The EU Takes a Back Seat

The white paper offers an interesting compromise. The proposed system will have a similar structure to the American model, but be funded differently. Significantly, the EU gets little mention. Government ministers are conscious that only Cambridge's "Silicon Fen" rivals the American Silicon Valley and that EU countries' research investment lags. U.S., U.K., and Canadian scientific citations are nearly twice as numerous as those of the rest of the EU.

British universities' financial exigencies militate against attracting more EU students, as non-EU students pay dramatically higher fees. The white paper scarcely mentions the SOCRATES and ERASMUS programs and expresses no concern that proposed higher fees will deter EU students. Tony Blair has already urged the higher education sector to attract 50,000 more non-EU students. Using Britain's social capital in this way represents a significant source of real money, and with 14 percent of the world's international students, Britain is already doing well in a game with many knock-on benefits.

The white paper proposals face rough sledding in Parliamentary debates next autumn.

Conclusion

The white paper proposals face rough sledding in Parliamentary debates next autumn, primarily because some "Old Labour" M.P.s want a return to free higher education. But as the white paper offers an economically viable escape from a funding crisis through modest expenditure, it is likely to pass largely intact. Indeed, the government has already redirected its research funding. Recent allocations, based on the latest triennial assessment of research, shifted support dramatically toward the highest-rated universities and virtually eliminated it from the rest. Despite howls of dismay on campuses across the country, this is unlikely to be undone.

Potentially, the white paper's reforms preserve the United Kingdom's close research ties with the United States, while introducing American-style institutional differentiation. This strategy may well enable the United Kingdom to continue punching above its weight in higher education. Quietly, but unequivocally, it turns away from the EU to embrace non-EU students and the U.S. model. ■

Moving toward Uncertainty: Higher Education Restructuring in South Africa

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The virtues of mergers as instruments to promote efficiency and to reduce costs in higher education have long been contested. Where they have occurred, mergers have mostly been voluntary. But this is not the case in South Africa where the Education Ministry in 2002 announced plans to streamline the apartheid-created system by reducing the 21 universities and 15 technikons by January 2005 to 11 universities, 5 technikons, 6 comprehensive institutions, and 2 national institutes in provinces where no higher education institutions exist. Echoing the "bigger is better" motto and assumptions about improved cost-effectiveness found in consolidation proposals in other countries, this reconfiguration aims to create financially viable institutions by merging a university and a technikon and by incorporating satellite campuses of some institutions into the 11 stand-alone universities, while reducing the number of historically black institutions.

Why Mergers?

Motivations for these top-down imposed mergers embrace financial, political, quantity, quality, and rational concerns. Some historically black institutions had for some time teetered on bankruptcy due to increasing student debt and needed rescuing. All institutions in this category struggle to achieve efficiency in outputs with the student dropout average hovering between 20 and 25 percent. Politically the case for merging institutions to produce better quality is also strong. Historically black institutions are still lambasted as inferior apartheid institutions that provide a second-rate education while historically white institutions enjoy enhanced reputations and have gained a majority of black students but have a majority of white academics. Thus, merging black and white institutions will produce new institutional identities, create more equitable demographic figures, ease the pressure to reduce much-needed senior white academics, and consolidate the quality of education. In other cases, it will consolidate institutions that were separated by a road and racial philosophy.

Current Concerns among Academics

However, while some of the more highly charged merger issues involve the financial costs and leadership and identity implications, for academics controversies arose about their remuneration and job security. Coming soon after the education minister's 2001 call on institutions in the National Plan for Higher Education to make academic careers financially attractive and to increase the number of young black academics, academics asked questions about the implications of mergers for salaries, promotions, and program integration. Reasons for these concerns are clear. Since blacks comprise only 30 percent of academics with most in junior positions, several institutions recently placed moratoriums on promotions to line up equity candidates for fast-tracking into vacancies created by the retirement of senior white academics and by turnover that is put at 15 percent for academics at universities. On the other hand, the Education Ministry and institutions have remained silent about how program articulation between universities and technikons will happen and whether the binary divide will collapse in comprehensive institutions.

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Concerning salaries, reservations about low salary levels is longstanding and dates from the 1970s when different salaries were paid to white and black academics and to males and females. While racially and gender-based discrepancies were largely corrected during the 1980s, academic earnings decreased in real terms, with a professor in 1987 earning what a lecturer took home in 1981. This changed markedly during the early 1990s. The return of exiles after the 1990 unbanning of black political organizations coincided with sharp salary increases that followed from new job grading exercises, but that still fell short of comparable public-service pay levels and salaries in developed countries. But from the mid-1990s the inability of students to pay their fees forced some institutions to curb salary increases and to resort to cost-cutting retrenchments made possible by changes to the 1996 Labour Relations Amendment Act. This act made job security subject to affordability and meant that academics could henceforth justifiably be retrenched.

Current Financial Concerns

Added to this, the fiscal prospects for higher education appear gloomy. Allocations for student financial aid (introduced in 1993) have increased, but only 20 percent receive state aid, with more than half receiving too little to cover tuition costs. Since poverty is the main cause of drop-out and high failure rates, annual tuition hikes make little sense. But higher than inflation tuition hikes are necessary because the state subsidy entitlement has declined each year from 1985, leading to universities receiving 68 percent of expected subsidy income in the 1996–1997 fiscal year and 53 percent of the expected income for 2002–2003. Together with rising student debt this decrease has promoted retrenchment since the state further expects institutions to reduce salaries to 60 percent of operating costs while such costs average 70 percent of expenditure at some institutions.

Yet, while subsidies continue to decline in real terms, the Finance Ministry has set aside R3.7 billion to cover merger costs since some institutions still struggle to make bank loan payments. Time will tell whether this money is sufficient. The first merger involving two technikons has so far cost around R400 million since one institution accumulated R180 million in debt. But many practical questions about salary parity, duplication of headship posts, different employer benefits, and other associated institutional costs have not yet been addressed. In line with this, critics of mergers have argued that the Education Ministry's current top-down steering of higher education will not achieve cost reduction and that the viability of the "bigger is better" motto may produce more equitable academic profiles in merged institutions, but does not in any way address turnover and the fundamental financial problems institutions face in adequately meeting the increasing financial demands of academics.

The fiscal prospects for higher education appear gloomy.

Other Unanswered Questions

In line with international norms, over the last few years the state has demanded improved outputs that fit labor market requirements. It has also made legislative changes to increase its influence and steering of higher education. As a result, institutions are becoming more bureaucratically accountable with quality control mechanisms and incentive funding looming and promising much greater competition between merged and stand-alone institutions. Ultimately, this competition for future funding will determine how successful the creation of bigger, better, leaner, and fitter institutions is and what fate will befall some politically strong black institutions not affected by mergers, but whose financial futures remain somewhat uncertain. ■