tionally recognized degrees will change the binary system of universities and universities of applied sciences in Germany. Also uncertain is whether meeting the pressure for innovation will result in a less costly, intensive, and short-cycle higher education for the majority of students and bachelor's and master's degrees for the elite.

Higher Education after German Unification

Examining German higher education reform in the context of German unification leaves out the fact that in German society as a whole, as well as in Europe and elsewhere, requirements for higher education and research are in flux. Still, the transfer of the West German higher education system into the new East German states has had repercussions on the German system as a whole. Moreover, higher education institutions in the new East German states are beginning to initiate some innovations that may in turn lead to further reforms of the system as a whole: (a) Eastern Germany is acknowledged to have a higher quality of teaching and supervision and a shorter duration of studies; (b) science and research have acquired a special role for regional transfer of knowledge and skills since the substantial economic breakdown after 1989; (c) due to the comprehensive renewal after unification, higher education structures in the East are less rigid and more open to innovation and experimentation, in terms of academic programs and curricular content as well as interdisciplinary approaches to research and teaching. Thus, historically determined disadvantages in East German higher education might well turn into conceptual advantages in the long run.

Future Perspectives

Three problem areas can be identified that reinforce the perception that the German higher education system is in crisis: (a) a questioning of the idea of the German university, which is based on the Humboldtian reforms in the early 19th century; (b) structural problems, linked to a perceived lack in quality and transparency in higher education; (c) administrative problems, centering on doubts about the efficiency of institutional management, administration, and budgeting. However, one prerequisite for addressing these issues in both East and West German higher education is appropriate funding or at least the provision of financial incentives. Without adequate funding, higher education institutions will continue to react to public and political pressure by referring to their lack of adequate funding. This impasse has been characterized as Germany's "reform congestion."

Nevertheless, higher education reform in Germany is beginning to develop a dynamic widely viewed as positive. The multitude of pilot projects and innovative approaches to higher education organization, administration, teaching, studying, and curricular development show action is beginning to replace inertia and also that the rather homogeneous structure itself is beginning to dissolve.

Five Suggestions for the Newly Elected Rector of the University of Oslo

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On October 12, 1998 the University of Oslo elected its new rector (president). For several months before the election an unusually lively debate about university policies had been carried in the leading newspapers. My review in the *Aftenposten* (August 6, 1998) of Burton Clark's recent book, *Entrepreneurial Universities*, set off an almost heated exchange about the most relevant leadership qualities in a new rector. My article also related Clark's "five organizational pathways of transformation" to the current economic situation of the University of Oslo, which several professors had labeled a crisis. Five senior professors ran for the office of the rector in the University of Oslo's first election campaign. This event was interpreted by some as a sign that international trends in higher education had reached Norwegian shores.

On election night, the university newspaper, *Uniforum*, asked five people, myself included, to give the new rector five "good recommendations." These were my suggestions:

Recommendation 1: Analyze the relationship between the University and its owner, the Norwegian state. Recent debates have highlighted deep concerns among professors about how the state is fulfilling its ownership responsibilities toward the University. For a number of years the state has reduced funding while granting more autonomy. Also, the 1995 higher education act puts the universities and all other higher education institutions on the same legal and financial footing.

The state has decided that all institutions shall be parts of the Norway Network, and has opened the door to specialization in research and education and, indirectly, competition in the higher education sector. Hence, the state as the University of Oslo's owner has changed its role rather dramatically. The new rector urgently needs to determine the University's real autonomy in relation to the state and the overall situation. Also, the university needs to learn what the state will contribute financially in the coming years, and with which strings.

Recommendation 2: Identify and utilize the University's own human resources for university policy analysis. A few years ago, when the University of Oslo decided to rationalize its huge administration (which is, to a considerable degree, controlled by the state and trade unions), it hired a private, commercial consulting firm to make an analysis of the university as an organization and to come up with recommendations for rationalization. To address the serious policy issues facing the University of Oslo, the new rector ought to look for expertise within his own organization, the University. In fact, some of the outside consultants are graduates of the very faculties and departments that the university is paying them so generously to evaluate. Although there might be good reasons for spending money on outside consultants, the rector ought first to look within the University for expertise that would be of excellent quality, cheaper, and more reliable than that of consultants working from a market-based perspective.

> Recommendation 4: Find new strategies for improving the University's budget situation.

Recommendation 3: Analyze carefully recent proposals from the minister of research and education. In the weeks right before and after the election for rector, the Norwegian minister of research and education issued three "critiques" in the media, clearly addressed to the leadership of the universities. First, the minister called for improvements in the quality of teaching at Norwegian universities, in order to make mass university education effective. Second, the university degree system was judged to be old-fashioned and lacking in compatibility internationally. The fixed time for a Norwegian master's degree is just one year short of the time required for a Ph.D. in Sweden or in the United States. In order to obtain a Ph.D., a Norwegian student has to invest close to double the resources when compared to a Swede. The minister recommended that Norway adopt the more common international system of B.A., M.A., and Ph.D.-one that is already established in Norway's neighboring countries. Third, the minister urged Norwegian universities to take some of the disproportionately large amount of resources they now invest in examinations and redirect it toward tutoring and supervision. The minister bluntly stated that in this respect Norwegian universities ought to look at U.S. universities.

Immediate reactions from the old university leadership (still in office) were lukewarm. The new rector ought to view these initiatives from the University's owner as an opportunity to start the discussions about reforms that will improve the University's international competitiveness.

Recommendation 4: Find new strategies for improving the University's budget situation. Whatever happens to the formal ownership relationship between the University and the state in the future, the latter will obviously continue to be an important stakeholder and user of the University's research-based services. The danger lies in continuing with the simplistic strategy of constantly complaining about the state's unfaithfulness toward the University. The University needs to recognize and respond to the new financial and ideological realities before the situation becomes much worse, and true problem solving more difficult.

The new rector ought to mobilize the professors in the effort to identify new ways of balancing the budget. A key measure would be to institute changes that would allow the University to extend its reach, selling researchbased services to regional, national, and international users. A sound financial foundation is essential for continued institutional autonomy and academic freedom. However, while making the university more entrepreneurial, the rector ought to use the budget surplus to support disciplines and areas of study without immediate market potential.

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Recommendation 5. Institutionalize learning from successful universities abroad. The University should start learning from what is going on outside Norway, both in Europe and in the rest of the world. The changed relationship between public universities and the state is an international trend. Examples abound of universities that have found ways of maintaining academic freedom and institutional autonomy under the current political and economic constraints. The University of Oslo ought to organize a research unit for the study of such institutions. That could prove to be a very profitable investment in consolidating the University of Oslo's position as a research institution of excellence in the international field of higher education.