

Decentralization and reform of higher education. Can Germany be an example for Italy?

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Abstract: The German and Italian Higher Education Systems (henceforth HES) are similar in many ways: both systems belong to the “continental” model, where the main actors are the state and the corporation of the academics. Between the two systems, however, there lies a big difference: the German higher education system is characterized by a federal governance structure, so that a huge part of the activities governing the HES are decentralized from the state to the regions, the Länders. The Italian HES is, on the contrary, traditionally centralized. This difference is at the center of this paper. This paper describes the ongoing decentralization process within the German HES, looks into the interactions among the main stakeholders in the system, and speculates on potential lessons to be given to the Italian system.

Keywords: higher education, institutional change, governance, federalism

Presentation

The German and Italian Higher Education Systems (henceforth HES) are similar in many ways. According to the classic comparative research by Clark (1983), both systems belong to the “continental” model, where the main actors are the state and the corporation of the academics. The former finances the system, frames macro-strategies, and defines a general set of rules concerning students’ access and careers, and the features of the degrees that

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students may earn. The latter, instead, governs the system's regular activity, particularly managing the universities, recruiting faculty and deciding what to be taught to students. The union of teaching and research in the persons of the professors is also a defining feature of the model, often referred to as "Humboldtian" from this point of view.

Between the two systems, however, there lies a big difference: the German higher education system is characterized by a federal governance structure, so that a huge part of the activities governing the HES are decentralized from the state to the regions, the *Länders*. The Italian HES is, on the contrary, traditionally centralized. This difference is at the center of this paper. In fact, in recent years this difference has grown wider. While the federal features of the German system have increased within a framework of a noteworthy institutional innovation, in the Italian system the regions still do not have any role, and the very autonomy (self-rule) that the central government had granted universities in 1990 has been dramatically reduced over time due to a number of administrative and budget constraints.

This paper describes the ongoing decentralization process within the German HES, looks into the interactions among the main stakeholders in the system, and speculates on potential lessons to be given to the Italian system². The paper is divided into 4 sections. The first one outlines the history of the German HES, starting from the end of WWII. The second describes how changing interaction among the relevant actors produced the possibility of reform, and the third describes the current situation. Lastly, the fourth and final section shifts the discussion toward Italy and the present situation of the Italian HES, in the light of that of the German HES.

The German HES from WW2 to the 90s

The decentralized and federal structure of the German HES is one of its main features (Teichler, 1992). This is a general characteristic of Germany, as

² The empirical material on which this paper is built comes from a comparative research project on changing HES in Europe (Regini 2011), where the author was in charge of the German case. Readers are referred to the quoted book (pp. 5 ff.) for the methodological details. A preliminary version of the paper was invited for presentation at the conference *La regionalizzazione dei sistemi di istruzione e formazione*, organized by the Italian Sociological Association, section Education (AIS-Edu), at the University of Naples Federico II in February 2010. The author would like to thank the organizers of the conference, Paolo Trivellato and Roberto Serpieri, for the invitation, and all the participants for useful comments.

a tension between the national and local dimension can be regularly observed throughout the country's history. This tension can also be used as a key to the reading of the history of the German HES, from its rebirth at the end of WWII until the reforms that took place at the end of the 90s.

Reconstruction and decentralized coordination

At the end of WWII the Nazi regime crumbled and the eastern Länder were separated from the rest of the country into what will become the German Democratic Republic (GDR). Within the GDR the Russian occupants maintained the centralization introduced by the Nazis because they found it fit for their purposes: the HES of the GDR will then develop in a very different way than that of Western Germany. In the Western Federal Republic (FRG), on the contrary, the competence on education and culture was attributed to the regions, named Länder³, newly-created administrative units that however retained a strong continuity with the state traditions preceding the unification of the country.

The new democratic constitution (Grundgesetz, 1949) stated that education and culture be the competence of the Länder, funded by the confederation and fully autonomous in their management. As a consequence, German primary and secondary schools are very diverse, so that even core features of school design such as the length of the curricula vary substantially across Länder. However, when it comes to the HES there is a stronger unitary element: the German HES as an institution is older than the state itself, as shown by the strongly traditional mobility of professors and students. Furthermore, three issues closely connected with the HES are regulated at the federal level: scientific research, public administration and health care (Teichler, 1992).

In the following years, a distinctive governance system of the HES emerged. The system was based on a number of coordination institutions that did not emanate directly from the federal government, but were created according to a "bottom-up" logic. The first one, created directly by the universities, was the conference of rectors (WRK, HRK after the reunification). It was established in 1945 in the English occupation zone as a committee of the rectors of the university of north-western Germany; in 1949 its scope was broadened so to comprise the whole western zone, and in 1990 it was extended to the whole country after the demise of the GDR. The

³ They will also be referred to as "states", as often German scholars do when writing in English.

second one was the permanent committee of the competent ministers (KMK). This institution was created by the western Länder in 1948 after the failure of the Stuttgart-Hohenheim conference, where all the ministers of all Länder (including the eastern ones) endeavored to develop a common HE strategy although the country had been split in two separate polities (Peisert & Framhein, 1997, p. 13). The KMK was established as a mere consultation body, but soon, in concert with the WRK, it started to define the unitary guidelines of the HES. The third one was the German Research Society (DFG), created in 1920 on the model of the big private American research funding trusts, and founded anew in 1951. The DFG is the national body that allocates research grants on the basis of peer review; it is co-financed by the federal governments and the Länder and is managed by academics elected by their peers. In 1957, a fourth coordination body was founded, the Council for Scientific Research (WR), including representatives from the Federation, the Länder, the universities (through the WRK) and the public societies for scientific research. The WR rapidly became a sort of planning body for the overall development of the HES, working as an advisor for the two government bodies, i.e. the HRK and KMK.

