

Higher Education in Japan

- *Incorporation of national universities and the development of private universities* -

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Introduction

One of the characteristics of Japanese higher education is that it has a large proportion of private institutions. It is the sector that has largely contributed to the massification of higher education in Japan. As of 1st May 2004, there were 993 private universities and junior colleges among 1,217 higher education institutions. Nowadays, the private sector assumes three-fourths of students attending higher education institutions.

Private institutions, originally established as miscellaneous schools, have gradually evolved, and nowadays, some of them rival the best national universities. The distinction between the role of the public (national and local governmental) sector and that of private sector has gradually become obscure. Furthermore, in April 2004, the national universities were incorporated and became *national university corporations*, which are supposed to be managed with techniques based on “private-sector concepts”. Some of local public universities are also going to be incorporated. These changes will further blur the distinction between both sectors.

I Education system in Japan

1. Development of the modern education system

Throughout its history, Japan has attached great importance to education. Even before the Meiji¹ era (1868-1912), under the feudal régime (the Edo period), Japan had number of schools called *Terakoya*, open to children of commoners and *samurai* (warriors). At the end of the Edo period, there were around ten thousand *terakoya*, and according to an estimation, the literacy rate was 40%.

The Japanese modern education system was introduced immediately after the Meiji Restoration. In 1872, the Government promulgated the Education System Order (*Gakusei*) with the objective of generalisation of school education and others. Since then, first elementary schools, then secondary schools were rapidly set up throughout the country, generally based on the existing system. At the beginning of the twentieth century, elementary education became universal both for boys and girls (Figure 1).

1 From the name of the reigning Emperor Meiji. The Meiji era began with a revolution called the Meiji Restoration which marked the opening of modernisation of Japanese society.

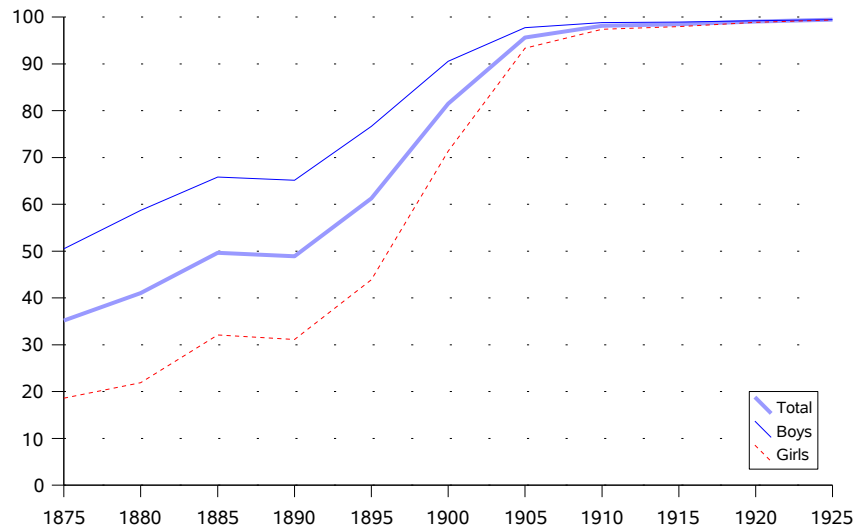


Figure 1 Percentage of children in full time elementary education between 1875 and 1925

Nowadays, with very few exceptions, all school-aged children (from 6 to 15 years) attend elementary and lower secondary schools (junior high schools) which are compulsory; and almost all the lower secondary school graduates attend upper secondary schools (senior high schools). In 2004, the upper high school attendance rate was 97.5% of the lower secondary school graduates and 96.3% of the age cohort. Slightly less than half of the age cohort goes on to higher education institutions (excluding non-university institutions). In 2004, the percentage of students enrolling in universities or junior colleges rose to 49.9%.

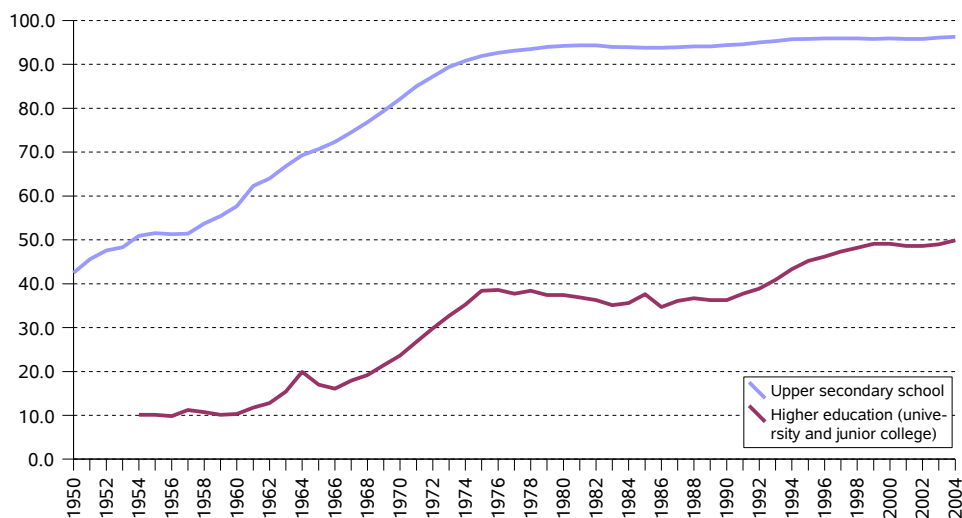


Figure 2 Percentage of students enrolling in upper secondary schools and higher education institutions (universities and junior colleges)

2. The school system

a. Organisation of the school system

Since the introduction of a modern educational system through the promulgation of the Education System Order in 1872, the Japanese school system has undergone a number of amendments and revisions. Ultimately, the pre-war school system was characterised

by a relatively short period of compulsory education, common to all, and also by a multiple track system after that period. During wartime, under extraordinary circumstances, the school system became very complicated (Figure 3).

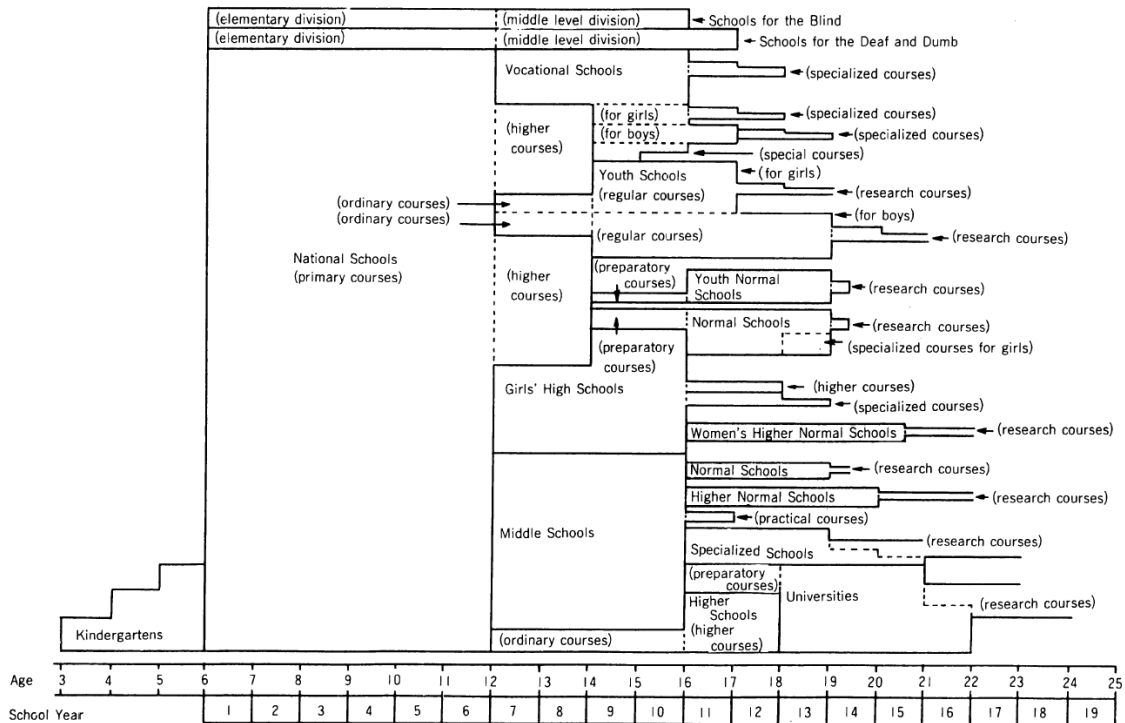


Figure 3 Organisation of the school system in 1944

Source : Ministry of Education, 1989

After World War II, the Japanese education system was entirely revised under the occupation. The school system, from kindergartens to universities, was structurally rationalised and unified into a single track format. The duration of compulsory education was extended from six years to nine years. The varying types of higher educational institutions were consolidated into a single four-year university system² constituting the last part the new 6-3-3-4 education system. Under the new system, any graduate of an upper secondary school was entitled to apply for entrance to a university. The doors of the universities were opened much wider than in the pre-war period.

As a rule, the school system established in the post-war period has been maintained until today, although some new structures were created, including colleges of technology³ (1961), special training schools⁴ (1975) and secondary education schools (1998) (Figure

2 Although the junior college system offering two-year higher education was set up alongside universities, the system was considered as provisional at that time. After its perpetuation in 1964 by a revision of the School Education Law, it would considerably develop throughout the country.

3 Colleges of technology offer five-year consistent programmes in specialised subjects in depth to those who have completed lower secondary schooling, in order to develop in students such abilities as are required for vocational life.

4 Special training schools (also special training colleges) are designed to offer systematic programmes of education at upper-secondary and post-secondary level, in order to develop in each student the abilities required for working or practical life. Most of them are private.

