

toward a legal entity are the changes in university funding. Modifications in the funding of public universities would entail a detailed review of the existing national budgetary laws and regulations (such as the “Indische Comptabiliteitswet”). Until now, funding from the central government is allocated to specified areas, in the form of a regular budget and a development budget, and is rigidly line itemized. Government will act more as a funding agency in the future and will implement block grants or a block funding mechanism, based on output or the number of graduates produced instead of student enrollments. In addition to government funding, universities will also be free to generate income in other ways, like through consultancy or through cooperation with industry.

Although often seen as an offshoot of the Asian economic crises and the subsequent era of “reformasi” in Indonesia, the move toward increased autonomy can be traced back further.

Tuition fees are another important way to generate income for the autonomous universities. Although tuition fees were already common before the transition toward autonomy, in the new situation, the universities are supposed to collect tuition fees directly from the students. In the current situation, however, national regulations have not yet been adapted to the new circumstances. For the academic year 2002–2003, input from the Ministry of Finance is still necessary, leaving the autonomous universities in uncertainty about their budgets for the subsequent year. Not just the allocation of tuition fees will change. Under the new arrangements, the universities themselves will also be able to set tuition fees. Not surprisingly, students are worried about the future cost of higher education, now that the responsibility of setting the level of tuition fees is no longer in the hands of the central government. For the current academic year, their worries have been confirmed, with increasing tuition fees for many programs in the new autonomous universities. On the other hand, the universities in their new role also have to develop mechanisms to provide financial support for economically disadvantaged students.

Obviously, the four universities have realized many changes in a short period of time, but many obstacles lie ahead. A five-year period for the transition from a centrally governed university toward an autonomous university might be rather optimistic—especially if we take into consideration that for many continental

European universities this is still an ongoing process, even after almost two decades in some cases. Furthermore, much existing legislation in related areas—mainly in the financial sphere—is not yet prepared for a switch of universities toward autonomous legal entities. Furthermore, the government can also expect the student population to react very critically to the new developments. ■

Japan and International Trade in Education

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The Ministry of Education will consider revising the legislation governing the recognition of foreign universities in Japan—the opening wedge for foreign institutions to enter Japan’s education market. The reason for this reconsideration is pressure from the World Trade Organization. Eight WTO members, including the United States, have asked Japan to liberalize regulations concerning higher education generally. This is part of a serious push by some of the major exporters of education and knowledge products—including the United States, Britain, Australia, and some others—joined by the Organization for Economic Cooperation and Development, to include higher education and related areas such as testing, educational products and programs on the Internet, and other categories in the WTO regime. The General Agreement on Trade in Services (GATS), the broad new WTO treaty under which higher education would fall, seeks to remove barriers from the import and export of a wide range of educational products and services.

Generally speaking, including higher education in the GATS is a terrible idea. Once implemented, the regulations would compromise the ability of a country to control educational institutions entering the local market in the areas agreed upon. This would be a significant benefit to the exporters, but would be of little advantage to the importers. Japan’s traditional approach to educational imports has been largely correct, if much too restrictive and conservative. Japan has insisted on maintaining control over institutions seeking to set up shop in Japan and offer academic degrees or certificates. Japanese authorities examine the products and institutions and determine if they will be recognized by the government. It happens that few if any have been recognized, but the commitment to maintain control over the nation’s educational institutions and standards is good policy.

The fact is that education is different from automobiles or computers. Education involves the intellectual patrimony of the nation. It is linked to the goals—social, philosophical, as well as economic—for national development. Education deals with culture and history. Educational products—such as, for example, testing programs—are also linked to culture and the ideals of a society. It might well be that the Educational Testing Service in the United States has excellent tests, perhaps superior to those produced in Japan. Yet, the ETS has developed its tests for the American market, and they are undergirded by American ideas about learning and the purposes of education. There is nothing wrong with that other than its relevance to Japan may be limited.

A Historical Perspective

From the time of the Meiji Restoration, Japan has been open to foreign influences of all kinds. What is significant is that these influences have been accepted, modified, or rejected on Japanese terms. Japan's modern university was borrowed from abroad—with ideas coming from Germany, the United States, and other countries. But the ideas were chosen by the Japanese and modified to suit Japanese realities. Foreign ideas continue to percolate into the system—ideas about internationalization, mass higher education, professionalized academic administration, institutional autonomy, and others. They are assimilated, sometimes too slowly, in ways that are seen as appropriate for Japanese realities.

Japan also has some recent experience with foreign academic institutions coming into the country. In the 1980s, during the boom, many American universities set up branch campuses in Japan. A number of lessons can be drawn from this mini-invasion, which was welcomed by many in Japan. It is true that the Ministry of Education applied very strict standards for recognition of these branch campuses, and none met the requirements. It is not clear that the ministry was mistaken in its policies. Clearly, almost all of the institutions seeking to enter the Japanese market were “low end” American institutions interested mainly in boosting enrollments and earning a profit. Once it became clear that little money was to be made, almost all of the U.S. institutions disappeared.

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GATS and the Future

It is worth examining who is pushing to open up trade in educational products. In the United States, the coalition stressing open markets is composed of some of the

new “for-profit” academic institutions (such as Sylvan Learning Systems), giant testing companies (such as ETS and Kaplan), the U.S. Department of Commerce, and the U.S. Trade Representative. The academic community is, by and large, highly critical of such ventures. The American Council on Education, which represents the nation's university and college presidents, and the Council on Higher Education Accreditation have issued a statement opposing GATS. In Britain, it is the Department of Trade and Industry in the government and not the universities that are providing leadership on GATS. It is clear that the push for opening up trade in education comes from industries, which see a benefit in greater access to educational markets internationally, and not from the higher education community itself.

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GATS is extraordinarily complex, and each country must decide if it wishes to participate, and, if so, develop a protocol for adherence. WTO membership does not depend on GATS membership. There is the beginning of a consensus among developing countries that GATS will harm the autonomy of their higher education systems. The relevant fact is that GATS and the WTO have the force of law: countries and academic institutions can be subject to legal sanctions if they do not adhere to their commitments.

Internationalization in higher education is occurring worldwide and does not require additional legal structures. The winds of change will inevitably affect Japan—stimulated by massification, the declining birthrate in Japan, the role of academic programs in English worldwide, the world market for highly skilled personnel, and of course the Internet. Japan should be in a position to influence how these forces are assimilated rather than being subject to the legal strictures of a rigid trade treaty. The Ministry of Education should spend its time and energy on stimulating constructive international engagement rather than joining a treaty that will force the rigors of the market on academe in ways as yet unimagined.

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