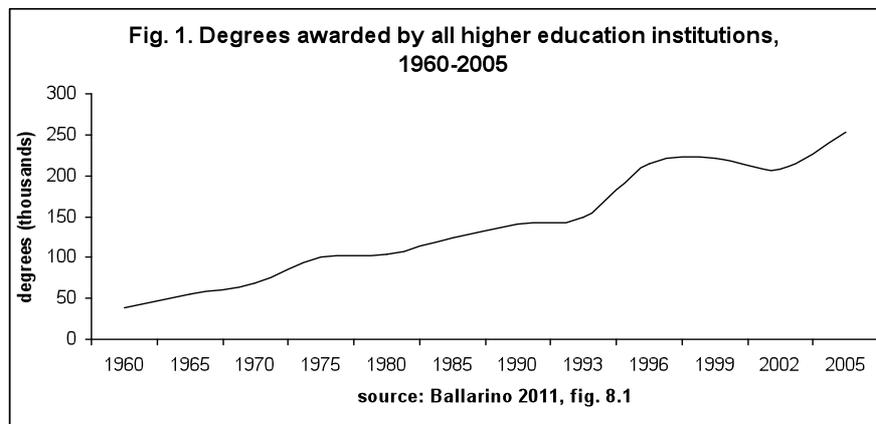
During the post-WWII recovery, the participation to the HES increased as the constraints imposed by the Nazi regime were removed and the country experienced a strong collective impetus in the reconstruction: in the decade 1940-1950 the rate access to HE doubled, jumping from 4% to 8% of the age cohort (Peisert & Framhein, 1997). Until the end of the 1960s the expansion of the system went on with a general consent. In fact, in Germany like elsewhere, the post-war culture favored the expansion of the university, both for economic and socio-political reasons: expanding HE produces more human capital for growth, and also more access for the lower classes, and thus more social equality. The number of universities doubled, as new institutions were founded and existing vocational post-secondary institutes were “promoted” to the higher rank of universities. Professors more than doubled and the whole academic personnel tripled.

The Länder found it difficult to cope with the costs related to such an expansion, and the federal government came to their rescue in a substantial way, through the funding of expenses for buildings, research and studentships. However, the ordinary funding was still entirely left to the Länder, so that the individual institutions did not have a relationship with the federal government. Also during this period, still thanks to federal funding, big public societies for the promotion of scientific research flourished. These

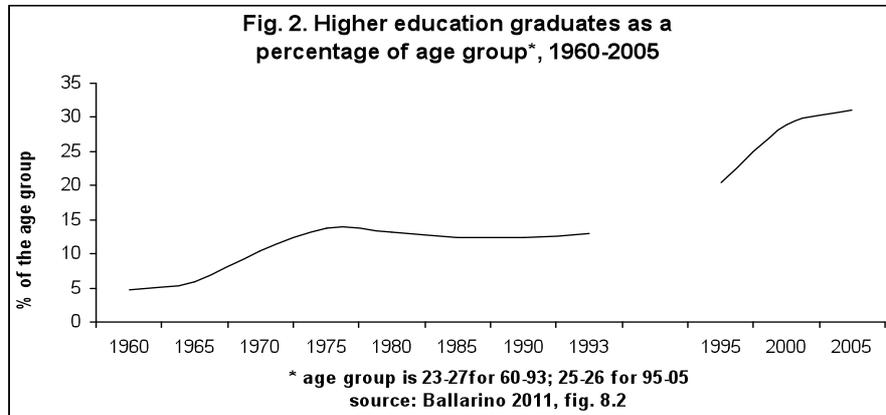
societies, founded or re-founded in the aftermath of WWII, are a typical feature of the German R&D system: they comprise four different networks of a number of semi-autonomous specialized research institutes⁴, separated from the universities from an organizational point of view, but de facto integrated with them in a single system of research and development.

Expansion and centralization

Figure 1 and 2 show the trend of the yearly number of graduates in German HE institutions from the 60s up to today, in absolute values (fig. 1), and as a proportion of the relevant age cohort (fig. 2). The first two decades of this period were an age of ferment, running through German universities as well as elsewhere. Around 1968, the radical students' movements, and the radical movements of young academics they generated became one among the central actors of system. The power of professors of course resisted, but representatives of students, young researchers and staff were included in the many bodies of academic self-government, creating the so-called Gruppenuniversität, the university ruled by the groups.



⁴ The four societies are the Max Planck Gesellschaft, the Fraunhofer Institut,; the Helmholtz Institut and the Leibniz Institut. The four societies include more than 220 research institutes, as well as research-related institutions (museums, providers of services to research and the like).



This period was an important turning point when it comes to the public debate on universities. Previously, the latter had always been a prerogative of the academic, intellectual and academic elites, and had always unfolded within the framework of the traditional legitimacy of the Humboldtian model. Now, it appeared that “the structuring of HE and scientific research have become the subject of public debate, and reform ideas aimed at completely changing the system have arisen” (Peisert & Framhein, 1997, p. 8). The debate was in many ways chaotic and contradicting, and in fact did not succeed in boosting the reform that had been under the auspices of many.

From an institutional level, it is possible to observe a gradual centralization process. In 1969, one amendment to the Grundgesetz included in the Constitution the joint responsibility of the federal and the state governments in managing the HES: it was one of the last provisions of the Grosse Koalition, the alliance between Christian Democracy and Social Democratic party which had governed the country since 1967. The following socialdemocratic government, pushed by the left wing and the students’ movement, favored the centralization: the Ministry of the Scientific Research (once Ministry of Nuclear Energy) was transformed into the Ministry of Education and Science (BMBW), thus becoming the third main actor in the governance of the system, along with the WRK and the KMK. In 1970 a joint planning commission between the federal government and the Länder was created, and a grand project of federal planning of education and scientific research was started in 1973. The project did not lead to results of any

importance, but a new general law concerning HE (HRG) was approved in 1976, confirming the joint management of HE by the federal and the state governments. The bill, however, frustrated the expectations of the students' movement and of the political link, who pushed for a greater centralization of the system.

