious exceptions to the international parallel are that the states' higher education systems all developed after the U.S. federal system was well established and all operate within the same linguistic and cultural heritage.

Understanding these differences among states is especially important in policy making. There is an accelerating tendency for policy ideas to be "faxed" across the nation (if not the world) and shared through networks of policy leaders (not unlike mechanisms such as the OECD). To the extent that this leads to the sharing of innovations and helps avoid "reinventing the wheel," it is a positive development. However, it often leads to new policies that do not match a particular state's problems, context and culture. In a sense, good policy **should** be reinvented in relation to particular state and local conditions.

Among the more important variables that define state differences in higher education policy are the following:

-- **The overall state of the economy.** Some states are now experiencing robust economic recovery while others are still in deep recession.

-- **Population characteristics.** Some states will experience significant increases in college-age enrolments while others will not.

-- **History and culture**, as they relate to the extent to which a state should depend on non-public entities to meet public needs and priorities. Eastern states such as Massachusetts, New York and Pennsylvania have historically relied heavily on the private sector. Western states such as Arizona, Colorado, North Dakota, Nevada and Wyoming have strong public-sector traditions.

-- History, attitudes towards and relative political strength of **organised labour**.

-- The relative strength of the **Governor and state legislature**.

-- **Culture**, as it relates to aspirations of the state's population for higher education.

-- The relative direct **involvement of the state general government** (the governor, legislature and non-higher education agencies) **in higher education policy**.

-- The degree of **centralisation or decentralisation** of college and university governance.

Changes in the state role in the past decade

During the 1980s, the states were the arenas for a basic shift in public policy and in the rationale for public subsidy (McGuinness, 1994b). Prior to the 1980s, the states' accountability policies focused primarily on efficient use of resources, or "inputs". With few exceptions, state governments did not raise questions about performance, or "outputs". Political leaders were content to leave to institutions and their faculties issues of standards and questions about what college graduates should know and be able to do.

This changed dramatically in the mid-1980s, as states enacted more aggressive quality assessment policies, incentive funding schemes and other policies designed to "steer" higher education closer to public priorities. Improving the connection between higher education and economic development and strengthening undergraduate education were the most common objectives.

Despite new scrutiny about performance, most states demonstrated remarkable restraint in this area. Some within higher education had feared that states would demand that colleges and universities administer standardised tests and report performance to the public by these and other standardised measures. With only a few exceptions, states did not take this step. Instead, they emphasised that institutions should be able to demonstrate that they had assessment programs in place and that they were using the results of those programs in their decision-making processes. The stress was decidedly on the side of **internal** improvement in contrast to what had been feared: high-stakes external reporting and comparison of institutions' performance.

The changes in the state role during the 1980s closely paralleled similar changes across the world. Governments throughout western Europe enacted changes aimed at injecting incentives for performance and competition into higher education systems that heretofore had been either heavily subsidised or centrally controlled (Neave and van Vught, 1991; Goedegebuure, et al., 1994). The basic elements of change included **decentralisation**, accompanied by efforts to strengthen institutional responsibility and accountability for performance and **redefinition of the role of government** away from central bureaucratic controls to new "steering" mechanisms emphasising:

-- incentives for institutions to diversify funding sources through connections with business and industry and more entrepreneurial behavior;

-- a deliberate effort to push colleges and universities to a "market" approach toward priority setting and resource allocation.

The recession of 1989-91 caused American states to put on hold, if not cancel, many of the new "quality" initiatives. Without new funding, it was difficult to sustain incentive and performance funding programs. Without additional resources, the additional effort required to implement assessment mandates could not be sustained. But as states began to emerge from the recession, it was clear that the basic changes of the late 1980s had not disappeared. What emerged, however, was a more intense, probing inquiry into the basic functioning of the enterprise (Ewell, 1994).

In the early 1990s, common themes at conferences where governors and legislators shared their concerns were that:

-- colleges and universities had abandoned their commitment to undergraduate education, focusing instead on research which, in itself, was largely disconnected from the practical economic and social issues facing the state;

-- faculty members were spending less time on undergraduate teaching and more on publication to meet the academy's inwardly driven priorities for research as opposed to teaching and service;

-- universities had grown top-heavy with well-compensated administrators, further diverting resources from undergraduate education;

-- in part because of the foregoing changes, universities were largely unresponsive to and disengaged from the states efforts to improve the public schools; the condition of teacher education was a particular target, but the concern extended to the university as a whole;

-- colleges and universities had failed to recognise what most private corporations had learned through painful experience: that their ability to complete in the global market demanded they significantly increase productivity by implementing new quality initiatives (Total Quality

Management, continuous quality improvement and similar programs) and cutting administrative costs, focusing on the needs of the "customer", and, in many cases, down-sizing;

-- the university had lost its sense of ethical and civic leadership as exhibited by controversies regarding misuse of funds, inability to contain athletic scandals, excessive charges for indirect costs for research projects, and a myriad of other complaints.

In a more subtle, yet critical, attitude change, state officials seemed to lose faith that the largely internal processes for quality improvement instituted with state support in the late 1980s were leading to tangible results. States began to contemplate exactly what college and universities had always feared: external reporting and comparisons according to standardised measures (McGuinness, 1994d).

As states emerged from the recession, the themes of quality and productivity were firmly established as the foundation of a new generation of state higher education policy. Even with a more positive economic climate, these attitudes appear to be firmly established for the remaining years of the decade. The most frequent manifestations of these attitudes and concerns are policies in these areas:

-- **Faculty workload and faculty attention to undergraduate teaching.** Most states required special studies initially but they are now showing a new willingness to demand visible college and university actions to respond to study findings.

-- **Performance indicators,** reflecting concerns about both appropriate and efficient resource use but also performance ("return-on-investment"). The new mandates were often established with little reference to previous state requirements for assessment of student learning. External reporting is now a key element.

-- **Linking performance to funding.** After a pause during recession years, states are showing new interest in linking performance with funding.

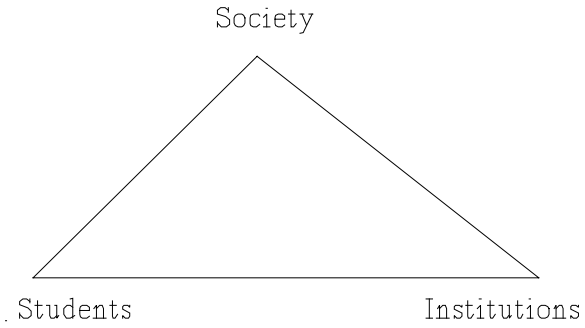
-- **Policies to expedite degree-completion.** States are establishing limits in the number of undergraduate credits the state will subsidise (a limit of 140 hours, for example) or are providing incentives to both institutions and students to complete baccalaureate degrees in a period closer to the traditional four-years. One can expect more effects to attach conditions to student grants and loans related to "time-to-degree" and performance.

-- Major state-wide **initiatives that link additional state funding** (or, in one case, protection from the impact of severe budget cuts) **to hard evidence that institutions have "restructured"** by eliminating unproductive academic programs, reduced unnecessary program duplication and otherwise reduced costs. In some cases, states are deliberately rewarding institutional efforts to implement new approaches to service delivery through technology and other means.

These new public and governmental expectations are straining the organisational structures and the policies established over the past quarter of a century to manage the higher education. As described earlier, most states established state-wide boards or agencies in the 1960s to oversee the relationship between institutional priorities and state demands for planning, co-ordination and accountability. Recent studies by the National Center for Higher Education Management Systems (NCHEMS) and the Education Commission of the States (ECS) have found that many of these entities have grown to be excessively bureaucratic and detached from both the higher education community and the states' political leadership. They are ill-suited to bridge the growing gap between the public and the academy. They are not shaping a public agenda designed to confront the basic dilemma of insufficient resources to meet rising demands (McGuinness, 1994a, 1994d).

Period of transition

The U.S. is going through a period of fundamental transition to a more aggressive governmental role in higher education. Where these changes will lead is difficult to predict. American higher education always has been -- and will likely continue to be -- a highly decentralised, market-driven enterprise. But the issue before the country now is: How can the perspectives of society and students have a balancing influence on -- if not greater influence than -- the internal market of the academic community itself? This tension is illustrated by the following diagram:



Historically, the U.S. has permitted, if not encouraged, a high degree of institutional autonomy. As a consequence, it has been colleges and universities, driven by the disciplinary and professional priorities of the faculty, that have shaped the enterprise. But these internal priorities have been strongly influenced by external policies and incentives. The most prominent of this were federal and state policies aimed at national and regional priorities such as national defense, health, employment, economic development and civil rights.

In the current U.S. debate about roles and responsibilities, the following principles or assumptions are especially important:

-- The reality is that the interests and priorities of individual institutions and the higher education community are not the same as, and are often in conflict with, the broader interests of students and society.

-- The sum of institutional interests is not the same as either student or societal interests. In other words, institutional autonomy is not necessarily going to lead institutions to respond to these broader concerns.

-- A nation's higher education system should recognize that **all** perspectives -- those of the academy, students and society -- are important. In other words, policies that advance one perspective at the expense of others will ultimately not lead to a strong higher education system. The challenge is to development policies that ensure an appropriate balance among these perspectives.

As the U.S. enters this period of more aggressive governmental action in higher education, rather than resorting to centralised bureaucratic control, American political leaders are more likely to use a combination of policy tools, as illustrated earlier, designed to "enter the market" on behalf of students and the broader society. From an international perspective, few of these points are new. There is now a

world-wide convergence in higher education policy. The need is greater than ever for sharing among nations ideas and information about which policies work and do not work in balancing the priorities of society, students and institutions. The U.S. clearly does not have all the answers and could benefit from the experience of others..

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THE GOVERNMENTAL STRATEGY FOR HUNGARIAN HIGHER EDUCATION

Gusztáv Serfõzõ

The present structure of the higher education system

The current structure of higher education in Hungary was created between 1945 and 1985, and although the whole system is in transition due to the social and political changes in the country, its basic features, as illustrated in Figure 1 (Hungarian Rectors Conference Secretariat, 1994), have emerged intact.

Higher education in Hungary enrolls approximately 13 per cent of the college-age cohort. This ratio is low when compared to the western European average. Financial resources for higher education, including funds for tuition and personnel as well as infrastructure, are provided mostly through the state budget.

There are two types of higher educational institutions: universities (egyetem) and colleges (fõiskola). Currently, 74 of these are state institutions, 24 are run by the church and four are private. There are 19 universities, 11 university-level colleges, and 74 specialised colleges.

The current network of colleges was created in 1965-66. Eight institutions offer higher education in engineering and technology, four in commerce and economics, and one in state administration. There are 20 teacher training colleges preparing teachers for kindergarten, primary, and secondary schools.

Generally, universities and the non-university sector are not interlinked. Since there is no national system of credit accumulation and transfer, college graduates have to pass supplementary examinations to continue their studies at the university level.

The Law on Higher Education, designed to address the challenges and needs of higher education in Hungary, was adopted by the Parliament in 1993.

