Nationalization versus Privatization of Higher Education Systems in Japan: An Essay

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Abstract
This article explores the avenue Japan has taken regarding the expansion of higher education systems in the twentieth century, namely, "nationalization" and "privatization." The study particularly focuses on 1) legal framework, 2) mission and goals, 3) tuition fees, and 4) funding sources. The argument of nationalization vs. privatization has always been a big political debate and involves a broad range of social issues. It is, however, useful and stimulating because the direction of higher education influences national character as well as the future of a nation.

1. Introduction
The author begins this exploration by asking who is responsible for expanding the nation's higher education system. Is it the government's responsibility to establish colleges and universities by means of taxes or is it the responsibility of the private sector through direct money from the citizens? The argument is split between the individuals who have received their higher education through publicly held universities and
who tend to support nationalization, and the graduates of private universities who tend to support privatization.

This argument appears a simple one but in reality is complicated because there are many factors involved that are intertwined with one another. For example, the Japanese government subsidizes some of the operating budget for private institutions. At the same time, they collect tuition fees from students who are enrolled in publicly held institutions. Obviously, a serious question arises as to the purpose of having publicly supported institutions. This is why the author is going to explore the mission and goals of colleges and universities to try to find justification for spending taxpayers’ money to upgrade the quality and quantity of higher education institutions. There is a growing segment of the population which is skeptical about the future of government-supported schools.

The movement toward privatization in Japan was precipitated by the actions of two entities, NTT (Nippon Telegraph and Telephone) and JR (Japan Railroad). Both companies became private about 20 years ago. They were known for their mammoth size and the fact that they were quasi-governmental agencies. NTT became a private company by selling its stock to citizens in order to allow the Japanese government to raise a sizeable amount of money. JR became private by forfeiting all the accumulated debts on which the government had spent a large amount of money. The logic behind these changes was that privatization would bring more efficiency, better service, and less burden to taxpayers. Thus far, it has been going well.

The proponents of privatization often point out that privatization is consistent with the principles of the market economy in that the awareness of money and competition will bring benefits to the
consumers, and as a result, society will become more energized. If that is the case, the areas of privatization could be broadened to include the police force, prison security, and even the military. The next logical step was to extend the range of privatization to higher education institutions.

Being faced with a rapidly growing demand for higher education, Japan went the path of privatization as opposed to nationalization, which was pursued by the UK. In this paper, the author addresses the following specific four areas that led to privatization: 1) legal framework, 2) mission and goals, 3) tuition fees and 4) funding sources.

2. Legal Framework

The author understands that the legal framework is very important when examining the character of the higher education system in any country. He perceives that nationalization of higher education systems is clearly settled by the law, which covers all institutions of higher learning. The government decides by law how to establish, how to subsidize, how to control, and how to manage universities in order to develop them to meet the economic, cultural, and social demands of the society. However, he also knows that there is a very wide range of the amount of government participation in universities among different countries, which works for and against academic freedom and autonomy.

Privatization means that there is little or no government participation in universities and that universities have much more freedom to achieve their goals. Universities are privately organized and less controlled by the government. They can collect resources through various channels and use them quite freely.

There are two different types of models regarding the origin and development processes of higher education systems. One is the
European model in which the central government has extensive involvement in university governance. In this model, the government holds sanctioning power, financial responsibility, and occasionally even authority to intervene in curriculum and research. The other type is the American model in which government involvement is far less than with the European model in that they only set minimum standards for founding institutions and expect the institutions to grow on their own. In the American model, the accreditation agency, a voluntary organization, functions only to provide checks and balances to monitor the quality of education.

Japan started its higher education system in the late 19th century with the American model where very little government involvement was imposed on universities, especially on private universities. In fact, the central government did not have authority to sanction private colleges until the College Act in 1903; only the local government had that authority. However, they soon realized the importance of the government’s role in shaping the future of the nation and training national leaders through the nation’s higher education system, and they adopted a policy to strengthen their control over these institutions. By the 1900’s, Japan had established a dual system consisting of private colleges and universities of low quality, and government colleges and universities with high standards.

A significant change in policy occurred when two laws were passed: The College Act in 1903 and The University Act in 1918. Through these laws the government began to impose more control over both private and national colleges and universities. They set national standards for academic achievement for which the privilege of military service exemption was determined for students enrolled in private
institutions. In contrast, the students who were enrolled in the national universities automatically earned military service exemption. Specifically, The College Act removed the local government from sanctioning colleges and assigned that duty to the Ministry of Education at the central government level. The University Act further strengthened government control of both private and national universities by stipulating more stringent standards on establishing private universities. Due to this change, only a handful of private institutions earned the legal status of university after this act was passed. In fact, the total number of universities, both private and public, never exceeded 30 until World War II and those were tightly controlled through a bureaucratic channel, the Ministry of Education.