Although the strategic macro-planning did not have results, in the 70s the federal government increased his intervention at the meso and micro levels, mainly on research institutes external to the university system, identifying priority areas and financing research programs (Kehm & Lanzendorf, 2006). The Ministry also intervened on the organization of courses of study through the abolition of students' fees (partially re-introduced in the latest decade) and the introduction of a central agency coordinating the access to the system (ZVS). Prior to this moment, access had been regulated autonomously by each Länder, with a system of inter-Länder agreements which left universities partially free to define their own set of admission criteria. In 1977, a number of Commissions for curricula reform were created at the federal level, in which representatives of the federal and state governments were included, along with those of the various university bodies and of the social partners. Such a centralization process immediately generated a counter-movement on the part of the Länder, increasingly wary of what they saw as a growing federal intrusion (Teichler, 1992). In fact, the activity of the several commissions and planning bodies was steadily affected by contrasts between the Ministry and the KMK, with the latter representing local interests. For example, when the KMK took full responsibility over the coordination of the Commission for curricula reform, the government responded by dramatically cutting HE's funds for construction.

From an institutional point of view, the German HES became stratified. From a "unitary" system, where all the institutions belong to the same type, it became a "binary" one, where there are two types of institutions (Goedgebuure *et al.*, 1996). At the beginning of the 70s, the Fachhochschulen were instituted (FH, literally "vocational high schools"). These institutions derived from pre-existing post-secondary vocational training institutes (in engineering, business management, etc.) which formerly constituted the higher level of the apprenticeship dual system: a number of them were upgraded to FH, institutions explicitly belonging to the HES, albeit with a standing lower than that of universities. Until the reforms related to the Bologna process (see below), in the FH courses of study used to last less than in the universities, and curricula were more vocationally oriented, with a

strong weight given to internships (Praktika). Moreover, up to recently the FHs did not grant PhD degrees. In fact, there are also other kind of institutes, but the dualism between universities and FH, despite having been on the wane for some time now, still constitutes the main institutional feature of the system, especially in international comparison. In the 70s, some Länder, mostly governed by the Social Democrats, also instituted the Gesamthochschulen (comprehensive schools), universities including vocational programs similar to those of the FH. The progressive aim of this measure was to de-stratify the HES, in order to make it more open. However, only a few comprehensive universities were actually created.

From the crisis to the re-unification

In the 70s, the expansion slowed down and the number of students increased mainly because of demographic reasons: As it can be seen in figure 2, from 1975 to 1985 the participation rate remains virtually unchanged. This is a peculiar feature of the German HES, one making it a kind of outlier in a period of general expansion. Table 1 provides some comparative evidence. The table distinguishes the three stages of expansion of participation to HE according to Trow (1974; 2000), which have become the standard for the literature: elite, when less than 15% of the population gets a HE degree; mass, when between 15% and 35% of the population gets one; universal, when a degree is achieved by more than 35% of the population. The table classifies on these three stages the population of the UE countries, as surveyed between 2002 and 2008 by the European Social Survey, divided by cohort of birth and grouping the countries according to the geo-political areas of the continent.

Tab. 1. Phases of expansion of higher education in Europe, by cohort of birth, country and geo-political area

	20- 24	25- 29	30- 34	35- 39	40- 44	45- 49	50- 54	55- 59	60- 64	65- 69	70- 74	75- 79	80- 84
<i>Scandinavia</i>													
Denmark	M	E	M	M	M	M	M	M	M	M	U	U	M
Finland	E	E	E	M	M	M	M	U	U	U	U	U	U
Norway	E	M	M	M	M	M	U	U	U	U	U	U	U
Sweden	E	E	M	M	M	M	U	U	U	U	U	U	U
<i>British Islands</i>													
Ireland	E	E	E	E	E	E	E	M	M	M	M	M	M
United Kingdom	E	M	M	M	M	M	M	M	U	U	U	U	U
<i>Central Europe</i>													
Austria	E	E	E	E	E	E	E	E	E	E	E	E	E
Belgium	E	E	M	M	M	M	M	M	M	U	U	U	U
France	E	E	E	E	M	M	M	M	M	U	U	U	U
Germany	M	M	M	M	M	M	M	M	M	M	M	M	M
Luxembourg		E	E	E	E	E	M	M	M	M	M	M	
Switzerland	E	E	E	E	M	M	M	M	M	M	M	M	M
the Netherlands	E	E	M	M	M	M	M	M	M	M	M	M	M
<i>Mediterraneum</i>													
Greece	E	E	E	E	E	E	E	E	E	M	M	M	M
Italy	E	E	E	E	E	E	E	E	E	E	M	M	
Portugal	E	E	E	E	E	E	E	E	E	E	M	M	M
Spain	E	E	E	E	E	E	M	M	M	M	M	M	M
<i>Eastern Europe</i>													
Bulgaria		M	E	E	E	E	E	M	M	M	M	M	M
Czech Republic	E	E	E	E	E	E	E	E	E	E	E	E	E
Estonia	E	E	M	M	M	M	M	M	M	M	M	M	M
Latvia		M	E	M	M	M	M	M	M	M	M	U	M
Poland	E	E	E	E	E	E	E	E	E	M	M	M	U
Romania		E	E	E	E	E	E	E	E	E	E	M	M
Slovak Republic	E	E	E	E	E	E	E	E	M	E	M	M	M
Slovenia	E	E	E	E	E	M	M	E	M	M	M	M	M
Ungary	E	E	E	E	M	M	M	M	M	M	M	M	M

Note: E=elite, with a % of tertiary educated < 15%; M=mass, with a % of tertiary educated between 15% and 35%; U=universal, with a % of tertiary educated > 35%. Tertiary education is defined as ISCED 5+6. Source: Ballarino, Meschi e Scervini 2010, from ESS data (<http://www.europeansocialsurvey.org>)