4).

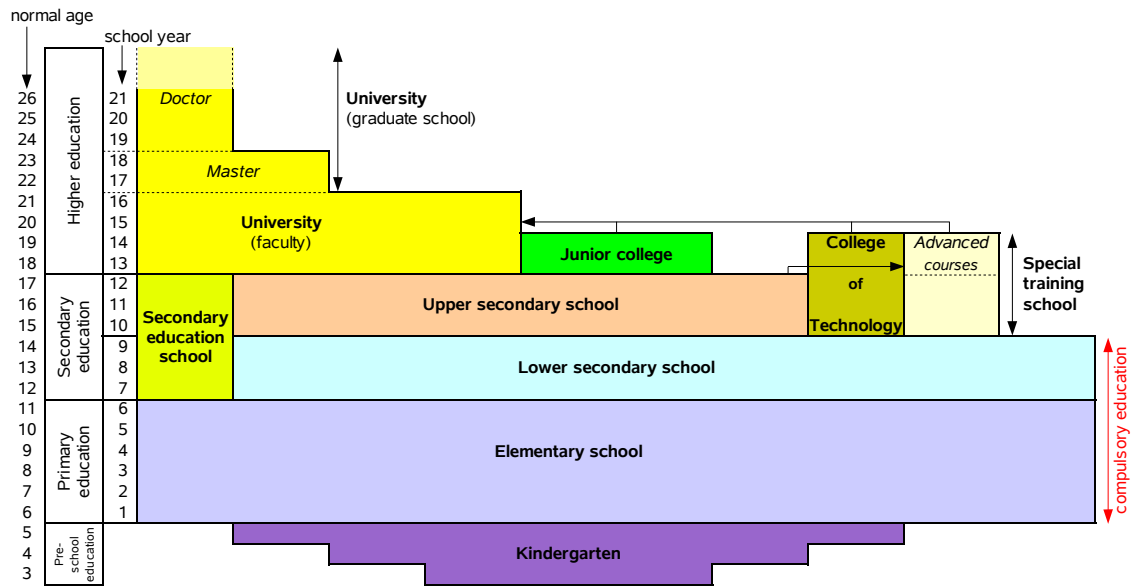


Figure 4 Organisation of the present school system

Table 1 Schools in Japan as of 1st May 2004

| | <i>Number of schools</i> (private) | <i>Number of students</i> (private) | <i>Number of teachers*</i> (private) |
|---|---------------------------------------|--|---|
| Kindergarten | 14,061 (8,363) | 1,753,396 (1,390,001) | 109,853 (83,789) |
| Elementary school | 23,420 (187) | 7,200,929 (69,300) | 414,887 (3,480) |
| Lower secondary school | 11,102 (709) | 3,663,512 (236,006) | 249,801 (12,840) |
| Upper secondary school | 5,429 (1,329) | 3,719,048 (569,454) | 255,629 (60,107) |
| Secondary education school | 18 (9) | 6,051 (3,355) | 470 (247) |
| Special education schools (for handicapped children) | 999 (12) | 98,796 (815) | 62,255 (259) |
| College of technology | 63 (3) | 58,681 (2,296) | 4,474 (158) |
| Junior college | 508 (451) | 233,749 (214,264) | 12,740 (11,082) |
| University | 709 (542) | 2,809,323 (2,062,065) | 158,756 (86,683) |
| Special training school | 3,443 (3,228) | 791,540 (761,735) | 40,675 (37,902) |
| Miscellaneous schools | 1,878 (1858) | 178,115 (176,771) | 11,267 (11,185) |

* Full-time only.

b. School curriculum and teacher training

The Course of Study to define curriculum standards for pre-school, primary and secondary education is issued by the MEXT (Ministry of Education, Culture, Sports, Science and Technology). Curriculum is arranged in each school in accordance with the standards shown in the Course of Study.

Textbooks for elementary and secondary education are as a rule edited by private publishers based on the Course of Study and then should follow the procedure of authorisation of the Minister of Education before their publication. Textbooks are supplied to pupils and lower secondary school students at the cost of the Government.

Teachers at kindergartens, elementary and secondary schools are required to have relevant teacher certificates. Teacher training for certificates is provided mainly at universities that offer four-year courses approved by the MEXT.

c. Performance of the Japanese school system - international comparison

Under the post-war education system, Japanese primary and secondary schools displayed a very good performance. According to a survey by the OECD in 2000 (PISA 2000), which assessed 15-year old students in 43 countries in the world concerning their attainments in mathematics, science and reading, Japan was classed in the first group for mathematics and science and the second group for reading.

However, since educational programmes in schools, from pre-school level to higher education, have been gradually diversified and are now offering a range of options, it is becoming more difficult to assess students' academic ability with an achievement test. In fact, according to the results from PISA 2003 which had assessed the attainments in reading and mathematics as well as the problem-solving ability, Japan lowered its ranking in terms of reading literacy and mathematics in comparison with the PISA 2000 ranking.

II Higher education in Japan

1. Foundation of modern higher education institutions

The modern higher education system began in the late 19th century in Japan when the University of Tokyo (later Tokyo Imperial University) was founded in 1887 by the Meiji government through the merger of two existing higher education institutions. Other imperial universities were subsequently established in several major cities in Japan, resulting in a total of 7 imperial universities (Tokyo, Kyoto, Tohoku, Kyushu, Hokkaido, Osaka and Nagoya), apart from those located in overseas territories. All these were comprehensive universities and were organised on the continental European model (especially Germanic), which led to a bureaucratic system with quasi-autonomous academic units (faculties).

Apart from the imperial universities, a number of governmental, local public and private higher education institutions were founded in the same period. In 1903, the Government enacted the Specialised School Order to codify the establishment and activities of institutions previously classed as miscellaneous schools. Specialised schools increased remarkably since then. They were later given, with single-faculty institutions in special cases, the opportunity to seek the status of university by the promulgation of the Univer-

sity Order in 1918 (implemented the following year).

The pre-war Japanese higher education system was thus characterised (but not exhaustively) by the well-organised bureaucratic administration system in governmental institutions and also by the coexistence of the three sectors of higher education institutions – governmental (national), local public and private, with massive investment in the national sector by the Government. Although they were not many in number (Table 2), governmental institutions, especially imperial universities, enjoyed the prerogative of acquiring abundant staff, facilities and prioritisation in other parts of budget distribution in comparison with institutions of other sectors.

Table 2 Number of higher education institutions by type and sector as of 1943

| | <i>Universities</i> [imperial universities] | <i>Specialised Schools</i> | <i>Total</i> |
|-------------------------|--|----------------------------|--------------|
| Governmental (national) | 19 [7] | 58 | 77 |
| Local public | 2 | 24 | 26 |
| Private | 28 | 134 | 162 |
| Total | 49 [7] | 216 | 265 |

After the war, in 1949, 70 institutions opened their doors as national universities. A number of national universities started either from old normal schools or as branch schools responsible for two-year courses. The imperial universities and other governmental universities were integrated into the newly created university system without difference in terms of legal status. However, in contrast to the former imperial universities and other former governmental universities, these new national universities would remain weak for a long time in terms of prestige, staffing, facilities, budget allocation and management ability. In addition, 17 local public universities and 81 private universities also began teaching in 1949. Some of the older specialised schools reopened as junior colleges.

2. The expansion of higher education and its decline

After the reorganisation during the occupation period, the 1960s and early 1970s witnessed the most rapid growth of the higher education system. Numerically, whereas there had been 245 universities and 280 junior colleges in 1960, there came to be 420 universities (Figure 5) and 513 junior colleges by 1975 (Figure 6). In terms of student numbers, by 1975 the population attending universities (including graduate schools) increased to 1,734,082, or 2.77 times the 1960 student population (Figure 7), and in junior colleges to 348,922, or 4.28 times the 1960 figure. The percentage of school students continuing to university or junior college by 1975 increased from 10.3% to 38.4% of the corresponding age group (Figure 8).

During the growth period, it was private universities that developed very rapidly. Its development was well illustrated by the sharp increase in the percentage of their enrolled students out of the total student population : students enrolment in private universities and junior colleges rose from 64.4% for universities and 78.7% for junior colleges in 1960 to 76.4% for universities and 91.2% for junior colleges in 1975.