Reforms and innovations in the structure since 1993

Institutional level

As shown in Figure 2 (Hungarian Rectors Conference Secretariat, 1993), state responsibility for higher education is shared among various bodies. Earlier, supervision was carried out by six ministries, but the new Law transfers all institutions to the authority of the Ministry of Education and Culture. The process of integrating smaller institutions into more productive and efficient structures is facilitated by centralised state administration.

The 1993 Law has strengthened the existence of the binary educational system (i.e., encompassing colleges and universities) by linking universities and colleges to specific learning and performance criteria concerning academic programmes, academic staff qualifications, and infrastructure facilities. The new Law also provides a scheme for national-level accreditation to strengthen programmes in colleges and universities.

Curriculum policies

First-degree programmes in universities last a minimum of four and a maximum of six years and lead to a Master's degree, while colleges provide programmes that last a minimum of three and a maximum of four years, leading to a Bachelor's degree.

In order to increase student numbers -- one of the most pressing challenges of the higher education system in Hungary -- institutions are beginning to offer more flexible and diversified programmes, including adult education, vocational training, and continuing education. To cater to students who would rather follow shorter and non-traditional forms of higher education, several management and business schools have been established, as well as distance education networks, post-secondary courses, and " folk" high schools.

By guaranteeing freedom of teaching, research, and study, the new Law has created the legal framework for programme reform on a national level. The *Catching Up with European Higher Education Fund* supports curricular innovation with substantial resources, and this support makes the approval procedure for changes in curricula and faculty much more flexible.

Post-graduate education

With the passage of the Law in 1993, the right to offer accredited Ph.D. programmes was gained by the universities. The Hungarian Acadamy of Sciences proposed to save its own degree (Dsc), which was the highest ranking scientific qualification, but this proposal was rejected in order to develop a degree system compatible with that of Western countries. The current number of enrolled Ph.D. students is 1 600.

System of governance

One of the most important recent changes in the Hungarian governance system has been the creation of new organisations which facilitate communication and efficiency in all areas of higher education, including The Hungarian Rectors' Conference (1987), the College Directors' Conference (1988), the Chair of Art University Rectors (1991), the Hungarian Accreditation Committee (1993), the Higher Educational and Scientific Council (1993) and the National Board of Student Organisations (1989). Another positive development is the growing importance of the existing organisations as intermediate, non-governmental agencies, helping to connect students, faculty and the national administration.

At the level of institutional subsystems, the present pattern of autonomy is maintaining Hungary's traditions, keeping most of the local administrative power with the elected academic leadership, rather than with appointed professional managers. The reason for the powerless status of managers is a function of the financing structures of higher education. Administrative control of funds implies dealing with quasi-market forces, i.e., competition for funds. The higher education system is still closed to many market-driven forces. Competition between institutions and faculty is limited, thus giving power to academic hierarchy, rather than to scholarly competence, managerial skill, and professionalism.

Higher Education and Scientific Council (FTT)

FTT is the strategic advisory body of the government. Its twenty-one members are as follows: the Minister, who also acts as chairman; seven representatives of the Government; eight representatives of the Rectors' Conference, the College Directors' Conference and the Chair of Arts College Directors; one representative each from the Academy of Sciences, the scientific research institutes, the local government authorities, employers, professional associations, and employees.

Hungarian Accreditation Committee

The Law creates the Accreditation Committee and defines the concepts and tasks of accreditation as follows:

> "For the ongoing supervision of the standard of education and scientific activity in higher education, and for the perfecting of evaluation there, the Government shall create a *Hungarian Accreditation Committee.* One half of the members of the *Hungarian Accreditation Committee* shall consist of representatives of the higher education institutions, and the other half shall be representatives of the scientific research institutes.
>
> The *Hungarian Accreditation Committee* shall adopt a standpoint as to the areas and branches of knowledge in which a university may conduct doctoral education and adjudicate doctoral (Ph.D.) degrees. At the request of the Minister of Culture and Education the Council or a higher education institution, the *Hungarian Accreditation Committee* shall express an opinion concerning:
>
> (a) the establishment or recognition of a university or college,
>
> (b) the establishment or abolition of a separate field of studies,
>
> (c) the requirements for qualification,
>
> (d) the doctoral or habilitation regulations of a university."

Financing of higher education

Public expenditure on education in terms of international comparison is quite favourable (5.6 per cent of GDP in 1990). This level corresponds to the welfare state-type stream of developed countries. The rate of expenditure on the primary school level is high, but expenditure on higher education (0.75 per cent of GDP) is on the same level as expenditure in full-member countries of the European Community (EC). International comparisons show that expenditure per student is not low. However, if the social rate of return for higher education is taken into consideration, the system of higher education is very expensive in Hungary in comparison with other countries. This is due to the existence of a relatively great number of small institutions with low enrollment, specialised programmes and a low student/staff ratio.

Central budget support is given to institutions as core funding. The institutes receive the financial support given previous year, and "compensation for inflation", determined annually, is also provided. A limited amount of additional, project-based funding, is also available to higher education programmes.

Autonomy of higher education

In the new 1993 Law, the autonomy of educational institutes is guaranteed, including the right to start postgraduate programmes, to award Ph.D. degrees and to establish credential mechanisms. As discussed earlier, quality is ensured by the existence and role of the Accreditation Committee.

Now, institutions are also free to establish regulations governing their organisation and operations, as well as their personnel policy, admission procedures, and academic programmes. Institutions manage the state-support funding and their own revenues according to framework-type central regulations. The autonomy of institutions is complemented and ensured by the representation, advisory, and evaluation responsibilities of the self-governing student organisations.

In accordance with the 1993 Law, institutions are headed by university rectors or college directors elected by the council of the institution for three years. Council members are also elected for three years. The necessity for social accountability and stable institutional leadership encourages some university or college managers to establish external advisory boards and to professionalise the administration.

Today, the principal task of higher education administration is to ensure that the system functions in an integrated fashion, especially in view of the newly restored autonomy of the various institutions. The integrating role of the Ministry is complemented by that of the Higher Education and Scientific Council, on which the social partners are represented.

While the higher education system is moving away from a framework where centralised government power is absolute, higher education institutions must maintain an awareness of their responsibilities to provide social services in a civil society.

The government policy

The Ministry of Culture and Education is currently preparing a new Law on the Development of Higher Education. The main goals of new government (in office since the 1994 elections) include modernisation of the higher education system, increases in student enrollment and retention rates, modernisation of the infrastructure, new financing programmes and further development in the management and organisation of institutions.

Modernisation of higher education

Modernisation of the content of education is under way, including further development of curricula, training, and educational methods. Planning for the introduction of a credit system compatible with that of western institutions is proceeding and the creation of a legal and financial framework for distance and post-education learning is also in progress.

The Opening-up programme

In order to increase student enrollment and retention, institutions have become interested in offering more flexible and alternative programmes. To cater to applicants who would rather follow shorter and non-traditional forms of higher education, several management and business schools have been established, as well as distance-education networks, post-secondary courses, and "folk" high schools. In order to handle the problems identified in this emerging third sector of higher education (beyond the traditional college and university system), officials at the Ministry of Culture and Education have been supporting pilot projects with experimental French-style "instituts universitaires de technologie" (IUTs) and American-style community colleges. The expansion of remote education, which is expected to continue into the second half of the decade, will require larger resources, whereas traditional adult education, has been on the decline since 1990.

Modernisation of infrastructure

Continued modernisation of the infrastructure in training, education and research activities is being planned. Currently, the Ministry of Culture and Education is supporting programmes incorporating current technology in a distance education information infrastructure. New teaching and evaluation methods including the use of multi-media are being used in several institutions.

Financing of higher education

The 1993 reforms has created a multi-channel funding system drawing support from several different sources, including financing from grants and foundations, in addition to the normative funding that will now be supplied by the government. Management, distribution, and administration of these state grants is being finalised, with planning assistance from the European Community. The following funding sources will be provided by the state:

-- state support for students will be distributed by the Student Related Grant with an enrollment-based formula grant;

-- the Teaching Related Grant will support institutions on the basis of a combination of student numbers and the education costs of the different disciplines;

-- the Facilities Maintenance Related Grant will contribute to building renovation and extension expenses on an ad hoc basis.

The research activities of universities, colleges, and research institutes can be supported by both the institutional budgets and the National Scientific Research Fund. The Hungarian Academy of Sciences has its own support schemes, providing financial support mainly for its own research institutes. Technical innovation and research activities can also be supported by the funding agency of the National Technical Development Committee, which so far has not been integrated into the higher education system. The activities of the different funding agencies have not yet been fully co-ordinated.

The necessity of charging students for higher education has been the subject of social and professional debates since the late 1990s. In 1992, central efforts were made to introduce uniform tuition fees, but the national student organisation rejected the form of poll-tax which had been suggested. According to the latest surveys, the group most at risk to become financially challenged is that of students (generally female) in remote countryside teacher-training colleges. Development of a new framework of tuition fees and of a student loan scheme is currently under way with the help of foreign experts. The 1993 Higher Education Law prescribed the introduction of tuition fees and determined the forms of compensation to students, including direct state support for some, a student loan scheme, and tax allowances.

Development of the management and organisation of higher education

The autonomy of institutions has been gradually increasing since the 1980s and was legally guaranteed by the 1993 Law, with the types of management and organisation discussed earlier Furthermore, to protect their autonomy, institutions may appeal state decisions in Constitutional Court. The government supports the development of the internal organisational structures of the higher education system, as well as the integration process of formerly fragmented higher education institutions.