The German situation clearly stands out. Germany, with neighboring Denmark, was the first country to reach the mass stage of HE, already by the cohort born in the first half of the 20s. As a comparison, one can look at Italy, where the mass stage was reached a half century later. However, Germany did not move out of this stage, while many other countries, in particular the Scandinavian ones, the UK, France and Belgium have since long left it to enter the universal HE stage. This German particularity has to be explained, as factors favoring expansion were present in Germany as much as in most of the countries where expansion did not come to a halt (Teichler, 2005). Why such a slowdown? Enders (2003) identifies three explicating factors: a) The co-operative federalism of policymaking, which slows down institutional changes; b) The interests of the academic oligarchy, which is reluctant to jeopardize its power in a changed context; c) the financial constraints due to hardships in the welfare system, which in the 80s had to deal with rising unemployment and tried to hamper it as much as possible, investing in vocational training programs, early retirement programs, reduction of working hours (Streeck, 1997).

The second and third points are not peculiar of the German case, whereas the first one seems to better help explain, in a comparative view, the lack of expansion of the decade. However, the difficulties in policy-making were not just the outcome of its procedural complexities, as differentiated interests were in fact involved in the process. The structural problem was the financing of an ever-growing system. Furthermore, this time around the general consensus on the opportunity of expanding the system was waning: not only did the discussion revolve around who should bear its costs (whether the schools, the Länder, or the federal government), but also the costs themselves were in the spotlight. This shift in the cultural climate was caused in the first place by the ultra-radical outcomes of a slice of the students' movement, who were perceived as an effect, however perverse, of the expansion policies (Peisert & Framhein, 1997). Also growing worries over unemployment and under-employment of graduates played a role: despite these problems being a common feature of advanced political economies since the 70s, in Germany they had a stronger impact on the public opinion, as the relationship between education and the labor market has always been comparatively stronger than elsewhere (Ellwein, 1985; Mayer *et al.*, 2007). In particular, employers feared that a surplus of HE graduates may result in a labour market displacement on their part of the graduates of the dual system of vocational training (Teichler, 2005). A similar displacement, according to this concern, would have endangered not just the recruiting process, but also the organization of labor,

which in Germany is tightly linked to the system of vocational qualifications provided by the dual system, especially in manufacturing (Maurice, Sellier & Silvestre 1982; Soskice, 1994).

Bringing the expansion of HE to a halt, however, was not an easy task. In fact, a 1973 ruling of the Bundesverfassungsgericht (Supreme Court) had given constitutional weight to policies favoring expansion, stating that the wishes of those who had been granted access to the system (*i.e.* higher secondary school graduates) should be the main criterion in the definition the number of students admitted to the universities and the FH, whereas other factors, such as the demand generated by the labour market, could have been taken into account under specific circumstances only. None of the actors involved felt like tackling this stance, and the solution to the dilemma was found in the demographic dynamics. Demographers had forecast from the end of the 70s a ten-year expansion phase of the population (the last wave of the post-war baby boom): this was to be followed by a significant contraction. Thus, policy makers decided to maintain the open-access policies, but also decided to freeze all resources, waiting for the new demographic dynamics to bring about a balancing of the relationship between stable resources and increasing demand.

This standby strategy sparked additional conflict between the universities, which had been asked to do more with fewer resources, and the local governments, that had already been struck by financial difficulties. The outcome turned out to be an impoverishment of the quality of teaching and of the HE facilities in general. This way, the financial crisis developed into a serious crisis of legitimacy of the university in the eye of the public opinion (Peisert & Framhein, 1997; Kehm & Lanzendorf, 2006). The federal government intervened in 1985 through an amendment to the HRG, which granted wider competences to the schools to define their own curricula and to deal with their internal organization and financial resources. The aim was to stimulate a top-down approach in the decision-making process, and to incentivate fund-raising from external sources. Nonetheless, this endeavor was scaled back by the Länder, who did not want to lose their power with respect to the schools (Teichler, 1992; Kehm & Lanzendorf, 2006).

The re-unification

Upon the re-unification, all the institutions of the FRG, including those related to education, were transferred to the Länder of the former GDR. As far as the universities were concerned, this shift meant a complete re-structuring of the schools, the curricula and the organization of research and teaching.

The process was difficult and expensive, but once it was achieved, the restructuring of the HES of the former GDR yielded a number of stimuli and ideas that were to have an influence in the following period (Kehm, 1999). In the first place, the restructuring turned out to be the first systematic external evaluation from the outside, something unprecedented in the German HES. Secondly, new schools - both universities and FH - were created and well funded, welcoming young and ambitious staff from all over the country. Thirdly, the HES of the GDR, perhaps surprisingly, presented some interesting features. Because of the tight state control on HE expansion typical of Socialist regimes (Ballarino, 2009), in the GDR the participation rate to university rate was dramatically lower than in the RFG (between 10% and 13%, Kehm, 1999). Hence, the system was more student- and teaching-centered than the Western one, and was not as dominated by the power of the academic oligarchy (still because of the central control). The access age was lower by a year, the teaching was more structured and the proportion of students taking more time than required to graduate much lower. All these features were to be part of a set of priority objectives aimed at reforming the Western system.

Reforming the HE

The re-unification sparked a phase of expansion of the system, clearly to be seen in figures 1 and 2 above. Most of this expansion was due to a strong inflow of youth from the former GDR, who had not been able to access the Eastern HES because of its tight access restraints. Enrollments increased mainly in the FH and the private schools (where selection is less strict) and in the dynamic and renovated schools of the Eastern Länder. After that of the 60s and 70s, this was a second phase of growing access the system (in terms of % of the relevant age group). But while in the former period the increase in participation had been managed through a centralization process, resulting in almost two decades of growing influence of the federal level both in the financing and the regulation of the system, 20 year later the situation was somehow reversed: the federal level's power diminished while that of the regional level substantially increased. Let's take a closer look at how this unfolded.