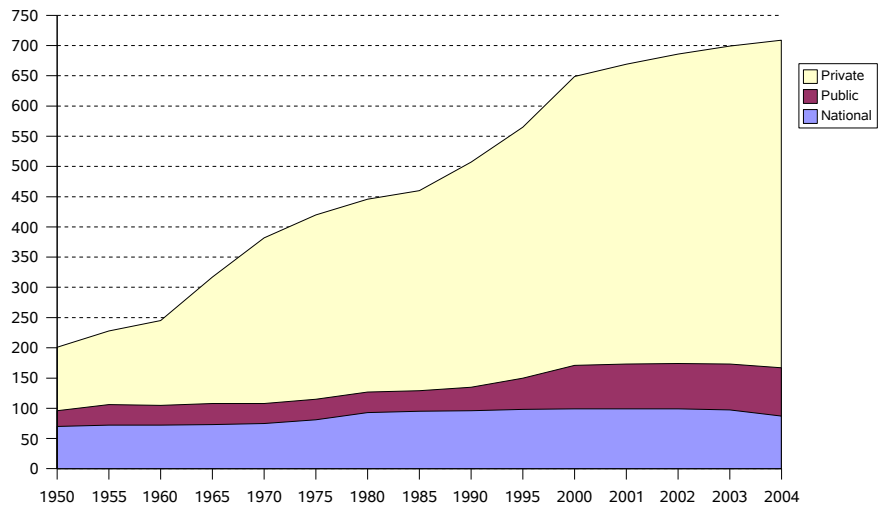


Figure 5 Number of universities by sector

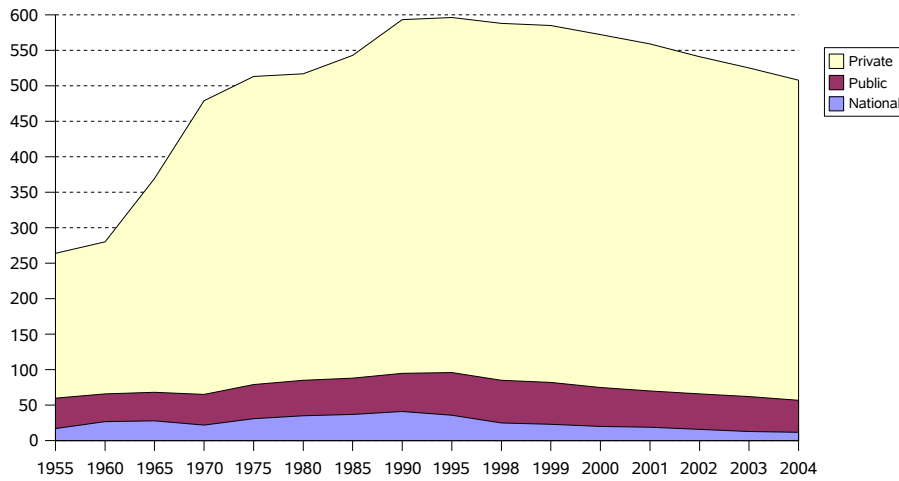


Figure 6 Number of junior colleges by sector

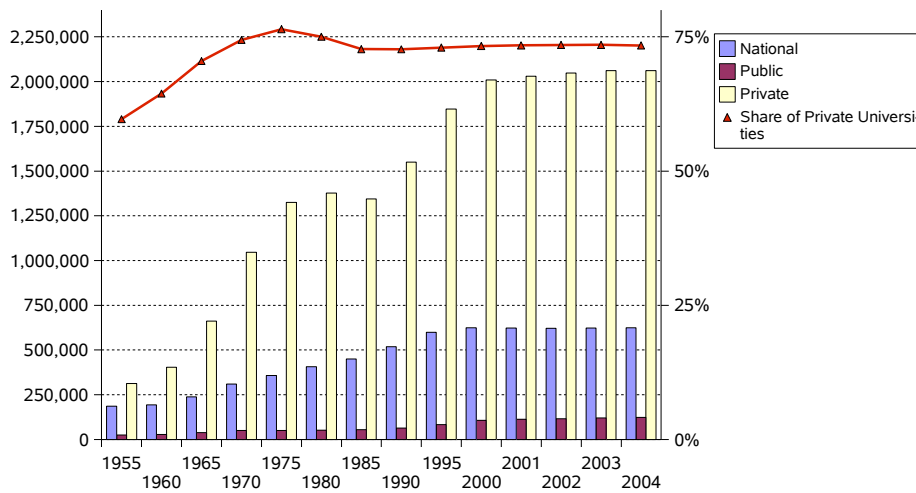


Figure 7 Student enrolment in universities (including graduate students) by sector

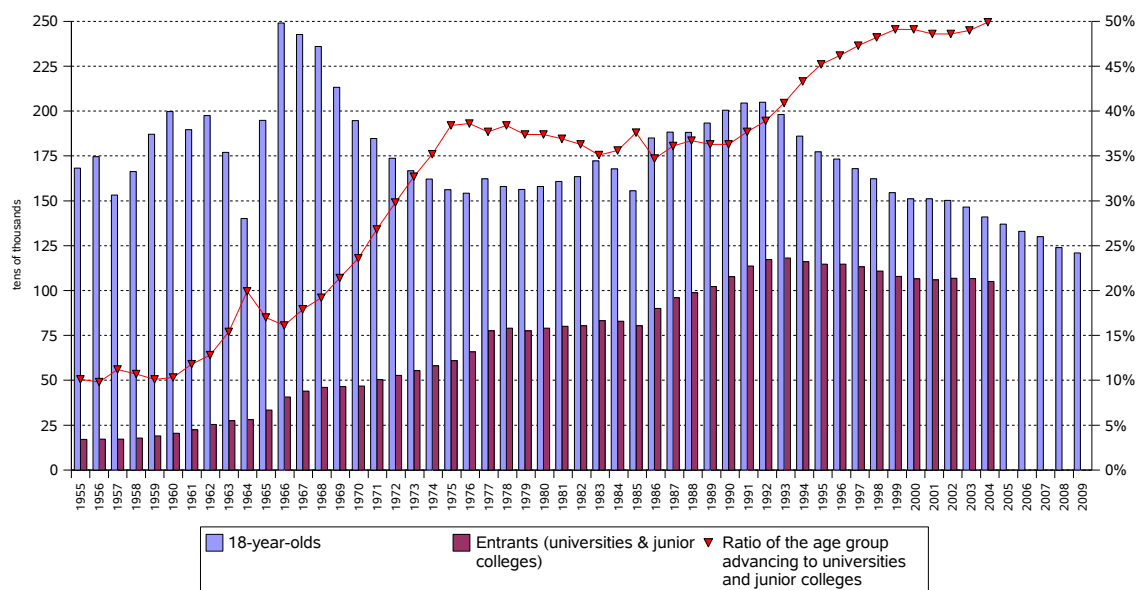


Figure 8 Trends in 18-year-old population and access to higher education

The second rapid expansion of higher education occurred in the 1980s and early 1990s. The number of universities increased from 446 (93 national, 34 public and 319 private) in 1980 to 565 (98 national, 52 public and 415 private) in 1995, and 709 (87 national, 80 public and 542 private) in 2004. However, the number of 18-year-olds reached its peak in 1992, and has been decreasing ever since. Although the number of universities is still increasing, the number of junior colleges reached its peak (596 in number) in 1996 and is now gradually decreasing (Figure 6). In addition, the proportion of the age group advancing to universities and junior colleges reached 49.1% in 1999, and has been stagnant at around 49% since then (Figure 8).

3. Internationalisation of higher education

In 1983, the Government planned to raise the number of international students from just over 10,000 at that time to 100,000 by the beginning of the 21st century (Nakasone⁵ Plan). Ever since, the number of international students has grown, particularly from 1999 after a slowdown for a few years (Figure 9). The goal was estimated to have been reached in 2002-2003, and the number of international students rose to 109,508 on 1st May 2003.

As seen in the Figure 9, most of international students are self-financed (90% in 2004). The number of international students financed by the Japanese government have gradually grown, but very limited. As of 1st May 2004, there were 117,302 international students in Japanese higher education institutions. The great majority (109,520 / 93.4%) come from Asian countries. Chinese students alone account for 77,713 (66.3%), followed by South Korean students (15,533 / 13.2%) and Taiwanese students (4,096 / 3.5%) (Figure 10)⁶.

In answer to this increase, a number of universities opened branch offices in foreign

5 Prime Minister from 1982 to 1987. He set up the National Council on Educational Reform in 1984 and had it study a full-scale revision of the nation's educational system.

6 Turkish students account only for 157 (0.13%).

countries, particularly in China. In addition, the Japanese Government offers a wide range of information on international education through Japan Student Services Organisation⁷.

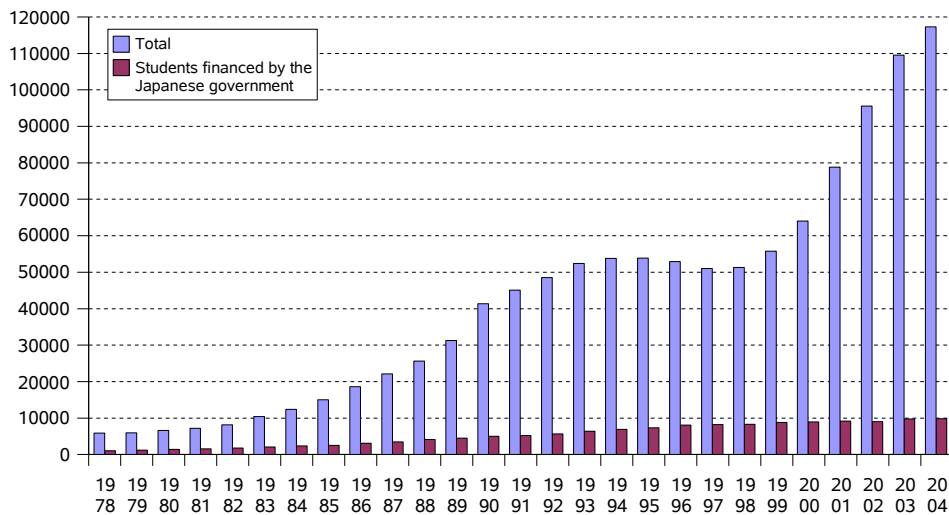


Figure 9 Number of international students in Japanese higher education institutions

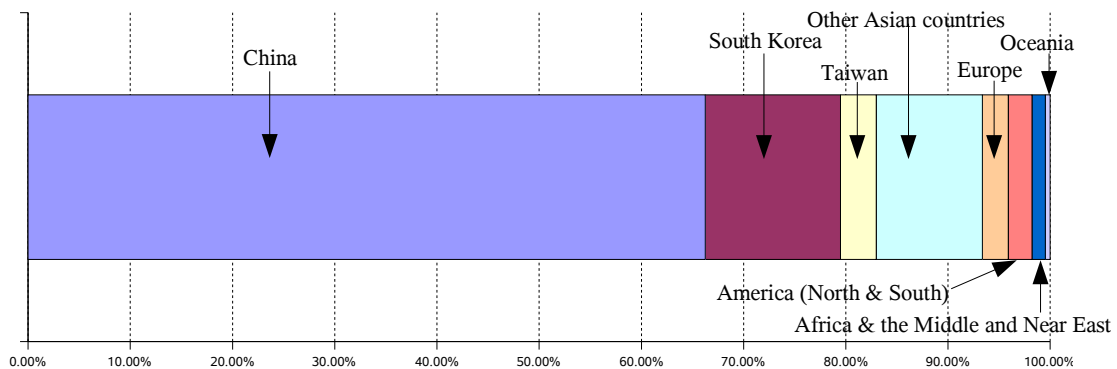


Figure 10 Breakdown of the international students by their region of origin (2004)

On the other hand, in 2004, the Government revised the legislation governing the recognition of foreign universities on the territory. Graduates of branch schools of foreign universities recognised by the MEXT will be entitled to apply for Japanese graduate schools.

