The Challenge Ahead: British Universities in the 21st Century

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Britain has traditionally been proud of its universities. At the end of both world wars, British science was shown to have outperformed Germany's, which on each occasion had been thought to have the strongest science, and particularly applied science, in Europe. Although in the 1960s one or two discerning Americans such as Edward Shils and David Riesman raised some doubts, we were confident also that undergraduate teaching in British universities was superior to any other system. (We were less confident in comparing our graduate training with the best U.S. graduate schools.) Throughout the postwar years until the mid-1980s we could legitimately claim that all British universities were both research and teaching institutions, with research interacting with teaching, that all British universities had a selective entry at the undergraduate level, and that degree standards were broadly comparable across the system. What we did not say—or at least say very loudly—was that this structure was shored up by an expectation, largely justified, that the state would cover 95 percent or so of the costs and that the university system was geared to teaching only a relatively small proportion of the age group. In effect this cotton-woolled the British universities and fostered a spurious sense of self-satisfaction. Our American colleagues either envied us or regarded British higher education as one of the unexplained peculiarities of the country, along with the monarchy, the House of Commons, and the class system.

More than a decade later, when Britain has undergone a very rapid transition from elite to mass higher education, doubled the number of its universities, and faced unprecedented falls in unit costs, it is worth asking how its higher education system continues to rate against its international rivals. British ministers, of course, are inclined to make large claims for the reputation of British higher education abroad, but rather to one's surprise, in spite of various minor scandals, British higher education does seem to have held its position. It can claim that it has at least four universities that could legitimately appear in a world league table: Cambridge, Oxford, Imperial College, and University College London, and few would fail to include the London School of Economics if specialist institutions were to be listed. The London Business School regularly achieves a high ranking in world business school league tables.

The recent *Der Spiegel* review placed British universities at the top of a European league table with the Netherlands second—the two European university systems, it pointed out, that had substantially been restructured by external pressure. Student dropout rates remain the lowest in the world, and our reputation for good staff/student contact remains high (a point particularly noted by *Der Spiegel*). Sir Robert May, in his article "The Scientific Wealth of Nations," has shown that although we spend a lower proportion of GDP on research and development than any other of the major economies, we come second only to America in our share of the world's scientific papers and citations: the position has not worsened between the early 1980s and the 1990s, as one might have expected, and if you counted international scientific prizes won against population size, Britain would be the world leader. A recent Council for Industry and Higher Education report shows that corporate spending on British higher education is high and growing, a sign that industry continues to support the system; Higher Education Statistics Agency figures show that the proportion of nongovernment money flowing into higher education is rising. The number of overseas students choosing to study full time in British higher education is three times as large as 15 years ago.

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It could be argued, therefore, that the British university system has weathered the storm of massive expansion and worsening financial stringency without detriment to its international standing—a remarkable achievement if true—were it not for the doubts that increasingly beset the British higher education community itself about its performance. Of course when making international comparisons it has to be remembered that in continental Europe the rise in student numbers and financial stringency parallel what has been happening in Britain, so that in holding our position in Europe we may in a sense be doing no more than standing still on a downward escalator. International comparisons tend to be made at the top of a system rather than at the bottom, but whatever doubts there may be that the system as a whole may have been weakened, it is clear that the combined impact of the research assessment exercise and interinstitutional competition sparked by the pub-

lication of league tables has strengthened the more successful universities.

But there are signs that this high national research rating may not be sustainable. The Robert May tables certainly show Britain as second only to America on some measures, but we come a very poor second with a group of other countries very close behind us; they also suggest that in terms of quality we appear to be outranked not only by America but also by Switzerland, Sweden, and Denmark. Further evidence from an as yet unpublished paper by Cole and Phelan suggests that Switzerland scores better even than America in highly cited papers per 100 scientists. It should be remembered that in Switzerland, although the two federal institutions are the major research players, the research standing of all the universities is high. In America 35 percent of university science and technology research funding is concentrated in 25 institutions out of 3,600 (0.7 percent), and 96 percent of all research monies in about 200 (5.5 percent). The comparable concentration in Britain is eight institutions (4.4 percent) and about 70 (39 percent). Such statistics are distorted on both sides of the Atlantic by the enormous investment in medical research, but it does suggest that the differential institutional resource allocation policies pursued in Britain since 1981 have produced a much lower level of research concentration than a reliance on unregulated entrepreneurial competition, market forces, and private financial support has achieved (over an admittedly much longer period) in America.

There may be strength in maintaining a broader research base, especially if research does indeed feed into teaching, as it does in Britain but does not always do in America, but whether research is sufficiently concentrated in the British system to hold off European competition for long is open to question. British universities have benefited from the dual funding system and from the recognition that it is more efficient to invest in research in universities than in the Centre nationale de recherche scientifique or the Max Planck institute. But recognition of the weaknesses of state-run research institutes is bringing about changing attitudes in Europe: the institutional separation of research and teaching is breaking down. In the longer term our lead among European universities is at risk.