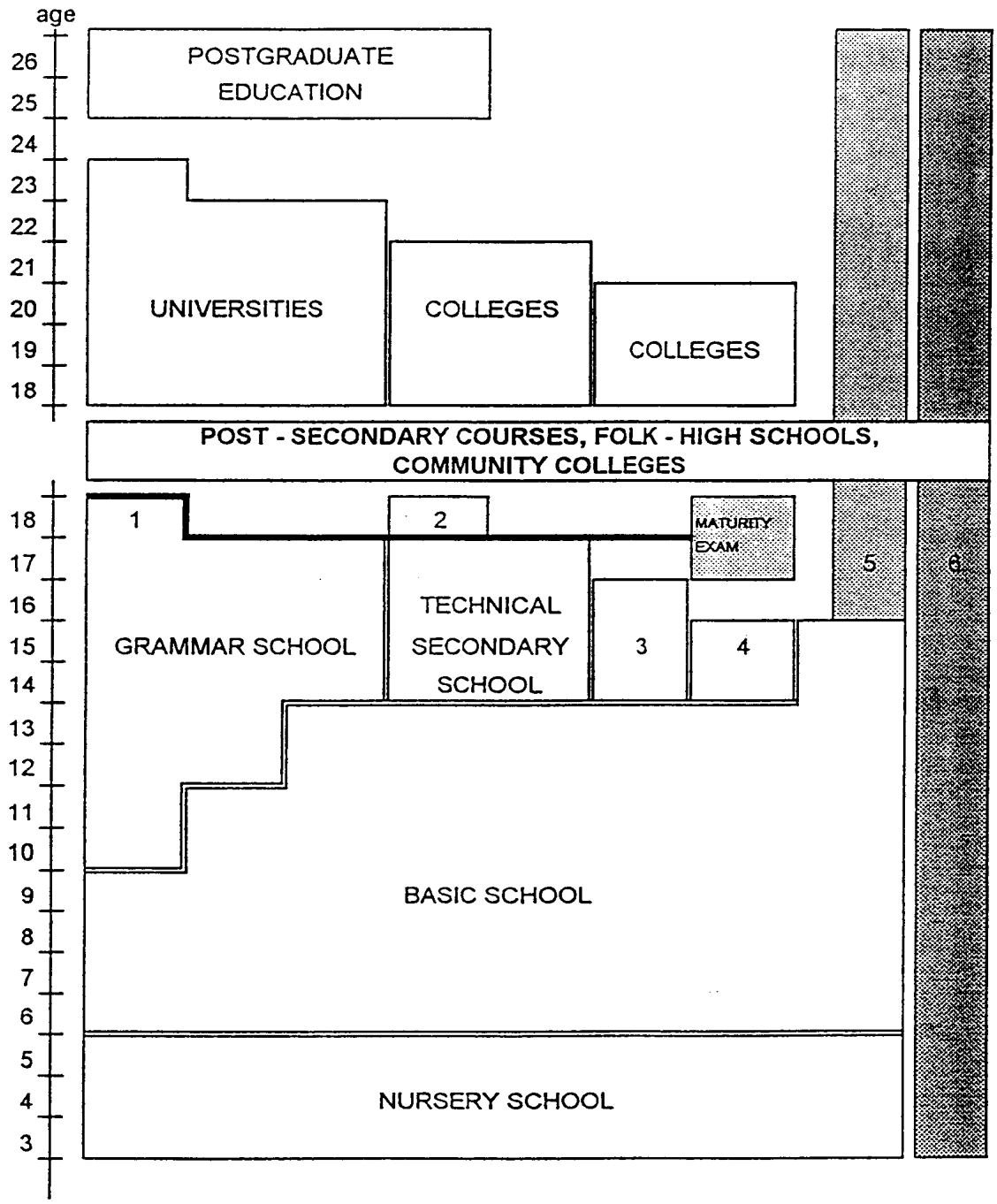
The establishment of higher education associations between existing colleges and universities, forming larger regional universities, is also being supported by the Ministry of Culture and Education.

Conclusion

Hungary is currently facing a period of social and cultural transition. Higher education is one important tool that can be used to address these challenges. The greatest challenge for Central and Eastern Europe is to make a rapid and costly transition into a global democratic society, and higher education is one priority that will allow for a successful future where synchronisation with the West is achieved, while valuable traditions are protected. Support and expert assistance from all of the European Union and from other CEECs has provided Hungary with a foundation for growth and change in higher education which will help meet the challenges of the future.

Figure 1.

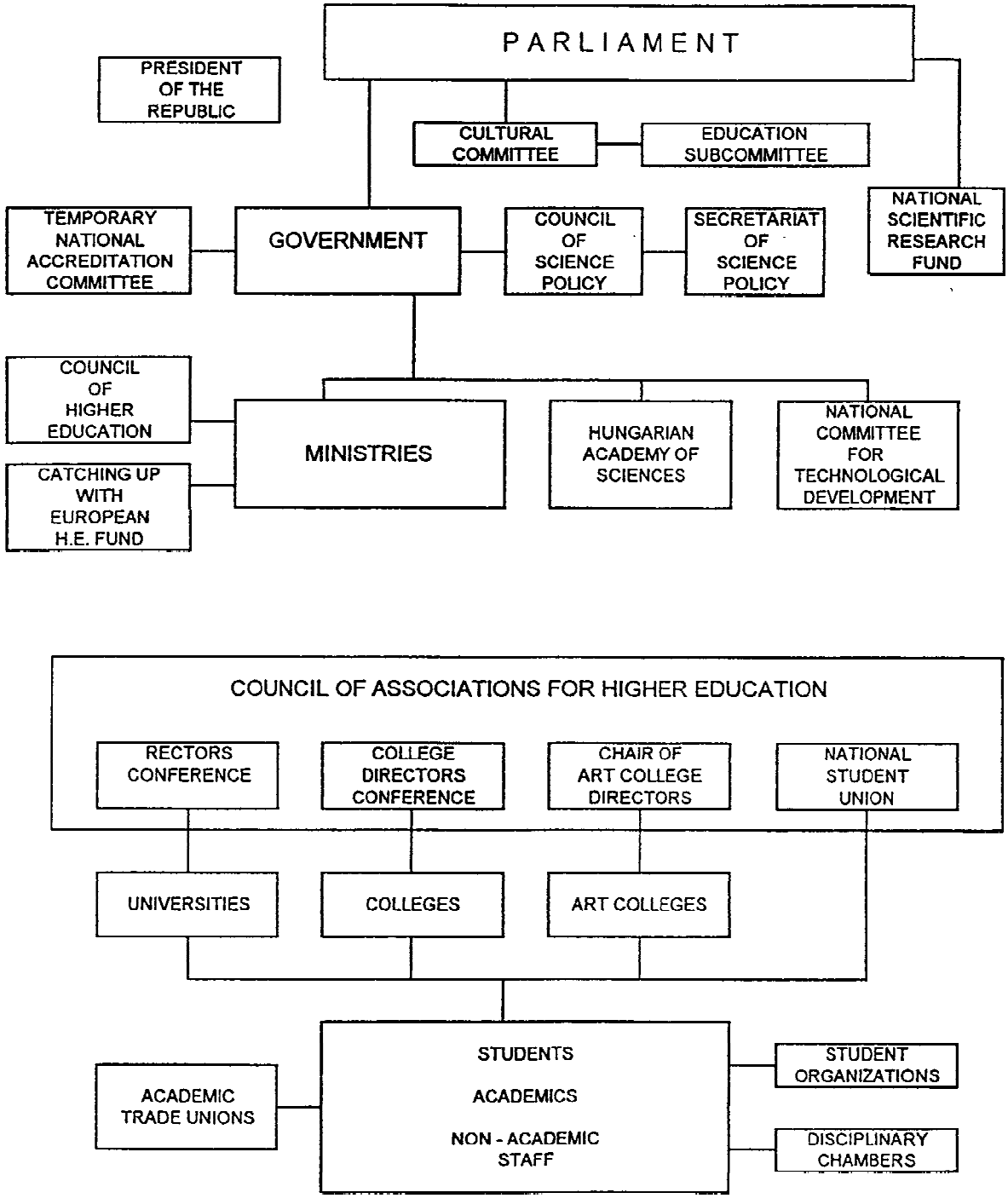
The Hungarian Educational System



1. BILINGUAL GRAMMAR SCHOOL
2. TECHNICIAN TRAINING
3. VOCATIONAL SCHOOL
4. SHORT - CYCLE VOCATIONAL SCHOOL
5. ADULT EDUCATION
6. PRIVATE EDUCATION

Figure 2.

The Institutional Map of Higher Education Management in Hungary in 1993



THE NEW FINANCING SYSTEMS FOR HIGHER EDUCATION IN FLANDERS

Marc Vansteenkiste

Introduction

The financing of higher education in Flanders was completely restructured recently. In 1991, a new law reorganised the financing of universities, while in 1992 another law established the foundations of an innovative financing system for all higher education outside the universities (higher non-university education). One of the main objectives of this exercise was to achieve budgetary transparency and similarity in financing for the two forms of higher education.

The total budget for the universities (55 400 students are enrolled in eight universities) is currently 14 420 000 000 BF for working revenues and 550 000 000 BF for investments. The total budget for higher non university education is 15 783 000 000 BF shared between more than 150 separate institutes.

The financing of universities

Basic assumptions

Following a period of unverifiable and unrestrained increases in the cost of financing universities the government had to curtail all university expansion in 1982. Faced on the one hand with more demand for autonomy, and on the other with the need to control public expenditure, the government was compelled to reorganise the whole financing structure of the university system because it had proved to lack flexibility and to be unable to respond to new demands.

The new financing system chosen by the government was based upon the following principles:

-- the evolution of total costs for universities must follow global budget evolution;
-- financing rules must be transparent and unambiguous;
-- the criteria for financing must be the same for all universities, whether public or private;
-- within a general framework, universities are free to allocate resources as they see fit; they are also responsible for the way in which they allocate these resources;
-- the government has the power to control both quality and conformity with the law in all matters pertaining to university financing.

The financing mechanism

In the past, university revenues were wholly linked to the number of students in attendance, which would change from year to year. The new system gives each university a fixed, historically-based revenue representing 50 per cent of total income for the starting year. The new law stipulates the amount of this fixed income for each university from 1991 onwards.

The other half of university revenue is linked to the number of students enroled and to enrolment by type of studies. A price per unit (or student enrolled) was established and multiplied by a factor (0.5, 1, 2, or 3) representing the type of study and the discipline chosen. For example, civil engineering has a factor of 3; humanities, a factor of 1; part-time studies in all disciplines, a factor of 0.5.

These amounts are revised each year according to the following formula:

$$\mathbf{R_{91+n} = [\, R_{91} + EUP \times (\Sigma\, EWU_{91+(n-1)} - \Sigma\, EWU_{91}) \,] \times I}$$

where,

R_{91} = revenues in 1991;

n = the difference (number of years) between the actual budget year and the reference year (1991);

EUP= the amount given per student enroled in a category of studies with 1 as a factor (education unit price); the sum of all EUPs equals 50 per cent of the total budget for universities in 1991;

EWE= basic unit value given for a student enroled in a category of studies with 1 as a factor (educational weight);

I = indexing formula based on increases in wages and consumer prices, in a ratio of 80 per cent wage increases and 20 per cent consumer price increases.

The financing of investments

The initial system used for financing investments, mostly buildings and large research equipment, dated back to a law passed in 1958 and was based on the allocation of a certain number of square metres per student. The total investment volume was limited, bureaucratic rules were complex and universities had little responsibility over financing and reduced flexibility in the use of investment budgets.

The new system has abolished differences in financing between private and state universities. The basic formula used in calculating the financing of investments is similar to the formula used for university revenues in that it also employs a fixed, historically-based, amount as a starting-point.

The three parameters of the new formula are as follows: a fixed amount, based on the past, a fixed price per square metre and the number of square metres allocated per student, again depending upon the discipline and the type of studies chosen. For example, a student in humanities is allocated ten square metres and a student in engineering, 40 square metres. In 1994, the universities received approximately 300 BF for each square metre.

The financing of research projects

Originally, the government had intended to fund university research programs directly from working revenues. It was assumed that 50 per cent of the money given to universities was used either directly or indirectly for research.