III The University Council and incorporation of national universities

1. The University Council and the deregulation in higher education

The National Council on Educational Reform (*Rinjikyokushingikai*), established in 1984 as an advisory body to the Prime Minister, submitted reports on a wide range of issues, including the improvement and individualisation of university education, the enhancement of graduate schools, fiscal policies relating to higher education, the organisation and management of universities, and the establishment of a “University Council”,

⁷ http://www.jasso.go.jp/index_e.html

which would be inaugurated in 1987⁸ as an advisory body for the Minister of Education to deliberate on basic aspects of higher education in Japan. Immediately after its inauguration, the council was asked to study specific measures for university reform in the light of the following social changes.

1. Progress in scientific research and changes in human resources;
2. A rise in the percentage of students continuing to higher education and diversification of students; and
3. A growing need for lifelong learning and rising social expectations of universities.

Ever since the establishment of the Council, measures such as quantitative and qualitative improvement of graduate schools as well as deregulation and improvement of university administration have been taking place. One of the most important recommendations was the abolition of subject areas to enable universities to structure curricula reflecting their own educational ideals and objectives, which resulted in amendment of the Standards for the Establishment of Universities in 1991. It was decided that there should be no definition of subject areas, such as general education and specialised education. It was also decided to discontinue the practice of requiring students to obtain a certain number of credits in each subject area as a prerequisite for graduation and to make the acquisition of a minimum total number of credits the only requirement. Another most important recommendation was the qualitative and quantitative improvements of graduate schools.

In 1998, the University Council submitted a report, *A Vision for the University of the 21st Century and Future Reform Measures : Distinctive Universities in a Competitive Environment*, which built upon the progress of university reform at that time. The report presented the basic policies of university reform in the perspective of the 21st century as follows :

1. Improve the quality of education and research with the purpose of nurturing the ability to investigate issues;
2. Secure university autonomy by making the educational and research system structure more flexible;
3. Establish university administration and management with responsibility for decision-making and implementation; and
4. Individualise universities and continuously improve their education and research by establishing multiple evaluation systems.

In 2001, to further promote the reform, *Policies for the Structural Reform of Universities (National Universities)* defined the future direction of the reform, with a view to making universities more dynamic and internationally competitive. It stipulated : (1) that the realignment and consolidation of national universities should be boldly pursued; (2) that management methods of the private sector should be introduced into national universities; and (3) that a competitive mechanism with third-party evaluation should be adopted by universities. The private sector management methods referred to in (2) above were meant to turn national universities into independent administrative institutions (mentioned later) and require outside participation in university administration and

8 The council existed until the governmental reorganisation in 2001 (mentioned before) and was integrated into the Central Council for Education (Subdivision on Universities).

merit-based human resources management.

In 2002, the School Education Law was revised to provide more flexibility to institutions for a reorganisation of faculties and departments, while a continual third-party evaluation system was introduced. Under the revised law, only notification to the Ministry is required of the institution in cases of reorganisation without change in the kinds and fields of degrees awarded by that institution, and ministerial authorisation itself is no longer necessary.

2. Incorporation of national universities⁹

National universities were until March 2004 a part of the national government, and were directly operated by the latter. By acquiring the status of “national university corporations”, they were given a legal personality and became more autonomous from the Government. This reform was regarded as one of the most significant reforms of Japanese universities since the Meiji era.

a. Progress towards incorporation

The idea of incorporating national universities is not a new one. The earliest appearance of the idea can be found in the proposal *Teikokudaigaku dokuritsuan shiko* [Private study on independence of the Imperial University] in 1899 where academics suggested placing the Imperial University under the patronage of the Emperor conferring legal personality on it. In the 1960s, a certain number of proposals were made by academics, such as Michio Nagai's *Daigakukosya* [university corporation] in 1962. In 1971, the Central Council for Education proposed, as one alternative, incorporating national universities to help self-development by giving them more institutional autonomy.

In the late 1980s, the National Council on Educational Reform vehemently discussed the possibility of incorporating national and public universities. At the same time, the incorporation of national universities came to be studied as part of governmental administrative reform. In the 1990s, some governmental advisory bodies suggested the incorporation of national universities as one option, but national universities and the Monbusho¹⁰ rejected unanimously the suggestion.

Meanwhile, a new administrative system called the “Independent Administrative Institution (IAI)” was set up in 1999, which was to separate some organisations from the central government, giving them autonomy to enhance the effectiveness and efficiency of their operation in providing administrative services¹¹. In April 2001, 57 new autono-

9 As for the details of the incorporation of national universities, refer to Oba (2003).

10 The official appellation of the ministry was “Ministry of Education, Science, Sports and Culture” (“Monbusho” in Japanese) until the merger with the Science and Technology Agency in January 2001. The Monbusho became then the Ministry of Education, Culture, Sports, Science and Technology (MEXT). In this paper, the Minister in charge of the Monbusho or the MEXT is referred to as the “Minister of Education”.

11 Article 2 of the Law concerning the General Rules of the Independent Administrative Institutions defines independent administrative institutions as “legal entities established pursuant to this Law or other specific laws enacted for the purpose of efficiently and effectively providing services or businesses that may not necessarily be offered by private entities or that need to be exclusively offered by a single entity, from among those services or businesses that must be reliably implemented for the public benefit, such as for the stability of socio-economic or national life, but that need not necessarily be directly implemented by the Government on its own.”

mous governmental corporations were created. The incorporation of national universities came then to be studied as part of this organisational reform in the Government.

The study on incorporation of national universities came to be officially undertaken by the Monbusho in September 1999. In 2001, a study group composed of academics and non-university people was set up in the Ministry and proceeded with the study on the incorporation of national universities in close consultation with the Association of National Universities (ANU). The study group put forth the final report in March 2002 on a framework of the incorporation of national universities. In July 2003, the National University Corporation Law and other related five laws were legislated. Finally, all the national universities were incorporated on 1st April 2004.

b. The national university corporation system

(1) Goals/plan and evaluation

Each national university was individually given a legal personality and became a national university corporation¹². This policy – individually incorporating national universities – aimed at extending individuality by enhancing the institutional autonomy of each institution.

The budget is now being allotted by the Government to each university as a lump sum (operational grant) without earmarking, based on the medium-term plan prepared by each university according to its medium-term goals and approved by the MEXT. The medium-term goals are presented by the MEXT, which are elaborated on the basis of the views of each university. The duration of medium-term goals/plan is six years. In addition, the allocation of the budget for the next period will come to vary according to the results of the evaluation.

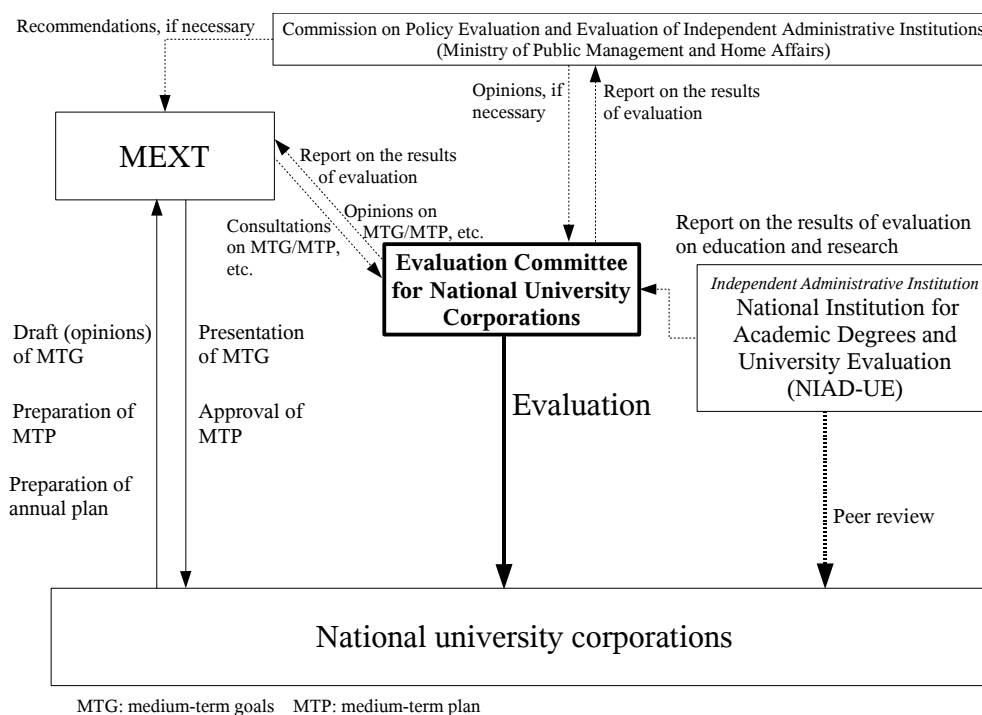


Figure 11 Evaluation system of national university corporations

¹² More precisely, each national university was founded by a national university corporation (see below).