The Bologna process

As soon as the "Bologna Process" started off at the European level, all the actors in the system favouring reform were empowered with a stronger legitimacy for their projects. In fact, the introduction of new qualifications –

bachelor and master -, and the vertical breakdown of university courses had already been in the agenda of the German federal ministry before the kick-off of the project by the French government (Witte, 2006). The immediate confluence of the national project of reform into the European one was a decisive factor of the success of the reform, as it happened elsewhere, for instance in Italy (Ballarino & Perotti, 2010).

The talk about reform had been ongoing as of the 1980s, ever since the public opinion had witnessed the worsening performances of the HES, regarding both teaching (overcrowded classes, a high proportion of delay in graduations) and the occupational outcomes of graduates (increasing unemployment and underemployment). After the zest sparked by the reunification, a critical public debate on the state of the country (Standort Deutschland) was started, and not only did include the universities, but also all the other dominant collective actors of the socio-economic system: trade unions, traditional parties, big corporations. Regarding the universities, however, the discussion on reforms, although participated by all the relevant actors, was for a long time fragmented and unstructured. The steadfast reference to the American model could not directly produce policy proposals, because of the huge socio-economic differences between the two countries (Stucke, 1999). As soon as the Bologna Process was enacted, however, the problem was sorted out, as (a version of) the American model became formally a reference point for European policies. It became therefore possible to build up a coalition for reform.

This process was also pushed ahead by a number of successful experimentations that - together with the experience of the restructuring of the HES of the former GDR - showed the feasibility of innovation strategies in the governance of universities. An interesting example came from the Volkswagen Stiftung⁵, which in the mid-90s funded a program for schools to re-define their internal organization and governance systems. Interested universities and FH had to participate to a tender, and the ten shortlisted institutions were granted vast resources to start up a re-organization process of their internal governance in a business-oriented, efficient and responsible way. This model would turn out to be a milestone for the later and broader Exzellenz-Initiative (see below, par. 3): most of the ten institutions awarded by the VW Stiftung ended up being awarded once again by the Exzellenz-

⁵ The VW foundation is not linked to the company. It stems from the company's social fund, that was controlled by the Nazi unions. After WWII it was given neither to the company nor to the new democratic unions, but it was transformed into a capital endowment of a not-for-profit foundation with the aim of financing education and research.

Initiative. Another example came from the Master's programs that were introduced experimentally starting from the 80s by the HRK and the DAAD⁶, that were so successful that some Länders stepped in to halt them, afraid of losing their prerogatives in the regulation of the HES, especially towards the initiatives of the single institutions (Witte, 2006).

The entrepreneurial associations were a major part of the reforming coalition. Still during the 90s, in the frame of the Standort Deutschland debate entrepreneurs kept away from the discussion on universities, focusing instead their attention on the vocational training system. As previously, they were worrying about the risk to bump into a "shortage of highly-trained labor force and a surplus of academics" (Fels & Shaffke, 1993). Their wariness faded away with the Bologna process, once the American model turned out to be the major point of reference of the debate. In fact, the American model of an HES "differentiated" into many different types of institutions (Goedgebuure *et al.*, 1996) has managed, up to a certain point, to reconcile the expansion of access with the stability of the occupational value of university qualifications. The introduction of the new Bologna titles, who according to the official statements of the process should be at the same time academic, brief and occupationally oriented, provided a way out from the alternative between brief technical training and long-term academic education.

The new stance of the economic establishment was passed on to the political one, and shortly became a leading one. This new stance was wary of the academic self-governing (never questioned in the past) and looked forward to more efficiency of a system that had been perceived, rightly or wrongly, as a slow and malfunctioning one. If the strategic hindrance had been caused by an excessive number of actors involved in the decision-making process, then it was now required to simplify the process itself. On one side, it was deemed necessary to decentralize the system's governance toward the bottom (from the Federation to the Länder, and from the latter to the single institutions), while on the other it was deemed important to centralize the government of the institutions, transforming the universities from federations of disciplines to unitary actors (see Clark, 1983). What was being demanded was more autonomy of the institutions, so to balance the power of professors and reduce the fragmentation of interests hindering

⁶ The DAAD (Deutscher Akademischer Austausch Dienst, German service for academic exchange) is the organization built by all HE institutions (its membership is the same of HRK) with the aim of promoting the internationalization of the HES by means of grants for students and exchange programs for professors, both from Germany to abroad and from abroad to the country.

innovation and differentiation. An important implication was that professors were to identify themselves with the institution they worked for: this would be the best way to guarantee a fruitful dialog between HES, political system and economic interests, a dialog that was impossible because of the idiosyncracies of the traditional academic oligarchies.

It is important to notice that this position was not the one of the academic body, including those faculties or disciplines closer to the economic actors. The reform was explicitly supported just by a handful of academics: those managing universities and FH, which would fully be advantaged by more autonomy; the professors and researchers, especially the young ones, working in the more internationalized fields, more exposed to the influence of the Anglo-Saxon model; the youngest and most educated stratum of the administrative staff, sick and tired of those slow and blurry decision-making processes. It is interesting to notice that even those professional associations that would later be directly involved in the transition from the HES to the labor market (such as those of the engineers), had not demanded the reform: they happily accepted it and supported it with their contribution only when it started off, in a gradual albeit top-down fashion (as it will be explained later). The associations of the legal professions obtained that the law faculties be singled out of the reform. The predominant line of the professors' associations and unions was the "legitimate but weak" request (Kehm & Lanzendorf, 2006, p. 147) for more resources to guarantee quality. This request was a weak one for two reasons: the public opinion was not very well-disposed to the academia and, above all, a generic call to study quality could not mobilize those interests that lie outside the academia.