In the early 1970s, it became evident that universities could not continue with their research programs without increased financial support from the government. Special programs were established to meet the demand for funding. However, as several ministries and public funds were involved in these special funding programs, it was very difficult to set a co-ordinated public policy for scientific research until 1990.

The Flemish government continues to support scientific research in universities with grants, without using the number of students as a criterium. The policy concerning these funds is now co-ordinated from the cabinet of the minister-president.

The control system

Within certain constraints, the universities enjoy full autonomy in the allocation of the funds put at their disposal and the government only controls use of the funds after-the-fact.

All universities are under obligation to present a full budget on a yearly basis, as well as a general plan for work-force and investment requirements. An important rule forbids allocation of more than 80 per cent of the budget for wages. Should a university go beyond this limit, direct intervention by university authorities is demanded. If allocation for wages reaches 85 per cent government must intervene.

Instead of using the detailed control and approval of university budgets to regulate expenditure, the Flemish government has chosen to audit their annual report and annual accounts. An immediate post-facto review appears more efficient in regulating the financial aspects of the administration of universities than would projecting future needs through the means of budgets.

The financing of higher non-university education

The background of the"envelope" financing system

In the future, rather than paying wages of personnel directly, while granting separate funds for administration and research activities, the government will provide each institute for non-university higher education with a global revenue envelope, or lump-sum. The existing detailed conditions ruling the subsidising of teachers, courses and options in the institutes are being replaced with general rules applying to all of them.

The following factors had be taken into account in the design of a new financing system:

-- personnel costs were linked to decisions taken by each institute and the government, while paying for these costs, had no influence on the decision-making process;

-- in the existing legislation, small institutes and courses with low attendance received preferential treatment;

-- funds for administration were not granted on the same basis to private and to public institutes;

-- a system of permanent appointments was in place.

Principles of the new financing system

The new financing system designed for higher non-university education can be described as a revolution, as a consequence of the introduction of the following principles:

-- no difference is made in funding between private and public institutes;
-- no historical heritage is taken into account for financing purposes;
-- a financial differentiation is made between types of training courses;
-- full responsibility and flexibility has been granted to the institutes in allocation of revenues;
-- a balance is guaranteed between costs of wages, investments and administration.

Preliminaries

Higher non-university education was financed for years without questions being raised concerning where the funds were allocated and how much the program really cost. Therefore, the first step was to determine the actual costs for the entire financing program, for individual institutes and for specific types of courses. Public expenditure in this area, covering 15 different budget items, was scrutinised. Analysts were able to determine that total expenditure for higher non-university amounted to 16 727 000 000 BF.

At the same time, costs for each institute were calculated. The results, kept partly confidential until now, proved rather of a shock: the average cost per student amounted to 211 120 BF. The standard deviation is important in this case: the average cost ranged from 120 000 BF to 300 000 BF. However, more than ten per cent of institutes had remarkably different cost averages per student. The minimum cost was 52 213 BF per student and the maximum, 774 523 BF per student.

The most difficult task was to determine the average cost of a specific type of training course. This exercise was followed closely by those concerned, since the results would largely influence the revenues for all training courses.

The following types of study areas, based on existing programs, were proposed:

-- short-term courses (three years), such as agriculture, arts, economy, social sciences, technology, nursing, paramedical studies, chemistry and teacher training;

-- long-term courses (four or five years -- university level), including economy, interpretation and translation, industrial engineering, architecture, arts and marine science.

A series of investigations were conducted to determine a realistic average cost per student, given the wide differences in requirements between various types of study areas:

1. The average number of personnel required per student per discipline was first determined. Economics, whether short-term or long-term programs, had the lowest student/teacher ratio (1.25). Nursing had the highest score (2.79).

2 .A second analysis was made, considering existing rules for staffing, but for a fixed number of students (400). The objective was to eliminate the effect of staffing requirements in smaller institutes. As expected, the differentiation between smaller and larger institutes became less important. Seven study areas were found to have a ratio of 1.00 (agriculture, architecture, technology, ...). The gap with nursing was reduced: nursing now had a score of 2.00.

3. The marginal cost for all institutes was determined through regression analysis. The same tendencies occurred: the score for economy was 1.00 and for nursing 2.23.

4. A more sophisticated study, done by the Study Centre for Economic Analysis of the University of Antwerp, eliminated the influence of the scale of the institute. Using multiple regression analysis, the study proved, with very detailed results, that the size of the institution explained the difference in cost per student for one third of the institutes. The initial difference between study areas such as economy and nursing was in fact due to the difference between an average "plant size" of 900 students in a business school and one of 450 students in a nursing institute. The deviation in marginal cost was therefore reduced from 123 900 BF to 101 400 BF per student.

5. Another exercise eliminated the influence of differences between institutes within the following four parameters:

   -- institutes offering long-term higher education, and those offering short-term courses;
   -- private, and public institutes;
   -- institutes working exclusively in higher education, and those also active in secondary education;
   -- institutes offering a single area of study, and those offering more than one.

   The divergence between areas of study became further reduced, particularly after "plant scale" and other unwanted effects had also been eliminated. The results became 1.00 for economy and 1.20 for nursing; however, teacher training still obtained a high score (1.45). The two parameters relating to secondary education and multi-categorical institutes appeared to have no influence.

6. A sixth study looked at the average cost per student per type of higher education.

7. Another technique which took into account the straight linear relation between the number of students and personnel costs was used to calculate the latter. This "neutralised" the effects of the actual system, where an increase in the number of students meant an increase in the student/teacher ratio.

8. The average cost per student, based on the median, was finally estimated.

The results of these studies were used to plan the proposal for the new law and, in general, the different unit cost per study area were largely accepted. The following tables present a summary of the results obtained in steps one to eight for 15 different types of study areas (Table 1), as well as the average of averages (Table 2).

Table 1. **Summary of results**

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
AGRI	1.16	1.04	0.92	--	--	1.43	1.04	**1.20**
ART	1.48	1.36	1.83	--	1.37	1.66	1.41	**1.28**
ECO	1.00	1.00	1.00	1.00	1.07	1.08	1.00	**1.00**
SOC	1.59	1.20	1.25	1.29	1.25	1.55	1.45	**1.36**
TEC	1.05	1.04	1.11	1.23	1.19	1.36	1.04	**1.18**
NURS	2.23	2.00	1.19	1.21	1.24	1.74	2.26	**1.50**
MED	1.52	1.36	1.59	1.57	1.24	1.55	1.48	**1.34**
CHE	1.59	1.36	1.57	1.44	--	1.74	1.48	**1.45**
EDUC	1.69	1.72	1.84	1.83	1.38	1.85	1.48	**1.60**
4ECO	1.00	1.20	0.88	0.84	1.05	1.00	1.00	**0.98**
4TRA	1.28	1.44	1.23	1.19	1.07	1.31	1.10	**1.18**
4ING	1.39	1.43	1.51	1.45	1.31	1.67	1.57	**1.53**
5ARC	1.41	1.28	1.16	--	1.27	1.36	1.19	**1.22**
4ART	1.93		2.14	2.12	1.79	3.24	--	**--**

Table 2. **Averages**

	minimum	**maximum**	**average**	**round. off 0.25**	**round. off 0.20**	**law**
AGRI	0.92	1.43	1.16	1.25	1.20	**1.20**
ART	1.28	1.83	1.49	1.50	1.40	**1.40**
ECO	1.00	1.08	1.01	1.00	1.00	**1.00**
SOC	1.20	1.59	1.35	1.25	1.40	**1.40**
TEC	1.04	1.36	1.14	1.25	1.20	**1.20**
NURS	1.19	2.26	1.63	1.50	1.60	**1.60**
MED	1.24	1.59	1.45	1.50	1.40	**1.60**
CHE	1.36	1.74	1.49	1.50	1.40	**1.20**
EDUC	1.36	1.85	1.67	1.75	1.60	**1.60**
4ECO	0.84	1.20	0.99	1.00	1.00	**1.00**
4TRA	1.07	1.44	1.20	1.25	1.20	**1.20**
4ING	1.14	1.67	1.46	1.50	1.40	**1.40**
5ARC	1.16	1.44	1.37	1.25	1.40	**1.40**
4ART	1.16	3.24	2.50	2.50	2.40	**1.00***

* a special financing system exists for art courses: a "numero fixus", or guaranteed basic revenue, and the lowest EUP (1.00) per student.

Description of the new financing system

The total budget for all higher non-university education institutions is divided in two parts: 50 per cent, fluctuating, depending upon the number of students in attendance at the institute and the area of study, and the other 50 per cent consisting of a fixed, historically-based, amount.

By analogy with the formula used to calculate the fluctuating part of university revenues, 50 per cent of total budget equals **Σ(EWU) x EUP**, where EWU represents the educational weight unit and EUP, the educational unit price. However, because the impact of the fluctuation in student numbers from one year to the next would be much more important for higher non-university institutes than for universities, the total number of EWUs is always the average of the three preceding years, rather than a single reference year.

The fixed, or remaining, part of the budget for higher non-university education institutions will remain the same until 2006, when it will be based upon 50 per cent of average costs for the years 2001 to 2005. The years 1996 to 2005 are to be used to adjust and refine the system. This intermediate phase is perceived as essential to the success of the undertaking.

Implementation of the new financing system

Since the new financing system would cause "revolutionary" changes in all the institutes of higher education outside universities, a carefully planned and innovative implementation scheme became an integral part of the new law. Changes will be introduced over three five-year periods. The main objective of the first period is to introduce the system of global revenue envelope, or lump-sum payment, taking into account the former financial situation of the institutes. The second period should clarify all unfair "historical heritage". Finally, the third period will see the introduction of the permanent system.

In the first year of the introductory period (1996), the total amount given each institute will remain the same as in the preceding year, but the envelope system will be introduced. The second year, 60 per cent of the revenues will be based upon the old envelope, 32 per cent upon the new financing system and eight per cent upon the number of students. These ratios should become, by the year 2000, 20 per cent in "historical" lump-sum, 64 per cent in new financing system and 16 per cent in financing linked to the number of students.

During the second period of implementation, these ratios will remain the same. However, the 64 per cent in financing of the fluctuating part of the budget will be calculated every year according to the new EWUs and EUP.

Finally, in 2006, the "historical" lump-sum and the 16 per cent dependent upon the number of students will be replaced, as the fixed part of the budget, by an average of the costs for the years 2001 to 2005, while the fluctuating part of the budget will be based upon evolution of the EWUs and the EUP.

The procedure used to moderate yearly fluctuations due to changes in the number of students, namely by taking the average of the three preceding years, should also temper the effects of implementation. Nevertheless, serious changes will occur in the field, not only for individual institutes, but also for the community.

The new envelope will give some institutes up to 175 per cent of the global amount they received previously, while this part of revenues will dwindle to 48 per cent of the previous package for others. If winners are quietly grateful, losers are protesting.

Regions and politics are also affected. The lesser-populated provinces of Limburg, in the east, and West Flanders, on the coast, will lose respectively some six per cent and five per cent of their total budget for higher non-university education. Heavily populated areas, with approximately 50 per cent of all students, will see their budget increased by two per cent.