Prior to the definition of the medium-term goals by the MEXT, the Ministry should consult the Evaluation Committee for National University Corporations (hereafter referred to as the “evaluation committee”). With respect to matters essentially related to education and research, the evaluation committee is to receive a report from the National Institution for Academic Degrees and University Evaluation (NIAD-UE), in order to respect the specialised nature of the education and research of universities. The evaluation committee was, prior to the foundation of national university corporations, set up on 1st October 2003. It held its first general meeting on 31 October, and selected Ryoji Noyori (2001 Nobel laureate in chemistry) as its chairman.

(2) Governance and management

Each national university corporation has the president of the university and executives in its governing body. In contrast to the former national universities having the sole deliberative organisation (council), three deliberative organisations are set up in each corporation : (1) board of directors, the highest deliberative organisation before the final decision by the president, (2) administrative council, to deliberate on important matters concerning the administration of the national university corporation, and (3) education and research council, to deliberate on important matters concerning education and research. The governance is shared by these three organisations. In addition, the structure of the secretariat is now at the discretion of each university.

In order to ensure the accountability and the responsiveness to society of national universities, people from outside the university participate in their management. At least one of executives, who compose the board of directors, should be a person from outside the university. In addition, not less than half of the total members of the administrative council should be appointed from outside.

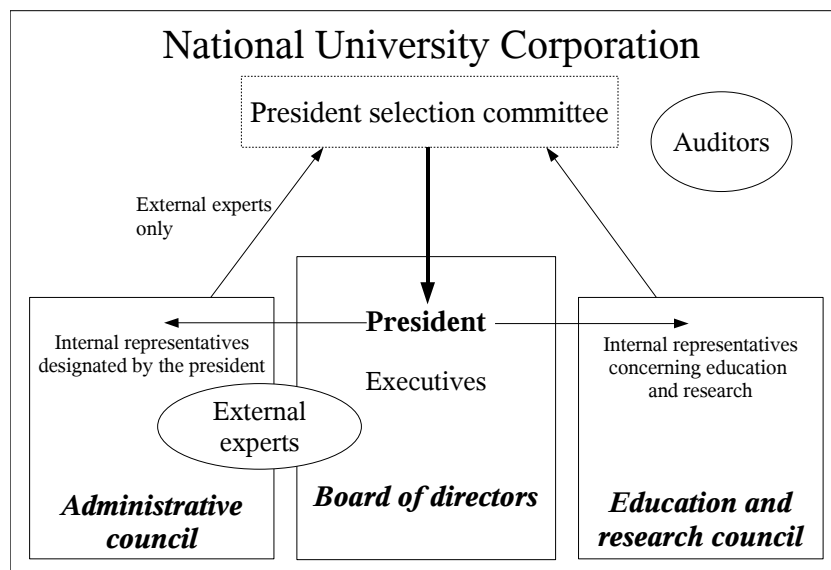


Figure 12 Governing bodies of national university corporations

(3) Personnel

National university teachers and other staff members are no longer public servants. The non-public servant status was adopted in order to allow new national universities to practise more flexible forms of recruitment, salary structures and other conditions con-

cerning personnel affairs. Differences between both types are shown in the Table 3.

Table 3 Public servant type and non-public servant type

| | <i>Public servant type</i> | <i>Non-public servant type</i> |
|---|--|--|
| <i>Guarantee of status</i> | Stipulated by law | Stipulated by rules of employment of each corporation |
| <i>Rights of labour</i> | Disputes are prohibited. | Disputes are not prohibited. |
| <i>Recruitment of administrative staff</i> | Selection among successful candidates in the national public service examination | According to the criteria defined by each corporation |
| <i>Dual employment, side business, and political activities</i> | Restricted by the National Public Service Law | Stipulated in the employment rules of each corporation |
| <i>Foreigners</i> | Impossible to appoint them to management positions | Possible to appoint them to management positions |
| <i>Salaries and working hours</i> | Determined by each corporation | (idem) |
| <i>Medical insurance and pensions</i> | Similar to the national public servants | (idem) |
| <i>Provisions of the penal code such as bribes</i> | Similar to the national public servants | (idem) |

(4) Students' payment

Each national university corporation is allowed to raise tuition and entrance fees by up to 10% from the standards set by the MEXT. For the fiscal year 2004, the standards are the same as the amounts of tuition and entrance fees of the previous year, which are 520,800 yen and 282,000 yen respectively. All the national universities set fees of the same amount as the standards for the fiscal 2004.

c. After incorporation – what has happened and problems

One could say that the transition process of incorporation was relatively smooth, although preparations for incorporation had not been an easy task for each national university. After incorporation, however, some major problems can be pointed to in the light of the objectives of incorporation.

(1) Financial stability of national universities

The fiscal year 2004 budget allotted to national universities (operational grant) is equivalent in amount to that of the fiscal 2003. However, as a result of the negotiation between the Ministry of Finance and the MEXT in the winter 2003-2004, it was agreed that the operational grant would be reduced by 1% every year except the salary of faculty members.

Apart from the operational grant, major source of income for national universities is tuition fees. In December 2004, the MEXT revised the standard of tuition fees for the FY2005 and raised it from 520,800 yen to 535,800 yen. Most universities intend to raise their tuition fees according to the ministerial revision, but a small number of universities envisage maintaining the level of tuition fees of the FY2004. If they succeed in doing so, for the first time their history, tuition fees of national universities will vary

from institution to institution.

All in all, national universities will continue to be in a very precarious financial position. In order to get out of it, they should rationalise their administration and multiply resources.

(2) Improvement of the university governance

Former national universities' governance was characterised by a dual structure – academic and administrative. In preparation for incorporation, each national university reorganised its administrative structure, more or less centring on the president. For example, Hiroshima University dismantled its secretariat and set up offices under vice-presidents, which are composed of academic and administrative staff members (Figure 13).

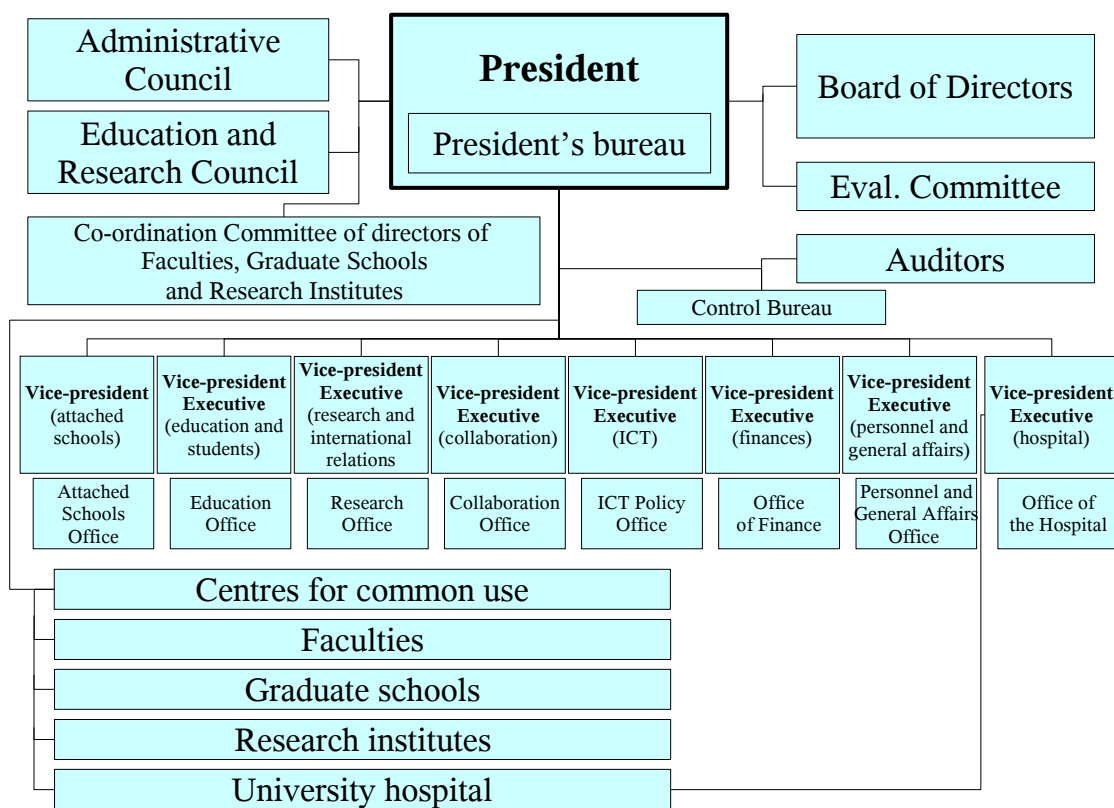


Figure 13 Organisation of Hiroshima University as of April 2004

University authorities have tried to centralise and concentrate powers in their hands over finance and personnel affairs, in order to assure an efficient management. These attempts are still now more or less halfway. Their success will depend largely upon the leadership of the president and also upon a wide (and positive) participation of constituent members in the decision-making process. In addition, it will necessitate as well the development of non-academic staff, who have traditionally been supposed to support education and research according to rules. They are expected to improve the university management as well as education and research activities with their knowledge and skills that are much more professionalised.

On the other hand, an excessive concentration on university authorities is not desirable. As R. Birnbaum (1988) points out, a shared governance is most often the best solution

for university administration. In this sense, the recent abolition by Tohoku University of the election for the president, aiming at consolidating the presidential authority, may not result in increased performance.