Even if we continue to perform well at the top of the system, we should be less sure about performance at the bottom, and our national concerns about this suggest long-term threats to the system as a whole. As British higher education sets up increasingly complex bureaucratic systems to maintain quality and regulate financial systems, continental universities are moving in the opposite direction with overcentralized state structures being devolved to institutional decision making. While British universities have traditionally enjoyed considerable academic and financial freedoms, you only have to visit some continental universities to realize that our international competitive position is being challenged. Burton Clark's recent book, *Creating Entrepreneurial Universities*, draws heavily on continental models that look remarkably unlike the classical European universities of the past. Across Europe the loosening of centralized financial regulation has led to new centers of innovation and initiative in universities being opened up. The dialogues between colleagues at European conferences are now all about universities relating to industry, region, and to new clienteles. Increasingly, European universities seem relaxed about following a modern university agenda while not jettisoning their respect for the essential characteristics of university life.

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In Britain the inability to leave well enough alone in respect to successful universities and to underprescribe (as well as underfund) in respect to the less successful raises real questions about the long term. We can assume, at least on the teaching quality assessment evidence, that universities that research well will probably also teach well; they will attract the best staff, have the most competitive student entry standards, and will attract the most nongovernment money. It is likely that they will reinforce this by being more self-confident, more entrepreneurial, and perhaps, to a point, better managed. The question that needs to be asked of the British system is how do the less successful institutions, in these terms, define a role for themselves that focuses them on goals that are achievable. In the United States, where the gulf between the research-intensive universities and the state colleges is much greater than in Britain and where in many states one institutional framework covers the whole range of institutions, as in Wisconsin, the divisiveness and all too often embittered competitiveness that seem to afflict Britain are almost entirely missing. The legacy of the binary line and the regime of underfunding less successful universities over the last decade may be largely to blame, but there is a determinist element in British higher education that puts a particular model of institution at the top and creates

conditions and funding formulae that offer almost insuperable barriers to lower-ranked institutions emulating the higher ranked, while offering no alternative models for them to focus on. Our elite institutions continue to rank well in international comparisons and cast a rosy glow over the system as a whole, but we have given too little attention to where our nonelite institutions stand and what steps we should be taking to differentiate their mission.

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No government has been able to pay fully for the transition from elite to mass and from mass to near universal higher education, so that for quality not to fall institutions are going to have to generate an increasing amount of resource either from students or from other private sources. In Britain the historic inhibitions about doing this are far less than in continental Europe but much greater than in the United States. There exists therefore the opportunity for British universities to enhance their position by entrepreneurial activities, and by further diversifying their funding base, and it is evident that many are doing so to considerable effect, though certainly not yet on anything like the scale one can find in the United States. But the growth of private universities in Germany and the Iberian peninsula suggests that the dam is breaking in European countries. The British mixed-economy university, part state and part privately funded, remains the sanest model if the components can be got right. But, if we continue to fund universities so poorly, those not perceived to be in the successful elite will find it increasingly difficult to be other than solely dependent on state funding and student fees, which will lock them into an absolute straitjacket of state control. The effect will be to widen the gap between the most and the least successful universities; this in the longer term is bound to weaken the system as a whole. ■

The Impact of the Economic Crisis on Higher Education in Malaysia

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After almost a decade of stunning economic growth, the Malaysian miracle may have turned out to be a mirage. The economic crisis, which started out in mid-1997 as a currency crisis in Thailand, spread quickly to other neighboring countries like Malaysia and Indonesia. Even the stronger East Asian economies of South Korea, Singapore, and Hong Kong were caught in the economic turmoil. In Malaysia, the ringgit depreciated, the stock market plunged, and the real estate market collapsed. This economic crisis hit the middle class earlier and more severely than it did lower-income groups, wiping out a substantial portion of its wealth and, in many cases, people's savings for their children's education.

Since the Malaysian ringgit depreciated from RM2.50 per U.S. dollar to RM3.80 per dollar (as pegged by the Malaysian government), many middle-class parents are finding it more difficult to send their children to study overseas. Because of the currency crisis, about 2,000 students have already had to return from overseas to continue their studies in local universities. Since then, the number of Malaysian students going abroad to further their studies has dropped sharply as even the Malaysian government has reduced the number of *bumiputra* scholars sent overseas. An Australian newspaper, for example, reported an 80 percent decrease in student visa applications from Malaysia between May 1997 and May 1998. In 1997, 18,000 Malaysians studied in the United Kingdom, making up the largest foreign student population there. But in 1998, the figure dropped to between 12,000 and 14,000, with the onset of Malaysia's economic slowdown.

The effects of the economic slowdown and a national campaign to significantly increase the proportion of the population pursuing higher education (part of the government's "Vision 2020" plan) have swelled enrollments at public institutions of higher learning. The number of annual student intakes in eight of the public universities is expected to rise from 45,000 in 1997 to 84,000 in 1999. This jump in enrollments is bound to cause acute financial strain at each of the universities, especially in the face of drastic government budget cuts. In 1998, the government implemented a series of stringent austerity measures, which included an immediate cutback 10 percent on operating and development expenditure. One of the immediate ef-