Furthermore, the changes have also intensified the ideological-political tension between public schools (state-run) and the free, mainly catholic institutes for higher education. Private institutes (60 per cent of the student population) will see their revenues increase by about 4 per cent. Institutes run by the Flemish community (20 per cent of all students) will lose some three per cent of their revenues, while income for institutes run by public powers (province, city, etc.) will fall by as much as ten per cent.

Part II

PHARE Multi-Country Co-operation in Higher Education
Reports and Proposals

HIGHER EDUCATION: OVERVIEW AND CONCLUSIONS

Synthesis Report

Neils Hummeluhr

Introduction

In 1993 the Management Committee of the PHARE programme decided to fund two projects promoting co-operation within education among the eleven[1] Central and Eastern European countries (CEECs) participating in the programme. One programme concerns distance learning and the other one higher education.

On higher education, it was decided to establish a pilot project consisting of a series of five seminars on themes selected by the Executive Committee of PHARE Regional Co-operation in Higher Education. The objective of the seminars were to be two-fold:

-- to promote the regional co-operation necessary for establishing viable systems and policy for higher education for the transitional and post-transitional periods;

-- to discern the areas in which Regional PHARE can make optimum investment in higher education programmes in 1995 and beyond, thereby preparing proposals for Regional PHARE programming.

The seminars were to be organised in co-operation with the Directorate for Education, Employment and Social Affairs of the Organisation for Economic Co-operation and Development, within the programme framework of the OECD's Centre for Co-operation with the Economies in Transition.

The themes of the seminars were selected by the Executive Committee (consisting of representatives from Estonia, Poland, Romania and Slovenia and chaired by Professor Dušan Driensky from the Slovak Republic, which co-ordinates the pilot project). The themes were later confirmed at a meeting of the Human Resources Development Regional Working Group with the participation of all eleven PHARE countries. The themes and places of the seminars were:

1. Quality assurance and accreditation -- Slovenia, 9-11 March 1994;

2. Mobility -- Estonia, 26-28 April 1994;

3. Research in Pedagogy -- Romania, 18-20 May 1994;

4. Professional and Social Competence -- Poland, 14-16 June 1994;

5. Higher Education, Overview and Conclusions -- Slovak Republic, 7-9 September 1994.

The following report gives a general overview of the discussions and the recommendations from the seminars, in particular from the concluding seminar in the Slovak Republic and describes the proposal for further co-operation put forward at the seminar in the Slovak Republic. The author has furthermore attempted to place the pilot project and the proposals for co-operation in a wider, general context.

The role of higher education in economic growth and employment

The considerable unemployment which has plagued most of the industrialised world for a number of years has focused the attention of governments even more than before on the underlying factors of employment. While some aspects of unemployment result from cyclical economies, a considerable part have structural causes. Analysis shows that in Europe, the growth in work places since the beginning of the 1970s has been very modest.

For a long time, unemployment and the inflexibility of the labour markets has been hidden either by a very well developed welfare system as in western Europe or by the command economies in the CEECs.

Recent studies undertaken by the European Commission[2] and the OECD[3] have underlined a number of factors of decisive importance in the creation of work places. These studies as well as other analysis demonstrate that neither the upswing (at present in its early stages in Western Europe) nor a completion of the transition to a market economy in the CEECs will reduce unemployment to an acceptable level.

Furthermore, the studies make it clear that increasing globalisation exerts a growing influence on the economies of all countries. A solution of the unemployment problem can therefore not be based on protectionism and local work sharing. Neither can sustainable growth in the economies and satisfactory general welfare be obtained by producing low technology products by a low paid workforce as the competition from Third World countries in these fields will be very fierce.

The solutions must therefore be found in developing economies capable of innovating and producing new advanced products and services and at the same time creating a considerable number of low skill jobs, some of which should be in new fields of occupation.

An important element in accomplishing this and in creating the basis for a generous social framework is a workforce of high skill and high productivity. Major elements in policies aimed at these objectives are, according to the OECD ("Jobs Study, Skills and Competences"), to improve labour force skills and competences by:

- promoting industry/education partnerships;
- creating frameworks of standards for assessment, recognition and certification;
- setting training wages sufficiently low relative to the average wage;
- better preparing students in post-secondary education by providing effective career guidance and by ensuring that overall balance is achieved between more traditional academic studies and technical and advanced vocational studies.

Many of these recommendations are also to be found in the European Union (EU) White Paper on Growth, Competitiveness and Employment.

Higher education will play, therefore, a very important role in the society of tomorrow. The traditional roles of the universities as the distinguished defenders and preservers of national culture and providers of training for public administrators, teachers and liberal professions will now be augmented with new ones.

It will be necessary to train and educate a rapidly growing part of younger generations, providing them with a highly diversified number of skills enabling them to undertake jobs as managers, scientists, engineers and social workers. Universities will also have to take responsibility for an increasing number of adults pursuing lifelong, recurrent education and training.

These roles can only be performed in an open interplay between universities, government, industry, other parts of the education systems and society as such. In the light of the increasing internationalisation of trade, skills and competences, this co-operation will furthermore have to take place between universities and other institutions of higher learning across borders.

General tendencies in higher education in Europe

All over Europe, and in a number of other countries as well, higher education is facing a considerable number of challenges, caused by the fundamental changes which are taking place in many parts of society, ranging from social fabrics and cultural values to production methods and technology.

Highly visible in most countries is the movement away from classical elitist education for a relatively modest part of a young generation towards a mass tertiary education for youngsters, as well as for adults. This process has reached various stages of development in the different countries. In some European countries, e.g. in the CEECs, the process is still in its beginning while in others, 50 per cent of a generation follow some kind of tertiary education.

Closely linked to this development is the growing diversification of higher education as the complexity of modern societies grows and the functions demanding, or at least found to be demanding, higher education and training increase. This puts a considerable strain on the creativity and the ability of the universities to design new programmes and modernise curricula.

In order to avoid too obvious mismatches between the needs of industry and society, the relations to the world outside the university becomes of increasing importance. The relations take various forms from direct responsibilities comprising participation in boards of trustees, co-financing and provision of places for practice to participation in quality control, advisory functions in curriculum design and contribution to career guidance.

As a consequence of the growing number of students and the increasing diversification of the education and training, focus is also directed towards the structure of the education and training programmes in higher education, towards relations to other parts of the education systems and towards the structure of the institutions in higher education and the division of work among them. In some countries a suitable, diversified structure already exists. However, in many countries in Europe restructuring is presently taking place.

Various models and combinations of models are pursued in the different countries. When it comes to study structures, the main emphasis in many countries is put on restructuring university studies, abandoning the traditional continental one degree structure in favour of the Anglo-Saxon bachelor and master degree system.

Another model pursued is the creation of a strong, diversified non-university sector, outside the universities, often described as the "Fachhochschulen" model. The majority of programmes in this sector are mostly of three years' duration and they are often characterised by more tenuous links to the world of research than those at the universities.

Other countries again give priority to developing already existing secondary vocational and technical schools, giving them a college-like superstructure. Very few countries pursue only one model of study structure in their reforms. A combination of models with different weight on the various elements is the most frequently applied policy in Europe.

Closely linked to the changes in study structures are the discussions about the structures of universities and institutions of higher learning. In most countries the traditional structure comprised a few traditional, multi-disciplinary universities and a number of one-profession institutions, some of which had become higher education institutions by academic drift or, in some cases, by deliberate government policy.

This structure is gradually changing. In many countries professional universities, e.g. dentistry or pharmaceutical disciplines, are merged with traditional universities. One-track institutions take up other disciplines and become local centres of higher education, or local branches of well established universities or both. It is difficult to identify any uniform tendency. Apparently each country follows its own path of development.

The growing number of students has given rise to serious considerations about a number of topics such as teaching methods, financing and quality. Concerns about teaching methods are in particular caused by the new type of students coming to the universities, such as people with untraditional educational backgrounds who have spent some years in employment and part-time students in some kind of life-long learning or interested in one subject only. These concerns are raised at the same time as several new technological tools are developed to a realistic stage of implementation. The field of teaching and learning methods are thus as volatile as ever, also giving rise to a fruitful interplay with study structures.

In all European countries, even in those which have passed the first steep parts of the curve of rising entrants into universities, problems of financing are to be found. The problem has two dimensions: the absolute amount of money spent on higher education and the methods of distribution of the money available.

In all European countries the state is by far the most important, if not the the only provider of funds. This often gives rise to serious debates about the proportion of public funds to be spent on education and equally heated debates about distribution among the various parts of the education system.

One tendency is, however, universal: the search for funds from other sources than government coffers. In some countries the discussions centre on the private sector contributing more to existing universities, e.g. through special levies or the setting up of private institutions. In other countries the main topic is tuition fees.

The quality concept and the concerns about preserving or improving the quality of the graduates is also in the focus in all European countries as well as in many other countries in the world. The actuality of the concern is linked partly to the growing number of students in higher education, partly to the increasing demands on knowledge, creativity and entrepreneurship and to the present situation in Europe in relation to the other advanced economies of the world.

All countries try to develop methods for assessing the quality of international and national comparisons between studies and institutions. The importance of student and staff mobility, curriculum co-operation between institutions in other countries and research activities related to the education process are among the elements found in the debates and development work in most countries.

Division of competence between central government and the institutions of higher learning has been the topic of debate on and off in most countries. In Western Europe, the debates and deliberations have seldom given rise to fundamental changes, while in the CEECs the topic seems to be be a fundamental element in the development of higher education.

As government influence is being exercised in many other ways than the legislative, e.g. through financing, appointment policies, regulations on study structures, quality control, etc., the topic is of importance in the overall policy of higher education.

Problems within higher education in the CEECs identified during seminars and reviews

The recent seminars, as well as the OECD reviews of education policies in some CEECs, have put the focus on a number of problems and tendencies within higher education, many of which are shared by all the CEECs or at least by several of them. The majority are the same in the Western European countries and in the CEECs. They have, however, often different weight and urgency in the two regions.

The OECD reviews undertaken hitherto of the Czech and the Slovak Republics and of Hungary identify the following common problems:

-- lack of long-term plans for the development of higher education;
-- problems relating to the capacity of institutions;
-- the diversification process and the problems of identifying social needs;
-- the quality of the teaching staff and "brain drain" problems;
-- the autonomy of institutions, the decision process, the legislative foundation and the division of competences within institutions.

The themes of the four seminars conducted during the first six months of 1994 likewise identified main concerns in the CEECs: quality and accreditation; mobility; research in pedagogy; professional and social competences. During the seminars these main topics were further elaborated.

From the seminar in **Slovenia** on quality it emerged that the purpose of a quality assurance system in all the CEECs was closely linked to political and economic changes. The seminar found that there was a need for a clarification of the terminology used in this field in order to distinguish between the various expressions used more or less at random (accreditation, assessment, control, evaluation, etc.) and to link them firmly to purposes and aims.

