

University Finance - a 'European' norm?

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Introduction

A distant view tends to reduce differences, but the 40 kilometres of the Channel often lead to the belief – on both sides of it – that Great Britain is essentially different from the continent. In university financial matters that may actually be so, although – in investigating the difference - this paper will confine itself to continental countries which derive from the Humboldtian tradition. Such universities are mainly state funded, are independent academically but dependent financially, and have long histories of keeping the power of the state at bay (Darvas, 1997; Lucas and Elton, 2003).

Power and Responsibility

It is a common place that a division between power and responsibility, where one agency holds the power and the other the responsibility, is dysfunctional. Now universities in all countries have two essential tasks, namely to serve the community and to propagate scholarship – in both teaching and research. The first of these requires universities to provide high level graduates for employment, further life-long learning and conduct applicable research; the second to maintain and extend general knowledge and culture, and conduct what is often called 'blue sky' research. In principle, academic freedom should be relevant to both tasks; in practice it is far more important for the second. However, the responsibilities and powers associated with these tasks are differently distributed in Germany and Great Britain (Elton, 1988).

In Germany, the state (largely through the Länder) has the power over the service function, in which it is primarily interested, while universities have the responsibility to implement that function. The opposite is the case for the scholarship function, where the primary interest is with the universities, ie they have the power to implement it, but the responsibility to finance it rests with the state. This responsibility is enshrined in the German Constitution and is based ultimately on its preamble, which states:

“The dignity of man is sacrosanct. To respect and protect it is the duty of all State power.”
[Die Würde des Menschen ist unantastbar. Sie zu achten und zu schützen ist die Verpflichtung aller staatlichen Gewalt.]

While this distribution of powers and responsibilities may not always be apparent in practice, it unquestionably influences the relationship between the universities and the state.

In Britain, in contrast, there is no written constitution, and the constraints on the power of a current government rest with the courts, which so far do not seem to have been involved in the debate. There was a time – in the days of the UGC - when the State considered it its responsibility to finance universities, while universities had the power of decision-making over their activities. This unhealthy separation of power and responsibility was reversed in the 1980s into an equally unhealthy separation of power and responsibility, in which the State has all the power over the activities, while the universities then have the responsibility to carry them out. Any voluntary constraint to the exercising of this power is rapidly disappearing, as is indicated by the recent pronouncement of the Minister for Higher Education that “If students and research funders do not want what is on offer [by the universities], why on earth should we carry on funding it?” (Thompson and Baty 2002).

If there had been any doubt about the Minister's meaning, this was cleared up by a further statement, namely that “student demand must drive the new market-led sector that would emerge over the next decade” (Utley and Thomson, 2002).

Reflections on the UK scene

The current situation in Great Britain has led to a number of reflections:

- Is control more central in Great Britain or Continental Europe? (Minogue, 2002)
- Are universities driven by academia, finance or employers? (Lea, 2002)

- Can universities achieve independence through full fees? (Charlton, 2002; Sanders, 2002)
- What about long term aims? (Scott, 2001)
- Should funding be by status or mission? (Brown, 2001; Alderman, 2002)
- The question of access (Brown and Piatt, 2001)
- Access and the elite universities (Goddard, 2002)
- Access and student motivation (Haggis and Pouget, 2002).

As the current situation continuously changes, the contributions listed can provide only a snap shot in time.

Unintended consequences

Then there are the unintended, but frequently predictable and predicted consequences (Elton 1988) of current government policies, all of which rely strongly on the use of performance indicators to monitor performance.

Papers which are relevant to different aspects of the use of performance indicators and their unintended consequences are:

- The use and abuse of performance indicators (Pollitt, 1987)
- Performance related pay (Knight, 2002)
- The use of peer review (Birbaum, 2002)
- The chimera of externally driven quality (Vroeijenstijn, 1995; Elton, 1995).

The most far reaching, and arguably intended, consequence of government policies has been the break down of trust between Government and Academia (Alderson, 2002). To some extent, this breakdown of trust was probably justified in view of the lack of professionalism of academics as teachers (Elton, 1998; Curzon-Hobson, 2002). Whether trust will increase in the present climate of antagonism between universities and the state, now that academia is beginning to become more professional (Holroyd, 2000), must be doubted.

Students

And what about students, in the past the most neglected constituent of the academic community? Research, both in Great Britain and in Germany (Haselgrove, 1994; Johnston and Elton, 2003) indicate that much needs changing, but whether the change of student status in the eyes of Government – from junior members of the academic community to customers of that community – can be positive in its effects remains to be seen.

Conclusion

At the recent Forum of the European Association for Institutional Research at the Technical University in Prague, Burton Clark, in a keynote address on ‘Sustaining Change in Universities’, saw this entirely in financial terms. This would appear to be the norm now in the United States and in Great Britain, but not yet on the Continent. Later there was a reception in the beautiful Bethlehem Chapel, which is now part of the University. On the walls were murals, including one of Christ expelling the money lenders from the Temple (St John ch. 2, v. 16). Today’s temples are the universities. Will there be a second coming?

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