(3) Participation of external people in university administration

As mentioned before, people from outside the universities are invited to participate in university administration. In particular, not less than half of the total members of the administrative council should be appointed from outside. As an example, external members of the administrative council of Hiroshima University are shown in the Table 4.

Table 4 External members of the Administrative Council of Hiroshima University

| <i>Name</i> | <i>Occupation (former)</i> |
|--------------|--|
| W. Imanaka | President, Chugoku Newspaper |
| K. Inai | President, Japan Audio Visual Educational Association (Former Secretary to the Minister of Education) |
| B. Johnstone | Professor of Higher and Comparative Education, State University of New York at Buffalo (Former President of State University of New York) |
| M. Ogasawara | President, Board of Education of Hiroshima Prefecture |
| M. Onami | Special Advisor, Kyoto Tachibana Women's University (Former President of Ritsumeikan University) |
| T. Shiiki | Lawyer |
| S. Takasu | Chairman, Chugoku Economic Federation / Chairman of the Board of Directors, Chugoku Electric Power Co. Ltd. |
| K. Tanabe | Secretary-General, Tokyo Conference for the Collaboration in Chugoku (Former Director-General, Chugoku Bureau of Economy, Trade and Industry (METI Chugoku)) |

Until now, the commitment of external people in university administration has not been strong, and the way of their participation is still to be much more studied so that national universities may make most of their participation.

(4) The evaluation

Increase in autonomy goes hand in hand with rigorous evaluation. However, evaluation methods have not been sufficiently developed yet, and much more study should be done. In addition, evaluation practices are very time consuming. Fair and efficient evaluation methods are still to be developed.

(5) Blurred distinction between public and private sectors

National universities and private universities are increasingly competing for the same resources and some of the latter rival the best national universities. The incorporation of national universities will blur furthermore the distinction between two sectors.

IV The development of private universities

1. Public financing to private institutions

a. Introduction of the Government subsidies

Although Article 89 of the Japanese Constitution prohibited the expense or appropriation of “public money or other property” to “any educational enterprises not under the control of public authority”, the Government began financing private schools in the form of loans in 1952 when the Private School Promotion Association was established as a channel through which the Government invested money on behalf of private schools. For that, the Private School Law (1949) had elaborated on the provisions concerning the appropriation of public subsidies to private schools in relation to the relevant article of the Constitution. Governmental direct subsidies to offset the expense of equipment were then made available to private universities in 1953.

b. Legislation on public financing to private institutions

Despite governmental allocations however, revenue from student tuition was inadequate to cover the balance of private institutions. In the face of rising personnel expenses on the one hand and limits on the amounts by which student fees could be raised on the other, the financial condition of private universities deteriorated rapidly, especially from the late 1960s. As a result, a noticeable disparity of quality emerged between the education provided by private universities and national universities.

The Government decided in 1970 to make subsidies available for ordinary operating expenses, including personnel expenditure. Furthermore, the Japan Private School Promotion Foundation Law was enacted in 1970, and subsequently the Japan Private School Promotion Foundation was set up in July 1970, to administer the expanded subsidy programme. The Private School Promotion Association was then dissolved.

Finally, in 1975, a Private School Promotion Subsidy Law was enacted. The law provided for public subsidies to private institutions for their current expenditures, and also specified that both the national and local governments should strive to give school corporations favourable consideration regarding taxation. Under this law, the national government has been required to make efforts to promote the activities of private institutions, through (1) providing subsidies to private institutions for their current and other expenditures, (2) offering long-term loans to private institutions through the Japan Private School Promotion Foundation, and (3) taking favourable taxation measures to school corporations.

c. Subsidies for the current expenditures¹³

The subsidies provided through the Japan Private School Promotion Foundation for current expenditures were classified into “general subsidies” and “special subsidies”. General subsidies to each institution are computed by multiplying certain unit costs by the numbers of teachers and other personnel and of students, giving some institutions preferential weight in accordance with the level of the provision of staff and physical facilities.

¹³ Apart from these subsidies, for the sake of private institutions, the Government provides subsidies for educational and research equipment. The amount of the subsidies for fiscal 2004 is 22,570 million yen. It has been decreasing since 2001.

Special subsidies are intended to support part of current expenditures for distinctive educational and research activities of private institutions (such as distinctive postgraduate education, distinctive, research projects at research institutes, international exchange activities, contribution to the spread of higher education in geographical areas other than the largest cities, and so forth). This kind of subsidies are granted to private institutions on a competitive basis in addition to general subsidies.

The amount of the subsidies for the current expenditures of private institutions for fiscal 2004 is 326,250 million yen, including a newly created subsidy to law schools (2,500 million yen). In particular, the Government has been making special efforts to increase special subsidies (Figure 14). As a result, in fiscal 2004, the share of special subsidies reached 32.6% of the total subsidies for the current expenditures of private institutions.

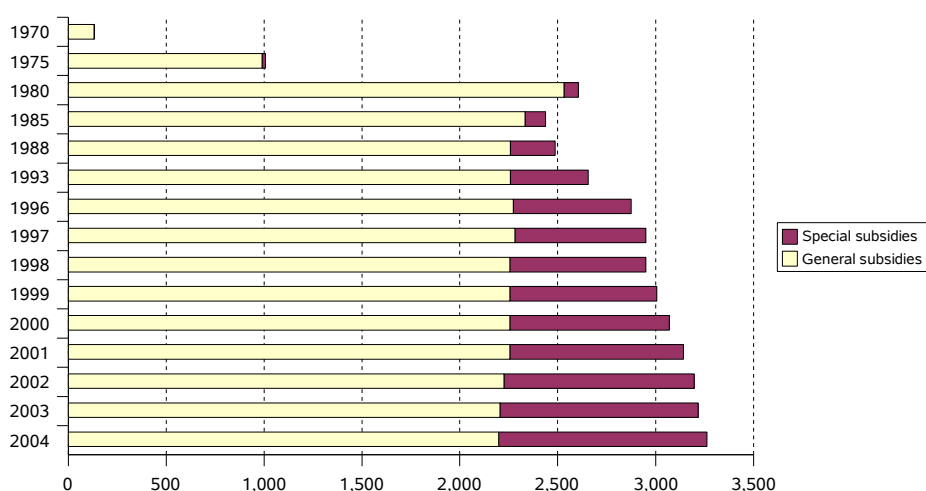


Figure 14 Government subsidies by category to private HE institutions for the current expenditures (100 million yen)

d. Stagnation of the Government financing to private institutions

Under the new legislation, the total amount of the subsidies had gradually increased until 1982. By 1980 the share of the subsidies reached 29.5% of the total current expenditures of private institutions (Figure 15). From 1982, however, the national share in the current expenditures of private institutions had decreased until 1998, reaching as low as 11.8%.

This decrease was partly because the Provisional Commission for Administrative Reform recommended that the Government refrain from increasing the total amount of subsidies to private educational institutions and that emphasis in the subsidy be placed on assistance for appropriate and distinctive educational and research projects. It was also partly because of the financial stringency of the Government. The share of the Government subsidies has recently remained around 12-13% of the total current expenditures of private higher education institutions.

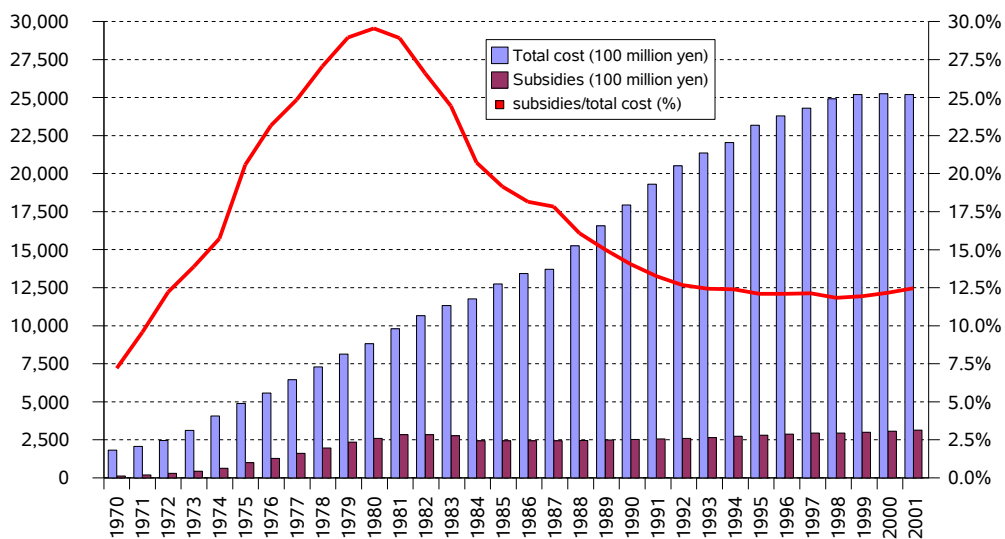


Figure 15 Current expenditures of private higher education institutions and Government subsidies

2. Public and private universities in direct competition

a. Increasing pressure on national universities from private universities

The above-mentioned stagnation of the subsidies to private institutions led to a strong pressure on the financing of national universities. In fact, in FY 2003, whereas 97 national universities (including junior colleges) and other national educational institutions received 1,525,606 million yen¹⁴, 989¹⁵ private institutions received only 321,750 million yen for current expenditures. Private universities have long questioned this financial gap between both sectors, while the private sector assuming three-fourths students, and have demanded the revision of the Government policy on higher education financing in favour of private institutions.

b. The spiral of tuition fees

The questioning by private universities has resulted in a sharp rise in tuition fees (including entrance fees) in national universities, but has never worked towards the reduction of the gap of fees of both sectors, since the tuition fees of private universities have paralleled the progress of the tuition fees of national universities (Figure 16). The ratio of tuition fees of private universities to those of national universities decreased from 3.24 in 1975 to 1.40 in 2001¹⁶.