The dual system is still intact today. It has survived World War II in that private institutions and public institutions have maintained their own courses and have seldom interacted with each other. There has seldom been any exchange of communication or students and faculties between them. The only significant change was the shift in balance in favoring private institutions for their quality and quantity. However, there has been no change in the legal framework. There are two different laws: one is the National School Establishment Law for public institutions and another is the Private School Law for private ones.

3. Mission and Goals
Should the mission and goals of a publicly held school be different from those of privately held ones? If so, why and in what ways? The bureaucrats and politicians of the early modernization period of Japan who were the principal planners of the nation's educational systems thought they should be different because the primary goal of public
education ought to be for the benefit of the nation, not for individuals. Therefore, when national colleges and universities were founded, the mission and goals were to recruit talented individuals and turn them into professionals in order to carry out the national mission of enhancing the nation’s wealth and culture and strengthening its military power.

The rationale of establishing private schools was two-fold: First, they would join the national colleges and universities in meeting the growing demand for higher education. Secondly, they would provide personnel to the private sector where professional managers and legal experts were badly needed but not available because national colleges and universities paid little attention to these areas.

Historically, private institutions have always been ranked below public institutions and their graduates have received lower ratings than graduates from public institutions in Japan. As a result, when competing against graduates of national colleges and universities for the same position, they were generally passed over. It was especially true for government positions. This was justified in part due to the difference in mission and goals held by the institutions.

Another notable difference relative to the mission and goals was the accomplishments of national colleges. The national colleges were all single faculty schools specializing in one field or discipline such as, agriculture, technology, commerce, foreign language, music, art, or medicine. This specialization made them efficient, very successful, and an indispensable part of the nation’s professional development.

The mission and goals of the Imperial Universities have always been different from those of national colleges. Their focus was on training the elite to become national leaders. In fact, the Imperial Universities have been primarily engaged in research and pure academic
pursuits by way of a chair system, a rigid form of departmental structure headed by a strong chairmanship with specialized academic discipline. They were prestigious but isolated and seen as ivory towers. Despite their comprehensive programs and resources, unlike national colleges the Imperial Universities have been very slow to react to social changes and needs and as a result their expansion has been hampered. There were only seven Imperial Universities in the early 1900's and that number remained unchanged until 1943, while the number of national colleges grew to 58 in the same period of time.

4. Tuition Fees
The author understands that tuition fees play an important role in deciding the character of higher education systems and that there are several points of view, all debatable, on tuition fees payment.

For example.
1) Students enrolled in publicly supported universities should pay no tuition fees at all because such universities are completely run by the government.
2) National universities should be run in principle by the government, and no tuition fees should be collected. However, there are several exceptional cases in which students pay tuition fees. For example, students obtain individual benefits from higher learning and for this reason they should pay tuition fees.
3) The government pays tuition fees because students are perceived to have a right to higher learning when they reach a certain level of academic proficiency, which is determined by examinations.
4) Private universities are run with tuition fees and other resources, and it is natural that students should pay tuition when they obtain their
The tuition policy of Japanese higher education in publicly held institutions has been inconsistent. The initial policy set in 1872 stated that all students, regardless of their financial resources, had to pay tuition fees. Then 14 years later in 1886, The Imperial University Act changed this policy to state that tuition fees were to be paid by the government because the purpose of higher education was defined as bringing benefits to the nation first and not to the individuals who received the education. However, this policy has never been fully executed due to financial strain on the national budget. In fact, students enrolled in national colleges and universities have paid tuition fees all along and this has been a controversial subject over time.

As far as private institutions are concerned, the tuition policy has been consistent. The students pay tuition fees and these fees are the main source of income allowing schools to operate. Since most Japanese private institutions do not have large endowments or corporate funds to supplement their budgets, their financial difficulties have been great.

Some of the private institutions that are religiously affiliated have received financial aid from their religious headquarters but not in any amount sufficient to cover the entire student body. That money was merely spent for the training of their own religious leaders.