The needs for quality assurance systems were very convincingly specified, as the need for:

-- ensuring international credibility;
-- stratifying institutions;
-- developing greater self-confidence within institutions;
-- providing a basis for the legal status of institutions.

During the seminar, it was stressed that a quality assurance system should build upon the educational traditions and political contexts of individual countries in order to be a means of change, innovation and development. For example, the differences between a large country with many institutions and a small one with one or two institutions were mentioned. The seminar also stressed the importance of obtaining acceptance among the higher education community for introducing quality assurance measures.

Although the design of a quality assurance system was considered a national responsibility, the seminar expressed a wish for expert assistance from the outside, as well as joint research and development work. Furthermore, the need was expressed for the establishment of information services on systems and methods, as well as for providing benchmark data for comparison purposes.

The seminar on mobility in **Estonia** dealt with a number of preconditions for establishing mobility, e.g. knowledge of major foreign languages. It also analysed the various forms of mobility, e.g. East to West, West to East and within the CEEC region, as well as the barriers to free flow. Mechanisms necessary for a smooth operation and the major issues to be solved, such as mutual recognition of courses, credit transfers, etc., were described.

The seminar produced a number of recommendations to the OECD and the EU. The OECD was advised to undertake work in field of the performance indicators and in that of structural reforms in the CEEC region. The EU was advised, among other things, to extend the ERASMUS programme to the CEECs, including participation in the ECTS and NARIC networks, to establish close links between the programmes on mobility of teachers and of research workers, to support staff mobility and to stimulate the introduction of a new teaching and learning methods.

The seminar in **Romania** on research in pedagogy dealt not only with research in educational methods and learning techniques, but with the relationship between research and teaching as such and with as far reaching topics as the optimal size of a higher education institution and the protection of intellectual property rights.

The conclusions of the seminar underlined the importance of research at universities on the motivation of students, the urgency of establishing research networks in the CEECs and the conditions for an effective operation of such networks. Furthermore, the problem of bringing universities, research institutes and academies closer together was brought up and work on models for this purpose was suggested.

The seminar also discussed methods of improving the quality of teaching and the various elements in such a process. The ultimate purpose of this was, according to the participants of the seminar, to adequately equip students for employment.

It was agreed upon that mobility of teaching staff, establishment of regional networks and new curricula in foreign languages, computer skills and economics were important elements, as were a number of practical measures in the field of administration.

The last of the topic-based seminars was on higher education and the labour market. This seminar took place in **Poland**. Discussions centered mainly on how to match the demand for graduates with the output, or at least how to minimise the mismatch in number and in kind.

The seminar discussed the role of planning in a market driven economy, the relations to industry and society as such, as well as the diversification process.

The higher education system of the command economy during Soviet hegemony was characterised as geared to meet the manpower needs imposed by central planning and dominated by the requirements of the huge heavy industry sector. This created an inflexible education system, resulting after the transition to a market economy in an inbalanced production of graduates with unmet demand in business-related subjects, law and other social sciences and an oversupply in engineering and science.

To further heighten the lack of flexibility, there were no adequate provisions for adult education or retraining. One of the responses to this situation has been a growing number of private providers of education, the quality of which could not be controlled. This picture was held up against the features of western higher education, which is more market oriented and flexible but also very costly and of varying quality and relevance.

The following discussion focused very much on how the transformation process could be ignited and implemented, taking into account the uncertain role of central government, the very limited resources available and an inadequately trained teaching staff. Not surprisingly, no overall solutions were found. However, a need for regional co-operation was expressed. The issues of co-operation were identified as:

-- studies of higher education and the labour market;
-- training of graduates for finding jobs and increasing their skills in application and interview techniques;
-- devising a CEEC version of the COMETT programme;
-- developing new links between institutions and the private sector, including SMEs;
-- establishing an international centre for training in specialised subjects.

In summing up the topic-based seminars one can probably say that, taken together, the seminars dealt with most of the issues necessary to improve the usefulness of higher education to the economies and the the citizens of the CEECs. Headlines in the discussions were:

Higher education and the labour market

-- the need for mechanisms to improve the identification of needs of individuals and of the economy in order to establish a proactive planning;

-- the need for flexibility and diversification of programmes;

-- the need for relevant adult and recurrent education;

-- the need for establishing closer links to industry, e.g. by establishing a counterpart to the COMETT programme.

Organisation of higher education

-- creating a balance between academic autonomy and government steering;

-- internal organisation and power sharing within institutions.

Internationalisation

-- the need for improving the knowledge of foreign languages;

-- the need for increased student mobility;

-- the need to establish links to existing EU-programmes like ERASMUS, NARIC and ECTS.

Education and research

-- improving links between academies of science and universities;

-- establishing closer links and possibly integration between teaching and research work.

Accreditation and quality assessment and assurance

The final seminar from the 7th to 9th September in the **Slovak Republic** aimed at a broader discussion of policy orientations and strategies for the further development of higher education in the CEECs; its objectives were also to contribute to the identification of concrete topics for regional co-operation, as well as to establish and renew contacts and relations between participants in the developing co-operation among institutions and policy makers.

A wide range of issues were raised at the seminar; inspiring reports about the problems within higher education and of the development process in the various countries were presented. It was obvious that the countries were in different stages of the transformation process. It was furthermore evident that problems and methods of solving common problems varied widely. Notably, there seemed to be a distinct difference between the smaller and the larger CEE Countries. However, from the reports and the discussions emerged a number of issues which were widely recognised by the participants as essential problem fields.

At the end of the first part of the seminar, a summary of the situation of the higher education in general was presented by the OECD Secretariat (see the report of Alan Wagner). A starting point for all the deliberations was the limited resources available for modernising and expanding higher education in all countries as education was competing with many other high priority fields and as the growth of the economies remained feeble.

If the lack of resources was not felt as the most serious problem, as was the case in at least one country, it was because of the still relatively small number of students sharing them and the fact that there was room for further increasing the efficiency of teaching.

It was furthermore a basic characteristic of the situation in all the countries that the need for change was overwhelming, seen in relation to an inflexible, poorly organised higher education system geared to respond to a central command economy, poorly staffed and equipped with insufficient and outdated instruments, machinery and buildings. The deficiency of the system was felt both in relation to its capacity and its ability to produce the right kind of graduates capable of performing in a wide range of positions in a market driven economy.

The system, although improving thanks to many dedicated teachers, officials and policy makers, has still in many ways an insufficient and inappropriate legal framework, e.g. in relation to the division of responsibilities and steering competences between government and institutions and within the institutions. In at least one case, it was furthermore questionable who had the real competence within the government, the Ministry of Finance or the Ministry of Education.

Several countries sought for a balance between the political scene, authorities and institutions. National discussions on how much and which kind of competence could be decentralised were often referred to. At the centre of these debates were often the questions of setting up national advisory bodies, their competences and relations to administrations and actual decision-making bodies.

Although most countries were very occupied with handling day to day problems, several participants reported on medium-term plans that have been drawn up or discussed. However, long-term planning and visions were still lacking, as were plans for investment.

The examples of co-operation among universities and institutions in Japan and the United Kingdom gave rise to considerable interest.

Studies of structures and their relations to research and the world of work were objects of emerging reforms in most countries. Several countries had come to the conclusion that reforms in higher education could not be successfully pursued if not accompanied by similar actions within the non-university sector and in advanced vocational training programmes.

Likewise, the role of the higher education institutions in providing adult education and training and in continuing education and distance learning were questions discussed in most countries, partly as a means of accelerating the economic transition process and partly as a way of economising scarce resources.

All countries reported on efforts in solving the problems with stakeholders' involvement and participation in higher education. Stakeholders included students, local communities and society as such, as well as industry, a particular problem being posed by relations to small and medium enterprises (SMEs). Here, some of the participants felt that appropriate vehicles could be consultative services and applied research and development.

There was no general agreement about the extent and form of external involvement. Models and ideas ranged from students buying a study place in an institution of their choice to industry being consulted in curriculum matters and providing places for practice.

Prominent among the issues that all the countries were struggling with was quite obviously the financing of higher education and the method of distributing public funds. Very elaborate and complicated distribution formulas, as well as relatively simplistic schemes, were presented.

Worries about the distribution systems being used as a steering vehicle by the central governments were raised. The role and kind of private funding was subject to discussions in most countries, the principle of tuition fees being universally accepted.

That universities be allowed to sell services, form companies and enter into joint ventures with private industry was advocated in several countries, some arguing that it gave the universities new incentives to improve their attractiveness.

In some countries private institutions provided at least part of education and training. It was, however, the opinion of the majority of participants that a major part of higher education in the foreseeable future would be provided at public expense.

Among the problems most countries struggled with was the "brain drain" to the West and to industry. While some countries applied defensive measures in combating the leaving of highly qualified teachers and researchers, at least one country advocated a more offensive strategy offering benefits and attractive opportunities for those considering returning.

The necessity of international co-operation and the establishment of international networks, in particular with the countries of western Europe, and the problems it raises, were an essential element of the situation reports. Most participants agreed that visiting lecturers from abroad could be an important element in the internationalisation process, but only if the duration of their stays was long enough for them to be integrated into the ordinary teaching milieu.

Behind all this striving for reforms, be it in legislative framework, financing, structure of studies or in teaching methods, lay a need for an improvement in the quality of education and teaching in order to create competitive economies and living democracies.

Reports about the establishment or planning of projects for accreditation, assessment procedures and quality assurance and about the top priority given to these issues were heard from all of the countries.

Common problems and potential fields of co-operation among the CEECs in higher education

Reviewing the discussions at the seminars, the topic-based ones and the final seminar on policy orientations and strategies, makes it strikingly clear that many of the issues are basically the same in the CEECs as in Western Europe. This is true of the issues about the degree of decentralisation, the worries about quality, the adaptation of the study structure to many more students and to students with other profiles than today, the debate about financing and budget-allocating methods, the use of new technology in teaching and several other issues.

This observation indicates that a more thorough analysis might be carried out and better and longer lasting solutions to problems might be found by establishing closer co-operation between the two regions. However, the solutions suggested might differ considerably between countries in Western Europe and the CEE, as all countries are at different stages in the development towards a mass tertiary education system.

This indicates that several types of co-operation might be needed and might be complementary. Some problems in some countries might successfully be solved through bilateral or trilateral co-operation between CEECs or between some CEECs and some western countries. Other problems are best tackled through all encompassing European co-operation, while others again are best suited for co-operation separately among all or a majority of countries either in Central and Eastern Europe (CEE) or in Western Europe.

This situation calls for some kind of general overview of co-operation projects within higher education in Europe. It might be worthwhile for the PHARE programme to consider allocating resources to such an enterprise.

The present pilot project consisted of the five seminars held in 1994 aimed at uncovering fields for regional co-operation among the CEECs. This does not mean that other forms of co-operation should be neglected. On the contrary, these forms should, together with regional CEE co-operation, constitute a co-ordinated framework.