¹⁴ This amount is equal to the transfers from the general account budget to the Special Account for National Educational Institutions (therefore it includes the budget for non-university institutions such as inter-university research institutes). As for the Special Account for National Educational Institutions, refer to Oba (2003).

¹⁵ This number includes all the private universities and junior colleges comprising those not receiving national subsidies.

¹⁶ In general, apart from tuition fees, private universities collect extra charges such as a charge for facilities.

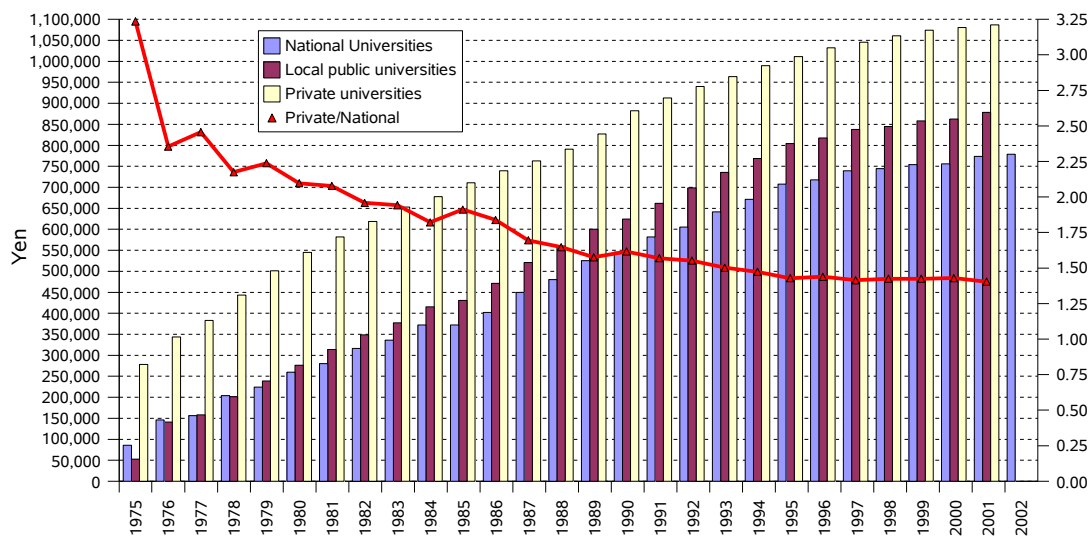


Figure 16 Tuition fees (entrance fees included) by sector

(note) The amount of private universities' tuition fees is the mean value of all the private universities' tuition fees. The amount of local public universities' tuition fees is the mean value of all the local public universities' tuition fees applied to entrants from outside the prefecture.

c. Poor public expenditure on higher education

With the aid of the questioning by private institutions on the one hand, and due to the stringent financial situation of the Government on the other, the Ministry of Finance has pressed the Ministry of Education to raise the tuition fees of national universities. On 26 November 2003, the Financial System Council reported to the Minister of Finance and recommended the adoption of a system that would enable each national university to revise tuition fees, in light of the gap between national and private universities and thorough implementation of the beneficiary-payment principle. This recommendation was confirmed by the council's recommendation to the Minister of Finance on 17 May 2004 concerning the orientation of the FY 2005 budget-making, which reiterated the application of the benefit principle to higher education.

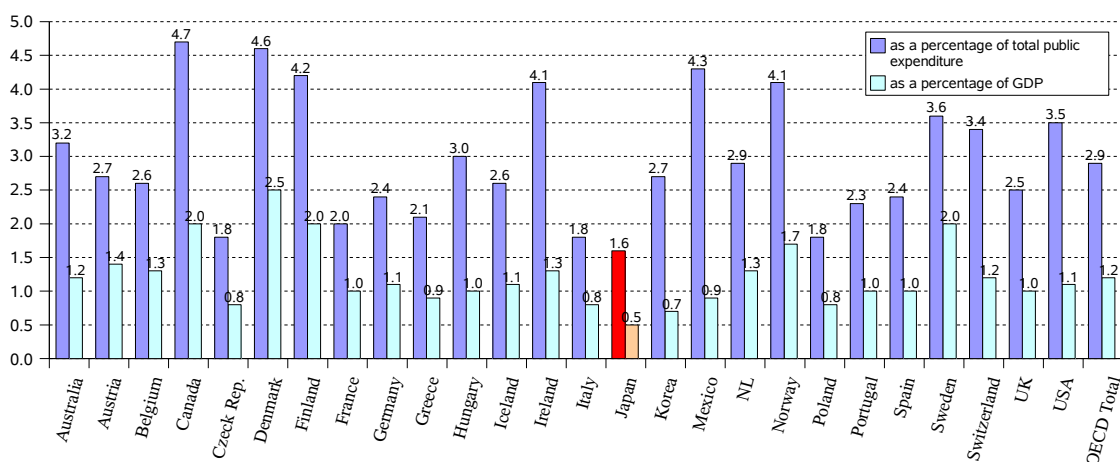


Figure 17 Public expenditure on higher education (2000) in OECD countries

Source : OECD 2003, p. 227

As a result of the stagnation of the subsidies to private institutions and of the rise in tui-

tion fees of national universities, the share of the costs of higher education borne by governments (national and local) is obviously low in comparison with other OECD countries (Figure 17), which signifies that the cost of higher education is largely borne by students or their family.

d. Increase in competitive funds open to public and private institutions

As seen earlier (Figure 14, page 18), in the national subsidies for the current expenditures of private institutions, the share of the special subsidies, given on a competitive basis, has been increasing, whereas not only the share of but also the amount of the general subsidies has been decreasing.

The Government has concentrated its budget allocation on competitive funds, which have been likely to be indifferently open to public and private institutions, whereas such programmes used to be limited to national universities. For example, in 2002, the MEXT initiated a new funding scheme called “The 21st Century COE Programme”. It subsidises programmes proposed by universities (not limited to national universities) to found world-class research/education centres, of which the proposals are to be screened by a committee composed of specialists from various disciplines. Besides national universities’ projects, a certain number of private and local public universities’ projects were also selected for this programme (Figure 18).

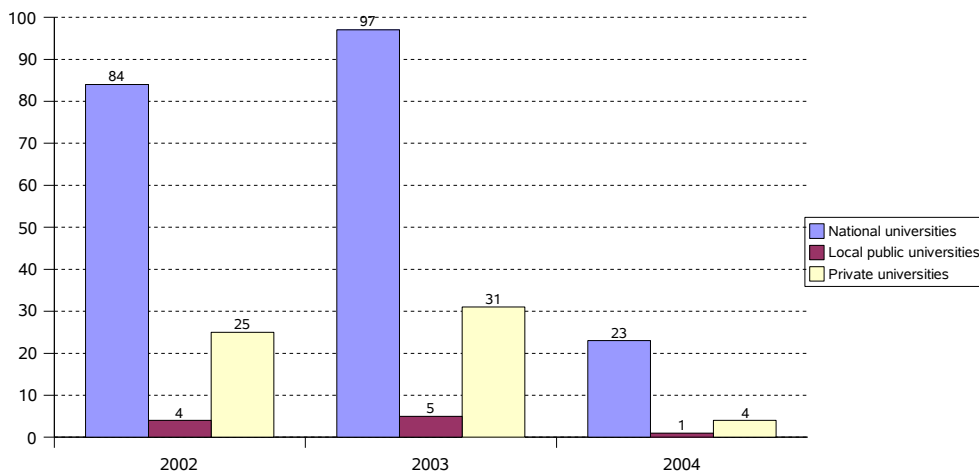


Figure 18 Number of COE projects adopted by the MEXT, by sector

Nowadays, some private universities compete fully with national universities for research funds provided by the Government (Figure 19). Furthermore, in 2003, the Government decided to open up the Grants-in-Aid for Scientific Research, which accounted for about 50% of the Government competitive research funds, to research institutes belonging to private companies (including for-profit ones).

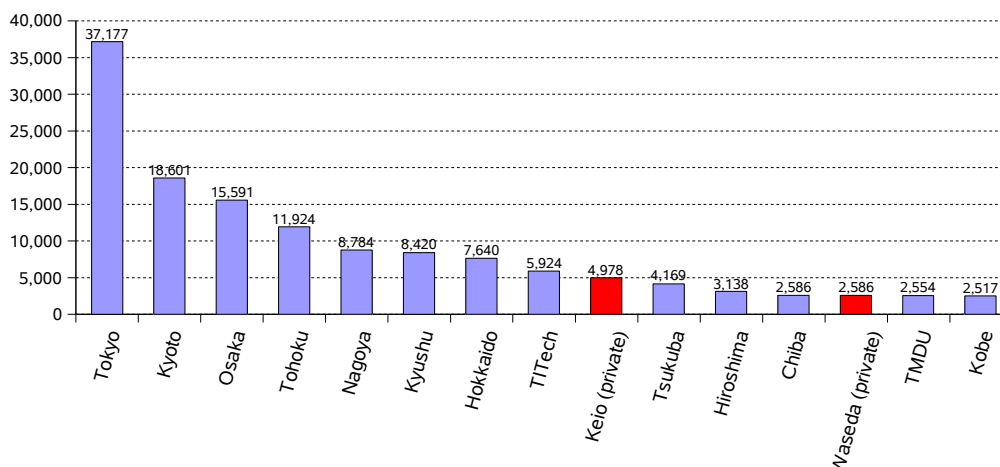


Figure 19 Top 15 universities ranked by the amount of competitive research funds awarded by the Government in 2002 (million yen)

Source : Council for Science and Technology Policy

(note) TITech : Tokyo Institute of Technology / TMDU : Tokyo Medical and Dental University.