The political elite reverberated, in a generally bipartisan stance, the concerns of both the public opinion and the leading professional and economic establishment, in particular those regarding the international competitiveness of the German HES against the Anglo-Saxon ones. The relationship between the political elite and the HES was, however, obviously dominated by the problem of financing. Starting from the late 90s, the local political systems did not refrain from claiming their constitutional prerogatives on the HES, with the aim to broaden the intensity of their influence on the sector to the detriment of the federal level. Most of the governments of the Länder supported the cause of autonomy and decentralization, with three objectives in mind: more efficiency, transparency and innovation in financial management; the possibility of controlling the institution from a result-oriented point of view, rather than from an input-oriented one; the ability to transform the conflicts on scarce resources from

conflicts with the federal government to conflicts with the institutions, which constitute a considerably weaker counterpart (Kehm & Lanzendorf, 2006).

Reform and decentralization

The reform was carried out by the federal government through the fourth amendment to the HRG in August 1998, introducing the new bachelor and master qualifications within the German HES. The chosen strategy was an incremental one: the new qualifications were introduced in an experimental fashion, alongside with, and not in place of, the old ones. The HE institutions were allowed to decide on their own when to switch to the new system. The bill stated that both the new degrees should embed an occupational value, that there should be no distinction among the qualifications granted by universities and FH alike, and enabled each and every institution to act freely as regards the length of the new courses of study, which may vary (from 3 to 4 years for the bachelors, from 1 to 2 years for the masters) as long as the maximum length of the courses is 5 years. Another pivotal provision of the amendment was the possibility for each *Länder* to change the school's statutes. In fact, this new prerogative was broadly wielded by the *Länder* in the years to come.

This cautious solution had been the result of long negotiations, after the failure of a previous attempt to introduce top-down brief first-level courses during the reform processes of the 70s. It proved in fact to be very important for the initial success of the new reform: due to its open formulation, a number of the actors involved were prompted to believe that the reform would promote their interests, and refrained from building up an opposing coalition that would likely have been in a position to nip the reform in the bud. In particular, the system's most important collective coordination actors, the HRK, KMK, and WR totally endorsed all the provisions, and the guidelines for the implementation of the reform were drafted in an official document by the KMK only a few months later.

The introduction of the new qualifications was accompanied by two very important provisions that made up the core of the German version of the Bologna Process. The first one was the modularization of the courses, linked to the introduction of the European Credit Transfer System (ECTS) as a unit of measurement for the curricula; the second one was the introduction of a new decentralized procedure of accreditation of the curricula. The modularization enabled the different institutions to intervene into teaching, sidestepping the professors' vetoes. The decentralized accreditation procedure wiped out the previous federal regulations, that required the unanimous

approval of the HRK and the KMK for any amendment, slowing down any innovation of teaching and curricula. Both the modularization and the accreditation, on par with the introduction of the new courses, were entrusted to the discretionary power of the single schools: in this way, the reform kicked off initially at a slow and incremental pace. Another important provision gave to the schools the possibility to introduce their own set of selection criteria of students, thus increasing their discretionary space and weakening the system of centralized enrollments enacted back in the 50s.

Between 2002 and 2005 the Ministry, the HRK, and the KMK extended the introduction of the new Bologna titles and courses, stressing the importance of substituting the old courses with the new ones, although not specifying a deadline (which will be set as late as in 2006). While the shift to the new titles was slowly spreading out, thanks to the 1998 amendment the Länder could begin to experiment new ways of structuring their relationship with the HE institutions: as of 1999 Hesse had already granted wide self-rule to the Technical University of Darmstadt, and in 2002 Lower Saxony transformed all the Land's universities into foundations, turning them from public to formally private bodies. In the same period, the decentralization process speeded up dramatically due to a clash between the Ministry and the Länder that unfolded in two phases: the first phase revolved around student fees, whereas the second one was about a new academic position, the Junior Professor.

The first clash occurred in 2002. Starting from the 1970s, university attendance had become free to students, but financial difficulties and the will to motivate students to rapidly finish up their study careers brought several Länder to introduce various kinds of fees, especially aimed at those whose studies were taking longer than the required time, at Master's degrees and at second degrees. In 2002 the Social Democratic government tried to introduce into the HRG a principle according to which HE courses had to be free-of-charge, but several states governed by the Christian Democratic parties appealed to the Supreme Court and won the case. A similar outcome was that of a second federal initiative of 2004, where the government (still run by the Social Democratic Party) ushered in an amendment to the HRG that abolished the Habilitation (a post-doctoral qualification required to become a professor in Germany) and introduced the new Junior Professor qualification, aiming at speeding up the timings of young researchers' careers, in order to weaken the competition on the part of Anglo-Saxon universities, where careers are faster. Once again, the Länder run by Christian Democrats appealed and won the case. The two Supreme Court's rulings led to a serious crisis in the

cooperation between the Federation and the states, which brought to a de facto suspension of the HRG and to its re-negotiation (ended in 2007). Thanks to these rulings the Länder gained “on the field” a kind of veto right against any innovation coming from the federal government in a top-down logic. Thus, although the Junior Professor case showed an evident conservative approach in their intervention, the states took the lead of a reforming process that was to unfold widely from the bottom up.

The current situation: coordinated decentralization

The Hochschulpakt 2020, established in 2007, constitutes the first outcome of the re-negotiation process of the relationship between Länder and Federation. This process can be defined as “coordinated decentralisation” (Traxler, 1996), borrowing from the jargon of industrial relations studies a term that appears to well describe the main characteristics of the process going on in German HE: there is a substantial shift of power from the center toward the periphery of the system, but this shift occurs neatly and with the consent of the central actor itself. In fact, in the Hochschulpakt the federal ministry pledges to maintain the financing of the system, but undergoes a reduction of its decisional power due to the Supreme Court’s rulings that clearly assign it to the Länder. What is left untouched is the decisional power of the bottom-up coordination institutions (KMK and HRK), but now it is the ministries of the Länder that can become the driving force of the institutional change. Between the 1960s and the 1990s, the states had been tied up to the HRG and subjected to the necessity to obtain consent from the federal level on every innovation project: each and every system stakeholder was, therefore, a potential veto player. The decentralization makes the Länder more autonomous, because the constraint of unanimous consent is considerably loosen up in the smaller dimension of a single Land. At the local level, it is less difficult to gather the stakeholder’s consent toward innovation processes.