Seen from the angle of regional CEE co-operation, major areas for co-operation discussed at the seminars can be grouped into four categories: the organisation of higher education; financing and distribution of funds; the relevance of education and training to economic and social realities; the quality of higher education.

The organisation of higher education

It was a major theme that a balance between the competences and responsibilities of various stakeholders of higher education must be established in each country. The concrete distribution of competences will, however, depend on national traditions and the overall policy on education.

The balance has to be established at two levels, the national and the institutional level. At national level, it is important that the decision process and the division of competences is clear and without possibility for variance in interpretation.

It was considered desirable that a comprehensive picture comprising all stakeholders be drawn up. Parliament as well as the government, the central authorities and institutions each have their role to play and the responsibility to fulfil it, as have other advisory bodies.

When it comes to the organisational structure at individual institutions, opinions were divided as to how the competences should be divided to provide the best climate for qualitative growth. It was, however, considered important in this field too that all uncertainties concerning competences be discerned.

Although no uniform solutions for all CEECs should be pursued, mutual inspiration might be found through exchange of information, as well as in-depth analysis, and by soliciting advice from external experts and international organisations.

Financing and distribution of funds

The problems discussed at the seminar under this heading ranged from laying down policies for the level of public expenses per student, per institution or for higher education as such, to ways and means of distributing public funds, including a policy for which institutional level the funds should be allocated. Besides questions relating to public funding, the role of private institutions, as well as allowing publicly financed institutions to run private business, was to be analysed.

Considering the similarity of problems and a more or less parallel development in all countries, major benefits may be obtained through co-operation comprising all or the majority of CEECs. It might also be useful in this field to draw on external assistance, e.g. from the OECD, which has gathered considerable knowledge in this field and from certain western countries which have experience in setting up mechanisms and formulas for the distribution of funds.

The relevance of education and training

Under this heading come the discussions running through many of the themes of the seminars. A major element was the nature and extent of relations between institutions, the private sector and society as such. Relations comprised traineeships, advisory activities from industry and local communities concerning the programmes, and from universities to industry on applied research and development, as well as special problems concerning relations to SMEs.

Another topic was the discussion about the ability of the higher education institutions to respond to the needs of training and retraining of adults in part-time studies, in special tailor-made courses and in continuing recurrent education and training. Special emphasis was put on the role of distance learning.

Also among the topics for discussion under this heading was the structure of the higher and post-secondary education as such, including the non-university sector and advanced vocational training on one hand and the postgraduate and doctoral studies on the other, as well as questions about the institutional structure within post-secondary education and training.

The number and type of graduates needed by the economy should also be mentioned, including the all-encompassing questions about curriculum design in order to satisfy the needs, e.g. for flexibility in the labour market, entrepreneurship, creativity, etc.

Some of the topics in this group are best suited for solutions found mainly on a national basis (e.g. institutional structures), while others are of a more general nature. As a whole, however, the field of relevance is well suited for intensive co-operation among countries on all levels and in several forms, from multinational high level initiatives to informal co-operation among teaching staff. A useful element might be cross border co-operation among neighbouring institutions.

The quality of higher education

In spite of a whole seminar devoted to questions on quality, the time spent on discussions about this theme was considerable in all seminars. The discussions touched upon questions about quality as such as well as accreditation, assessment and assurance mechanisms. All these topics are unquestionably a top priority in all the CEECs. Increasing and demonstrating quality was seen as the major vehicle to continued economic growth and to an intensified international co-operation.

Elements of quality development projects were many, for example curriculum development and internationalisation of teaching (e.g. by teaching in foreign languages, by sharing of work among institutions, or by establishing regional centres of excellence).

Increased staff and student mobility was seen as an important element, as was a closer relationship between research and teaching and the merging of special or small institutions into larger, more comprehensive universities.

A special problem was caused in several countries by the "brain drain" from universities to the private sector or even worse, to other countries. It was considered of importance to set up policies to combat the negative effects of both internal and external "brain drains".

Parallel to the quality development efforts as such was consideration about demonstrating and assuring the level of quality and about the methods of measuring and evaluation. It was considered imperative for further development that the work in these fields led to solid and generally accepted results. The topics here ranged from developing methods and bodies for accreditation, to methods for evaluation and assessment, including self-evaluation, to machineries for quality assurance.

Extensive co-operation in these fields among the CEECs, as well as between them and the western world, was considered indispensable. As with co-operation within the field of relevance, co-operation could be far-reaching here, comprising a variety of models.

Conclusions

The analysis of the contents of discussions and the nature of problems put forward during reviews and seminars show that similar problems and trends of development in higher education can be found in most of the European countries, in central and eastern Europe, as well as in western Europe. This indicates major potential benefits from co-operation comprising the whole area or most of it. However, the urgency and relative importance of problems differs considerably. In some fields, benefits may therefore best be derived from regional co-operation or from co-operation among a few countries.

Over time all models of co-operation will undoubtedly be employed. The discussions at the seminars indicate, however, that in the short run, relatively wide-ranging regional co-operation, supplemented with multinational co-operation within a few selected topics, will give optimal results.

The analysis in this chapter furthermore shows that regional co-operation can be structured along the above-mentioned four main lines. The results of the discussions in the working parties during the second day of the Bratislava seminar confirm this conclusion, as will be seen in the following chapter, outlining potential frameworks for co-operation.

Proposals for regional co-operation projects

One of the objectives of the five seminars constituting the pilot project was to identify and put forward proposals for regional co-operation aimed at developing higher education in the CEECs in order to improve its contribution to the transition to living democracies and to market economy.

A richness of ideas were aired during the seminars and a considerable number of these ideas were developed into proposals for future co-operation. Some of these proposals were presented orally during the subject-based seminars and are recorded in the reports from these seminars. Others were suggested at the working parties of the final seminars. Together with those presented in writing, they form the basis for the proposals selected as priority projects from the two working parties at the seminar in Bratislava.

The working groups made very realistic priorities taking into consideration the human resources available in the various countries for such work, as well as the possibilities of gaining support for the work through the PHARE-programme.

Workshop 1

Two frameworks for projects were identified by this group.

Project I

Improvement of nationally existing networking capabilities in order to allow for regional co-operation in higher education and research.

1. Unlocking, coupling and updating of data concerning the following issues:

   -- professional requirements of students, graduates and staff and the structure of the labour market;
   -- structure and organisation of education at national and institutional levels and structure of institutional management;
   -- financial structures, accountability and sources for funding;
   -- recognition of diplomas (academic and vocational).

2. Setting up centres for re-education and training in relation to the needs of small and medium-size enterprises in order to provide students and graduates with essential skills and attitudes to find a job after their study or to start a business:

   -- pilot projects of centres within institutes of higher education;
   -- pilot projects of centres as independent organisations or as non-university institutions.

Project II

Improvement of the quality of research and education in a regional perspective.

1. Research in education:

   -- setting up a method for self-evaluation;
   -- setting up a method for quality assessment and monitoring;
   -- carrying out a feasibility study on methods of accreditation.

2. Student graduates, teachers and professors to increase their communication skills:

   -- language courses to increase the language competence;
   -- retraining of staff, e.g. by study visits in companies.

The methods proposed to achieve these goals were identified as :

   -- to invite experts to work out the plans in detail and to look after the value added to existing programmes, e.g. of EC, OECD working groups;
   -- to organise courses and seminars to lay the basis for a coherent plan.

Workshop 2

This working group discussed the following areas for project activities:

1. Quality assessment and accreditation; establishment of technical centres to support technical education.

2. Research into the relationship between higher education and the labour market.

3. Network of international faculties; international summer schools; network of enterprise centres for technology and science; support from a multimedia computer system.

4. Establishment of organisations for: co-ordination -- centre of international experts; education -- for education/industry training; regional co-operation -- common training for all common courses and "home-made" material. This would all comprise a large three-year project.

5. Information data-base for all universities and colleges.

6. Regional co-operation on: quality assessment and accreditation; staff development; research into higher education funding, postgraduate studies and non-higher education; bulletin on higher education.

7. Quality of learning and teaching; regional technical training centres.

8. Quality improvement in: overall quality of teaching provision; mobility; employment information; curriculum; staff development.

9. Inter-country networks: infrastructure; workshops; mobility; dissemination.

On this basis the working group listed the following nine fields for co-operation: mobility; quality assessment and accreditation; liaison with western Europe; compatibility; modular learning; distance learning; relations to industry; relations to local communities; industrial training liaison. The general sense of the meeting in Workshop 2 was that a single over-arching project could be produced from these proposals.

The plenum of the seminar discussing the findings of the working groups found that these, together with the proposals put forward during the discussions or in writing, constituted a solid basis for the Executive Committee's work on the detailed design of the project proposals to be forwarded to PHARE.

Notes

1. The eleven PHARE countries are Albania, Bulgaria, The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, The Slovak Republic and Slovenia.

2. Growth, Competitiveness, Employment, the Challenges and Ways Forward into the 21st Century (1994), White paper, Brussels.

3. The OECD Jobs Study, Facts, Analysis, Strategies, Paris, 1994.

PHARE MULTI-COUNTRY CO-OPERATION IN HIGHER EDUCATION

Results of the 1993-94 Pilot Project and Proposal for a Full-Scale Programme

adopted by the Executive Committee of the Pilot Project on 26 September 1994

Results of the 1993-94 Phare Pilot Project

The Pilot Project for multi-country co-operation in higher education (the term "Multi-country co-operation" replaces the earlier "Regional co-operation" in view of the ambiguity of the latter expression) was started in 1993, as an outcome of the first meeting of the Human Resources Development Working Group set up under the Multi-Country component of the PHARE programme (March 1993). The objective of the Pilot Project was to explore the common ground in the higher education interests among the partner countries, so as to examine the feasibility of a joint project to be supported by Multi-country PHARE at a later stage.

The Pilot Project consisted of five meetings, held in the countries composing the Executive Committee of the project: Estonia, Poland, Romania, the Slovak Republic and Slovenia. The project coordinator was the Slovak Republic, in the person of Prof. Dusan Driensky of the Slovak Technical University, with the assistance of Mr Peter Skovajsa of the Slovak Ministry of Education and Science. The secretariat of the project was provided by the Organisation for Economic Co-operation and Development (OECD).

All partner countries were invited to delegate participants to each of the five meetings. Countries could send additional participants at their own expense. In addition, all meetings were attended by experts from the European Union (EU) and from OECD states. Attendance numbered between 50 and 60 participants per seminar.

The Pilot Project has been very successful in several respects. Firstly, the quality of discussions was generally very high, thanks to targeted presentations about the issues under examination and to frank and open debates.

Secondly, over the course of the project a network of contacts has developed among government officials and educators from the participating countries, both among the central and eastern European countries and between these and EU Member States. This network can continue to form a resource for further co-operation.

Thirdly, the project has produced a wealth of ideas for further operational work. While being diverse in terms of size and nature, the ideas have several key elements in common which can form the basic structure of the proposal for the 1995 follow-up project.