3. For-profit universities

As part of its effort to create a more efficient and entrepreneurial economy, the Government has institutionalised a *Special Zones for Structural Reform* in which businesses are allowed to operate in highly deregulated environments. Over 300 zones have been created since the programme was launched¹⁷, including for-profit tertiary education institutions.

Up until then, apart from public entities, only school juristic persons¹⁸ could be authorised to establish schools. So far, 10 local governments have given approval to establishing for-profit universities, and in April 2004, two institutions were opened in Tokyo and Osaka (LEC Tokyo Legal Mind University and Digital Hollywood Graduate School).

V Development of the evaluation system

In 2002, the National Institution for Academic Degrees (NIAD) was reorganised so that it could carry out university evaluation in addition to degree awarding (National Institution for Academic Degrees and University Evaluation (NIAD-UE)), and began to implement evaluations of national and local public universities.

In the same year, the Central Council for Education recommended the Minister of Education setting up a new total quality assurance system including a continual third-party evaluation. In response to the recommendation, the School Education Law was amended in the same year, and a continual third-party evaluation system was introduced.

Under the revised law, third-party evaluation bodies, independent from both the Government and higher education institutions, shall be recognised by the Minister of Education, in accordance with published criteria that cover standards, methods, and organisation for evaluating higher education institutions in continual external quality assurance activities. From April 2004, universities and junior colleges have been required to ask an

17 JETRO Trends and Topics “Changing Business Environment”, 1st December 2004

18 A kind of incorporated foundation without lucrative purposes.

evaluation body to conduct an evaluation once every seven years, with results being reported to each institution and the Minister, as well as being made available to the general public.

VI Where are national universities going?

1. Continuous discussions on the privatisation of national universities

In May 2001, Prime Minister Koizumi, in answer to a question at the Diet, asked by a house member of the Democratic Party, an Opposition party which had claimed for privatisation of national universities, acknowledged the need of privatisation. Subsequently, he ordered the Minister of Education to examine the possibility of privatisation of national universities, whereas the Cabinet Meeting had decided to study their incorporation in April 1999 and the study was going on¹⁹.

In January 2002, a newspaper reported the results of a questionnaire on privatisation of national universities sent to the presidents of all the universities including local public and private ones. According to the article, 70% of the presidents, including those of national universities, recognised the necessity of privatisation of national universities in a certain form. Although this questionnaire was severely criticised later on because the notion of the term “privatisation” had not been clear at all, it showed that the privatisation of national universities was still being talked over whereas the study of the incorporation of national universities was already at the final stage²⁰.

The discussion on privatisation of national universities seemed finally over when the National University Corporation Law passed at the Diet in July 2003. Main concern shifted then to how to prepare the incorporation procedure of national universities.

2. Where are national universities going?

According to Kaneko (2003), Japanese national universities seemed in the first place to move from the “state facility model” based on the German concept towards another model, but he concluded that the new system was entirely ambiguous and that national universities might stay in the “state facility model” even after the incorporation. However, he also pointed to the existence of political pressures for reform and financial restriction that would displace national universities out of the model.

19 Although it did not result in privatisation of national universities, it led to the ministerial “Policies for the Structural Reforms of Universities (National Universities)” in June 2001 (p. 10) and accelerated significantly incorporation of national universities.

20 The final report of the study group on incorporation of national universities, set up in the MEXT, put forth its final report on 26 March 2002.

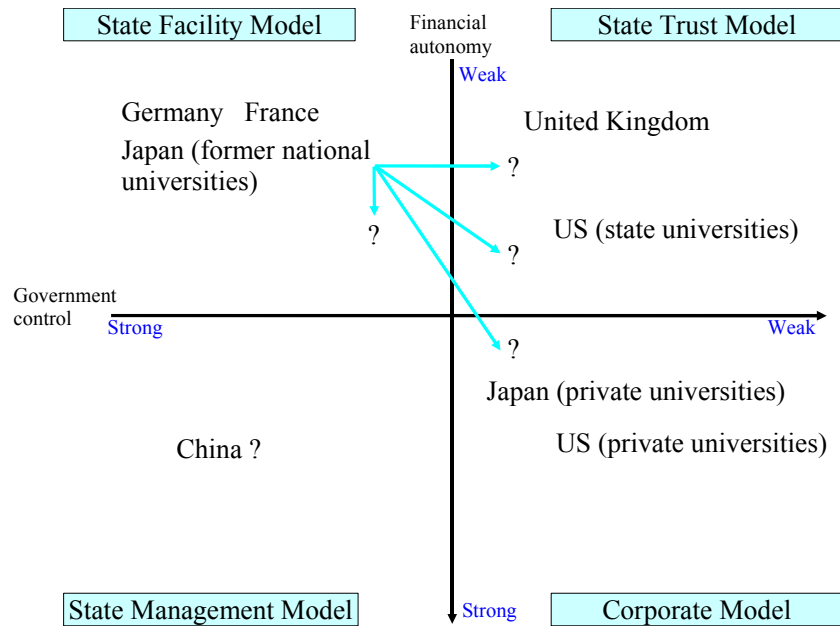


Figure 20 Government control – Financial autonomy Four-quadrant model based on M. Kaneko

(note) This figure was illustrated by the author based on Kaneko (2003) and his presentation at the study meeting to which the paper was presented.

3. Increasingly blurred distinction between public and private sectors

As seen before, national universities and private universities are increasingly competing for the same resources and some of the latter rival the best national universities. Incorporation of national universities will blur furthermore the distinction between both sectors.

Similarly to private universities, national universities have now considerable autonomy over their structure and management. In particular, the operational grant, given to national universities as a lump sum, has a similar nature to the Government subsidies for the current expenditures of private institutions. New national universities are now able to keep tuition fees and other self-earned incomes for their own sake. In return, the Government will not necessarily ensure their entire operational costs, nor will be accused at court of misconducts committed by national universities.

On the other hand, school corporations by which private universities are founded, are also under certain governmental restrictions, including enrolment numbers, fundamental educational organisation, types of degrees that they award, organisation of the board of directors, borrowings, necessary facilities and their disposal. After all, apart from the legal status, principal differences between both sectors can be found now in :

- 1) nomination of the president and the auditors by the Minister of Education²¹;
- 2) presentation of medium-term goals and the approval of the medium-term plan by the Minister of Education;
- 3) systematic institutional evaluations by the evaluation committee;

²¹ The nomination of the president by the Minister may have not so much meaning, considering that the nomination of the president had been always upon the decision made at national universities until incorporation.

- 4) development and maintenance of important facilities;
- 5) regulations on tuition fees and other important regulations; and
- 6) some programmes restricted to national universities²².

However, the extent of autonomy that national universities will really have at their disposal is not clear at this moment. The Government – national university relation will be formulated particularly in the course of negotiations in preparation of the medium-term goals and plan.

VII What is the future of Japanese higher education?

The distance between the public and private sectors will ineluctably become shorter and shorter. However, certain political powers, a power for the regional development²³ for example, and other factors will not allow the Government, in particular the MEXT, to entirely give up their own universities. Pressed by a variety of stakeholders, for the time being at least, it is very unlikely that national universities will be privatised. Ultimately, the nature or role of national universities will be determined much less likely on a theoretical basis, but by administrative, political, economical and social environment that will encircle the higher education system.

While the determination of the nature or role of national universities will remain mainly political affair, functional differentiation among institutions of all sectors will certainly be more important than sectorial difference. The Government financing will certainly follow to a certain degree this progress; namely a shift will be made in the financing policy towards the increase of competitive funds corresponding to diverse functions of universities.

Increase in competitive funds will be all the more likely because the institutional evaluation is so difficult that the Government will not be able to vary the amount of operational grant of national universities so much, depending upon the reports of the evaluation committee. The results of the evaluations will not be persuasive enough and the Government will not be able to apply them without so much criticism in deciding the allocation of operational grant for the next term. Ultimately, evaluations can be better done on the basis of projects.

Whereas functional differentiation becoming more important, the role of the Government should be more supportive to universities, rather than adjusting conflicting interests among institutions or evaluating their institutional performance. Within the Japanese higher education system, a certain type of *paraeducational services* or *activities* are really not developed, such as forums of universities, national centres for staff development and other university activities, professional associations, career development system for staff, scholarships and other types of support for students, and so forth. The Government should concentrate more efforts on such activities than institutional evaluations.

22 As mentioned above, this kind of programmes have been increasingly open to other sectors. Additionally, there are some programmes restricted to private universities.

23 This political power is very likely to influence the role of national universities, particularly located in provinces, where national universities are often integrated into the local economical and political structures.

VIII Concluding remarks

In Japan, massification of higher education was achieved primarily through private institutions. Behind the fact, the post-war economic growth, driven by well-configured Industry-Government-Education collaboration, has largely contributed to the development of the private sector. In the course of time, the role of national universities has decreased and the distinction between the public and private sectors has been blurred, and it is all the more so when neo-liberal policies are dominating in the Government.

Incorporation of national universities was realised under such circumstances. New national universities should now compete with private universities for increasingly scarce resources, including the Government financing and declining 18-year-olds.

However, national universities are not going straight towards privatisation, but its future is very ambiguous and much dependent on administrative, political, economical and social environment. In addition, the institutional evaluation, one of the most important elements of the incorporation policy, will be faced with multiple problems and unlikely to be fully functional.

Differentiation among institutions will become more important than sectorial distinction, in order to respond to changing societal needs. The role of the Government will be required to be redefined in this context.

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²⁴ In the references list, for simplification purpose, the term "Ministry of Education" has been employed to designate the ministry in charge of education policy.