Among the policy-making spheres in which several Länder have come to differentiate, we can mention: a) the legal form of the institutions: some Länders overhaul it in a profound way, some selectively, or else do they keep the traditional one; b) access, wages and career paths for professors (including the organization of Ph.D’s courses; c) university fees: some Länder have introduced them back systematically; some in a selected way (only for long-term students or further degrees); some entirely go without them; d) selective incentives programs (for research, technological transfer; spinoffs;

relations with the local area) developed by several Länder, sometimes in competition with other ones. The observers of this process do not have a uniform outlook on the matter and therefore express different evaluations. According to some, we are drifting off to 16 different HES for 16 different Länder, while other observers speak of unimportant cyclical fluctuations and tend to play down the decentralization process noticing that the Federation has left out more room to the Länder as regards to the HES, so to “throw a sop” to them in a not very important and inexpensive way.

Financing

According to the classic continental model, the funding of the HES in Germany is mainly public. The German HE administrations usually break down the overall financing to three items: a) the basic financing (Grundmittel), approx. 80% in 2005, coming directly from the Land but ultimately from the Federation; b) administrative proceeds (Verwaltungseinnahmen), coming from university fees and, most of all, contracts for service businesses, consulting services and the like (approx. 4%); c) supplementary private or public financing for research (Drittmittel), which lies outside the institution and comes from the DFG and other societies for scientific research, charities and foundations (approx. 16%). Excluding some local and not relevant exceptions, before the reform the Grundmittel was allocated to every HE institution according to an annual agreement between the ministry and the schools, whose reference parameter was the historical spending. The financing was bound to a number of very detailed and rigid annual entries, and the remaining funds of each year could not be utilized for the subsequent one. The new rules and regulations introduced from 1998 onwards specify new accounting criteria and, more importantly, give more autonomy to the schools in the management of their funds, allowing shifts across balance sheet entries as well as across years.

After 1998, the variation among Länder in the mechanisms of HE funding have dramatically increased, as shown in table 2. The table pinpoints four possible mechanisms (taken from the international experience) of public funding to universities, and ranks them between two extremes: on one side a funding mechanism based on performance indicators, hence on competitive mechanisms that can be defined as “market-oriented”⁷, on the other side a

⁷ The term is in inverted commas because the meaning of market here is not one based on the formation of prices according the free mechanism of supply and demand of the economic market model. A discussion of such topic would require more room than we can offer in this paper.

funding based on the discretionary power of the state. Additionally, there are a couple of intermediate modalities, in which the funding is conditional on the approval of individual projects, or based on negotiations between state and institutions.

Tab. 2. Structure of state financing (*Grundmittel*) to HE institutes, by Land

Länder	High level of direct competition ↔ High level of financial planning			
	Indicator-based financing	Project-based financing	Financing based on negotiations	Incremental financing, based on the state's discretion
	%	yes/no	yes/no	%
Baden-Württemberg	20 (28 FH)	No	No	80 (72 FH)
Bayern	2,4 (0,6 FH)	No	No	97,6 (99,4 FH)
Berlin	15	No	No	85
Brandenburg	95	No	Yes	5
Bremen	5	No	Yes	95
Hamburg	98	No	Yes	2
Hesse	95	No	Yes	5
Lower Saxony	(30 FH)	No	No	(70 FH)
Nordrhein-Westfalia	17	No	Yes	83
Rhineland-Pfalz	95	No	No	5
Thüringen	15	No	Yes	85

Source: Orr (2007, tab. 3)

The table shows that four Länder out of eleven – the ones with available information – have decisively moved away from the discretionary principle to embrace the one based on performance, while in the remaining seven the mechanism based on performance was introduced only for a share of the funding, that varies between 5% and 20%. As far as the two intermediate modalities are concerned, the project-based funding mechanism does not exist when the *Grundmittel* is taken into account, but the whole of the *Drittmittel* falls within this category, while negotiations are formally envisaged in the majority of the states, and happen informally elsewhere.

Agreements by objective

The shrinking role of the Federation allowed the Länder to introduce new strategies and differentiate the strategies of the different schools. This would have proven much more difficult for the federal ministry to enact, not only because the number of HE institutions is much higher, but also because at the local level it is much simpler to achieve shared information and a setting of mutual trust. These last two factors are very important for a successful outcome in negotiations between polity and schools.

The main tools used for the differentiation are the Zielvereinbarungen⁸. These are five-year agreements (literally: a pact with objectives, a term that evokes the managerial techniques of management by objectives) between schools and ministry that define strategies for the middle term in each and every school. According to the law, these agreements should a) specify the teaching and research profile that the school wish to undertake, b) guarantee adequate means for achievement of such aims, c) foresee control and quality-evaluation procedures, d) ensure gender equality and scientific progress. The Zielvereinbarung is then translated into Strukturpläne (structural plans) that show in detail the available material and human resources, as well as their development over the five-year term. Actually, the system is still bound to the informal negotiations between the different actors involved: in fact, although a business-like rhetoric is enacted, no formal sanctions are envisaged should the objectives not be achieved: on the contrary, there is the possibility for the ministry to “remit” the misdeeds. Similar agreements regulate the enforcement of what has been agreed upon within the schools, with negotiation processes defining and formalizing the resources allocated and the objectives given for every sub-unit of the school: from the school direction to faculties, from the latter to departments and so on.