A full, general report on the entire series is available; so are reports on each of the individual seminars. All documents have been circulated to the participants.

A notable aspect of the Pilot Project was the excellent co-operation with the OECD Secretariat.

Proposal for a 1995-97 project for multi-country co-operation in higher education

General objectives

The general objectives of the project are two-fold.

Firstly, to contribute to the process of economic and social reform of the partner countries in central and eastern Europe by an investment in the human resources infrastructure of the countries.

Secondly, to strengthen co-operation among the partner countries as an indispensable complement to co-operation between the partner countries and EU Member States.

Specific objectives

The specific objectives are as follows:

-- to enhance the relevance of higher education to society, by strengthening higher education's links with the local community and the economic sector in order to answer to the economy's human resources needs;

-- to develop policies and practices for reforming the organisation, management, decision-making processes and financing of higher education;

-- to strengthen the quality of higher education;

-- to promote the internationalisation of higher education and to further the integration of higher education institutions in the Europe-wide higher education community.

Programme description

A. Relevance of higher education to society

In the new situation of a market-oriented economy and a pluralist democracy, the role of higher education in society is undergoing substantial changes. This applies to labour market demand for higher education graduates, links with industry, tasks of higher education in the provision of continuing education programmes, and the role of higher education in local and regional development.

This component will support joint projects initiated by two to three higher education institutions from two to three different partner countries. Each project should include representatives of the local community and in particular of industry. Project proposals will be selected by means of eligibility and selection criteria decided by the Steering Committee of the programme.

Under these joint projects, the following activities are eligible:

-- joint development of continuing education programmes;

-- joint development of initial level education programmes by institutions for non-university higher education;

-- development of links with industry, especially small and medium-sized enterprises, particularly through regional or sectoral training needs analyses;

-- programmes for trans-national placements of undergraduate or graduate students in industry, for the purpose of acquiring practical experience or for projects of (applied) research as a part of the students' post-graduate study;

-- compact training courses for administrative and academic staff of higher education institutions aimed at developing the necessary skills for developing "entrepreneurial" institutions.

A special priority will be given to:

-- projects developed by higher education institutions and companies in border regions of two neighbouring countries.
-- projects which involve co-operation between higher education institutions and research institutes.

In addition to projects at the institutional level, a project will be developed at the national level in participating countries. The activity concerns research into quantitative and qualitative labour market needs for higher education graduates. It will aim at producing internationally comparable data on job market trends; besides, it can support the establishment of a trans-national network for ongoing labour market analysis. The project will be developed jointly by the participating ministries of education, with appropriate involvement from non-governmental agencies.

Expected outputs are:

-- (continuing) education programmes which are adapted to the needs of society;
-- easier transition of higher education graduates to working life;
-- transfer of knowledge and know-how among the partner countries;
-- enhanced management of higher education institutions;
-- information on labour market needs for higher education graduates.

B. Policy development and the organisation of higher education

This component aims at supporting the development of policies and practices in a number of fundamental policy areas related to the basic organisation of the higher education system. The latter has to find its place in a new society, with a pluralist democracy and with new responsibilities and rights for the government, non-governmental bodies, the institutions and, within the institutions, the faculties and departments. A new balance needs to be developed between academic autonomy and governmental steering.

The financing of education needs to be examined as well. What is the government's responsibility, what can be contributed from other sources? On what basis and in which way should public resources be divided among and within the institutions?

A further area of work is the new international dimension of higher education in the partner countries. National policies need to aim at strengthening further integration in the larger Europe, which requires new knowledge and skills on the part of ministry civil servants and on that of policy advisors in relevant non-governmental bodies.

The following activities are foreseen:

-- Joint policy reviews of specific higher education issues to be proposed by the participating ministries of education, in consultation with a possible umbrella organisation of the higher education sector. The reviews will include a problem analysis provided by the country itself, a review team (total of four to five experts from the member states and the partner countries) and, subsequently, the proposition of concrete action plans to deal with the issue. For this item, co-operation will be sought with the OECD.

-- A training programme for ministry civil servants and policy advisors in relevant non-governmental bodies, combining an introduction into higher education policy throughout the European region with the learning of foreign languages.

The expected outputs of this component are:

-- practical reform proposals for the organisation and decision-making and financing processes in higher education;
-- transfer of know-how and experience among the participating countries;
-- a strengthened personnel infrastructure in the ministries of education;
-- a further opening-up of ministries of education and of the higher education sector to developments throughout Europe.

This component will be implemented in close co-operation with the programme for legislative reform developed under the auspices of the Council of Europe.

C. The quality of higher education and the European dimension

With the restriction of the role and influence of the government in higher education, a great need has emerged for new approaches in monitoring and assuring the quality of higher education. Also, new methods are necessary in planning higher education and in evaluating its efficiency.

The issue of the quality of higher education can be placed in a trans-national, European context. It needs to take on board the issue of international diploma recognition and the transfer of study credits, so as to underpin the EU objective of the free movement of people across borders. In the light of progressing European integration and the role of higher education in this process, a small component is foreseen for European Studies.

Joint projects will be developed by the ministries of education and/or national-level non-governmental organisations (including representative organisations of the higher education sector). The minimum number of participating countries is three, but given the major added value of a wide participation, it seems proper to aim at an active involvement by all countries.

The following activities are envisaged:

-- The development of a system of indicators for higher education, so as to enhance international comparability. Co-operation will be sought with work done in this area by EUROSTAT and the OECD.

-- The establishment of quality assurance mechanisms in higher education. This could include the implementation of experimental peer review projects and the introduction of quality assurance mechanisms within the institutions. Attention will be paid to the development of

transnational standards and criteria for quality assessment and accreditation. Links will be sought with the existing project developed by the European Commission with the EU member states.

-- A component on European Studies will take stock of the present situation of this new discipline in higher education institutions in the partner countries and will suggest areas for further development.

-- Staff development and information seminars on the equivalence and/or recognition of foreign diplomas, for personnel at the national and institutional level. Links will be sought with the National Academic Recognition Information Centres (Naric) in the EU member states.

-- Introductory seminars on the successful model of the European Credit Transfer System (ECTS), developed under the Erasmus programme.

Pilot projects to introduce and test the ECTS model can be financed under the TEMPUS programme. The ministries of education will be consulted by the Commission on a line of work within the annual discussion of Tempus priorities.

Likewise, co-operation will be developed with the CEPES agency of UNESCO, located in Bucharest and a long-standing platform for higher education among all European countries. Specifically, links will be created with the information and documentation resources of CEPES.

The expected outputs of this component are:

-- increased international comparability of higher education;
-- new mechanisms for and staff development in quality assurance;
-- diploma recognition and credit transfer mechanisms which underpin the further integration of countries in the larger Europe.

Previous PHARE support

In the higher education area, previous PHARE support has been made available through the TEMPUS programme, the ACE programme, as well as through research and development initiatives such as COSINE and COPERNICUS. The activities proposed here build on and are fully complementary to these other initiatives. In the implementation of the programme, links will be promoted with projects established under TEMPUS, ACE, COPERNICUS and other national and multi-country programmes financed by PHARE, with a view to bundling efforts.

Cost and financing plan

The duration of the programme is three years and the proposed budget breakdown is as follows:

	(Mecu)
A. Relevance of higher education to the economy	7.0
B. Policy development and organisation of higher education	1.0
C. Quality and the European dimension	2.0
D. Co-ordination unit (Bratislava)	1.0
TOTAL	11.0

Implementation arrangements

The programme will be guided by a Steering Committee with one representative from all central and eastern European partner countries eligible for the PHARE programme and a representative of the Multi-Country Coordination Office and of the European Commission in an observer's capacity. The Committee will be chaired by the representative of the Slovak Republic. The Steering Committee may form smaller working groups in order to deal with specific tasks.

The Steering Committee will meet two or three times a year and decide on the work programme, the selection of projects and the allocation of funds. Financial allocations require the formal approval of the Commission's representative.

A local co-ordination unit will be set up in Bratislava for the daily implementation of the programme. It will have a multi-national team coming from several of the participating countries. While taking into account the need for continuity, staff rotation among the partner countries will be possible. Long- and short-term advisors will be recruited from EU Member States. Calls for tender for the local and EU advisors will be launched according to the normal procedure.

The co-ordination of one or more of the components of the programme could take place on a decentralised basis. This will be examined while taking into account, on the one hand, the need for efficient, overall coordination, and, on the other, the desirability to ensure an active management role for several countries. Decisions in this regard will be taken by the Steering Committee.

The co-ordination unit will be specifically responsible in developing appropriate links with the European Training Foundation, national TEMPUS offices, EUROSTAT, OECD, Council of Europe and CEPES/UNESCO. As part of its work, the unit will prepare abstracts of higher education reform programmes developed with bilateral or multilateral assistance across central and east European countries. In this activity the unit will work together with the European Training Foundation.

Audit, monitoring and evaluation

The operations and accounts of the co-ordination unit may be checked at regular intervals by an outside auditor contracted by the European Commission, without prejudice to the responsibilities of the Community's Court of Auditors.

The Commission will:

-- monitor the implementation of the programme on the basis of the regular reports by the coordination unit;

-- sign contracts with independent consultants to follow the progress of the programme and its components and carry out an ex-post evaluation after completion of the projects.

In order to facilitate these activities, a detailed set of achievement indicators will be defined according to the objectives and targets of the programme.

Special conditions

The Steering Committee will have its first meeting within 2 months from the coming into effect of this programme. Among other things, the coordination unit will present, at this meeting, proposals for the detailed work programme (6-12 months), the rules of procedure of the Steering Committee and the staffing of the unit.

The national representatives to the Steering Committee will undertake, at their respective national levels, to prepare and obtain any decision which may be required to ensure efficient and timely implementation of the programme. Outstanding decisions or information from one or several countries shall not affect or unduly delay commencement or progress of the activities with those parties which are ready for programme implementation.

Risks

No specific risk has been identified for this programme.

MULTI COUNTRY CO-OPERATION IN HIGHER EDUCATION

Detailed draft budget

		(Mecu)	
A.	***Relevance of higher education to society***		
	- joint projects: 100 @ 50,000 Ecu average	4.0	
	- "entrepreneurship" training for university staff	0.5	
	- labour market research (11 countries)	1.0	
	- promotion and awareness raising	0.5	
	Total		**6.0**
B.	***Policy development and the organisation of higher education***		
	- 11 country reviews @ 45,000 Ecu average	0.5	
	- training of civil servants (110 persons)	0.5	
	Total		**1.0**
C.	***Quality and the European dimension***		
	- international system of indicators	0.6	
	- quality: training and peer review projects	1.2	
	- European Studies	0.3	
	- training and infrastructure for diploma recognition	0.6	
	- training seminars on ECTS	0.3	
	- pilot projects for credit transfer (via Tempus)	p.m.	
	Total		**3.0**
D.	***Coordination unit***		
	- 6 local staff	0.4	
	- t.a.	0.4	
	- office expenses	0.2	
	Total		**1.0**
	TOTAL		**11.0**