In order for private institutions to survive, they instituted several different tuition policies. To increase enrollment, they created a variety of fields of study and majors that were not offered by government institutions. They also expanded the capacity of law schools because the cost to operate them was relatively low and job opportunities upon graduation were promising in the early stages of the modernization of the country. The demand for law practitioners in the private sector and
the prospect of getting medium to low clerical positions were high because most of the graduates from national universities sought positions at the central government. Their numbers were also too small to fill the positions in the private sector. In addition, private institutions had a liberal admission policy to attract many students with different social backgrounds. Unlike national schools, which were extremely selective, they accepted almost all applicants and even provided opportunities for part-time learners. Most of all, the level of tuition was kept low, in some cases much lower than that of public institutions, and this contributed to the broadening of the economic basis for private school students.

In most private institutions, a large portion of tuition revenue has to be devoted to the salaries of professors. It is, therefore, logical for administrators to impose money saving measures on the payroll by having part-time instructors and lecturers instead of full-time professors. The part-time instructor system, which was originally meant to fill up the shortage of teachers who were well qualified to teach western knowledge and skill, was regarded as the means to hold down personnel expenditure.

The chronic budgetary deficit of private institutions caused their administrators to seek governmental assistance, and eventually their requests were honored but at the same time this also complicated the Japanese tuition structure.

5. Funding Sources
The development of Japanese higher education systems in the last 100 years has been carried out with two different funding sources; public money for quality and private money for quantity. Along the way, it has
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generated the most fundamental question as to which source should be responsible, and this question leads to the focal point of this argument, public versus private in university funding.

The proponents of public funding defend their position by stating that:
1) Society receives much greater benefits by educating talented people and making them leaders of the nation by means of public money via colleges and universities.
2) Higher education brings security, stability and a better quality of life through improved services and products for everyone.
3) Providing equal educational opportunity in higher learning is a social obligation.

These positions have been challenged by the fact that higher education is no longer the monopoly of elite and talented individuals. It has become a commodity in the sense that one out of two eligible individuals go to colleges and universities. In addition, the development of professionals is no longer the unique domain of government institutions. Today, private colleges and universities produce as many doctors, engineers, and lawyers as public schools do. Most of all, many people perceive that putting taxpayer money into public schools exclusively is not a fair social policy, because three out of four students study at private universities. As a result, a more equitable public funding policy is being sought.

One of the major steps to narrow the gap in tuition fees between private and public institutions occurred in 1970. The government decided to provide government subsidies to private institutions for the first time. At the same time, they significantly increased the tuition fees for government schools. It was a fiscal maneuver to collect money from
government schools via tuition increase and distribute it to private institutions as a means to equalize the tuition gap.

Another notable provision was to reinforce the regulation of enrollment at private institutions. At the same time as giving subsidies to private institutions, the government set a limit on enrollment. This was not to exceed 115% of their capacity and was an effort to improve the quality of education of private institutions. Violation of this policy would result in cancellation of the government subsidies.

All these changes pointed to the principle that the recipients of the benefits would pay the fees. In this case, it was to reduce the financial benefit of government schools and conversely to increase the benefit of private schools. Today, about one third of the operating budgets of government schools comes from tuition fees and revenue from university hospitals.

6. Concluding Remarks

Quality vs. quantity is one of the major intrinsic problems a nation faces when there is a big surge in demand for higher education. It is very difficult to achieve both at the same time and, in reality, only one goal can be achieved by sacrificing the other. The fundamental issue here is to secure the financial resources to warrant the huge expenditure of creating a sufficient number of higher educational institutions with high standards.

The UK seems to have succeeded in retaining both quality and quantity by instituting a dual system in which they have maintained the traditional schools with quality and have upgraded newer institutions with quantity by using public funds. Japan, on the other hand, has opted for meeting the quantitative demand with the private sector. The pattern
of Japanese higher education expansion can be summarized as 'mass production' where by it can produce a large number of college graduates in the most efficient way. They did this without changing the legal framework and without spending an enormous amount of public money. The end result of this expansion by the private sector has had a significant impact on many phases of higher learning.

They are:

1) The quality gap between private and public schools has been narrowed. Many private schools today have become as good as top-rated national universities.

2) Ideas about higher education have changed. Many people think that the benefits of higher learning should be for individuals instead of for the country.

3) The difference in tuition fees between private and public institution has narrowed.

4) New hierarchies among private institutions have developed and have been blended into the existing hierarchies of national institutions.

All these developments have caused people to think about the transformation of universities from public to private status as a realistic approach. It means that the governance and jurisdiction of all the national colleges and universities should be transferred to a third party, or into the hands of the private sector. It is a political issue and it may take years of debate, but the probability of this happening has increased. A special committee has been set up recently to consider the serious problem in the Ministry of Education. Following this, it is likely that the picture of Japanese higher institutions will change dramatically, and the impact on society will be even greater. The momentum has been created and is unlikely to slow down in the future.
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References


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