The fact that we are witnessing a real decentralization of power from the Land to the schools can be proved by the different evaluation given by the very actors involved with the above-mentioned tools (Ballarino, 2010). The academic managers interviewed yielded a substantially positive evaluation, in particular when the financial autonomy and the possibility for the schools to autonomously set up their own strategy are concerned. A top officer from the Hessian ministry, on the other hand, complained about the increasing complexity of the situation, and when asked if 16 different HES were going to be born in the country, he answered that that is not true because, paradoxically, the Land's ministry struggles to systematically coordinate the local schools: “we have no idea of what it's happening”.

The role of the federal ministry

The federal ministry has held an important role not only in the financing, but also in the strategic management of the system. The best example of this role comes from the Exzellenz-Initiative, a project launched in 2005 by the Merkel government (following an initiative by the former Schroeder

⁸ We are referring to the laws and terminology that apply in the Land of Hesse, but very similar provisions exist in the remaining Länder. For more information on the case of Hesse, see Ballarino (2010).

government). This is a program of extraordinary funding aimed at the creation of centers of global excellence that could compete with the best universities in the world, mainly the American ones. The initiative had a competitive structure, organized through a two-phase public tender, managed by a judging committee mainly composed of non-German academics, under the control of the DFG and the WR. The overall budget was € 1,9 billion, which was paid in by the Federation accounting for 75% of the total amount, whereas the remaining 25% was the responsibility of the Länders. We are speaking about an amount accounting for 1/5 – 1/6 of the total yearly federal funding for research. The tender is articulated into three sections: Doctoral schools; International research clusters including academic and non-academic institutions; Institutional strategies, that is a tender for entire institutions dedicated to those universities who had taken part in the former two public tenders. Another similar initiative, albeit smaller, is the 2005 “Pact for research and innovation”, through which the Federation and the Länder engaged in a € 150-million per-annum investment over 5 years within the DFG and the four national research societies.

Discussion: can Italy learn something from the German case?

What lessons can be learned when we sift through the German HES? Something can surely be learned, especially when we consider the reform of the Italian HES, one with many similarities, and which experienced the very same difficulties experienced by the German one. The following final considerations are somehow speculative for now, but may represent the starting points for more systematic reflections based on empirical evidence, as well as for future comparative research including both countries.

As we have seen in this paper, in the German case the decentralization boosted innovation, setting in motion several mechanisms. To sum up: first, reducing the dimension of the HES helps innovate the system's rules retaining the consensual decision-making rules which constitute an essential feature of the HES itself. This way, the number of stakeholders, that in a consensual system can always act as veto players blocking change, sensibly goes down. Second, the decentralization draws up the decision-making and the operative level, improving the quality of the information available to the decision-makers, hindering collusive local alliances, which aim at the gathering of resources for particular purposes in contrast with the welfare of the system as a whole. In the Italian case, collusive coalitions of this kind

took advantage of the autonomy that was granted to the universities at the end of the 80s to open a number of local faculties and courses that were identical to the central ones (Bratti, Checchi & De Blasio, 2008): this way, the Italian system expanded without differentiation, unlike elsewhere in the world where expansion and differentiation go hand in hand, as it is obvious and efficient. Third, negotiations to overcome the rational opportunism of actors (that is, the various kind of prisoner's dilemma which can arise in these situations) can be easier at the local level also because between parties there exists a social capital made of shared information and previous mutual knowledge that yields trust. Fourth, an emulation process was set in motion among the Länder, making the overall investment in the system stronger. Therefore, a number of virtuous competitive mechanisms can be activated: for example, the government of Hesse (the southwestern Land in which lie the city of Frankfurt) started off a broad investment program to reduce the research and HE gap which separates it from two close Länder - Bavaria and Baden-Württemberg – where the strongest HES in Germany can be found.

In principle, this whole set of mechanisms may be set in motion in Italy, too, thanks to a reform that aimed at decentralizing the HES governance from the state toward the regions. Some discussion is starting on this topic, especially after the recent case of the University of Trento, whose financing was entirely devolved from the national ministry to the province, and which is re-organizing its functioning with aims quite similar to those of the German reform discussed above. However, I would be cautious to wholly support such a decentralization strategy, although theoretically a regionalization of universities could be seen as the grand solution of the difficulties of the Italian HES, one in which policies decided by the central government are hardly implemented locally, as local particularistic coalitions led by conservative professors have in most of the cases been able to hold on to their power vis-à-vis many central attempts at cracking it (Ballarino & Perotti, 2010; 2011).

Let me briefly outline a few reasons why we need to be cautious. In the first place, it is imperative to take into account the past experience. Narrowing our focus on educational policies, it must be observed that the regionalization of the vocational training - foreseen by the Constitution (1948) but enacted between the 1970's and the last decade - does not seem to have improved the situation of a very important slice of the HES, one that has always been neglected in our country. Secondly, the differences between the two countries should also be taken into account. In fact, the "virtuous" outcomes of the German decentralization were made possible by two

institutional features of the German HES that do not apply to the Italian HES: first, for decades the local governments have had governing responsibility over the HES (although not as much as today); second, the German academic corps is more structured at the national level, much more mobile and less localized than the Italian one, and has remained more sensitive to the selective and meritocratic requests that are central in the deontology (and hence the credibility) of the academic corporation.

Generally speaking, the theory of institutional complementarities (Hall & Soskice, 2001; Amable, 2004) shows that institutions cannot be changed choosing *à la carte* from all the theoretically possible solutions; by contrast, every institutional innovation requires a context where to survive and assert itself. Again, we can give an example referring to vocational training: for many years the regions in Northern Italy, particularly Lombardy, have endeavored to introduce patterns of school-to-work relations inspired by the German dual system of VET. However, these efforts have not brought about significant results, due to the lack of a number of particular institutions that in the German case are complementary with the apprenticeship: in particular, the stability of the cooperation between the social partners, whose involvement in the system endows it with more legitimacy; and also the stratification of the school system, that makes the VET system a solid and robust one, something that does not exist in Italy.

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