

## ***Europe Panel***

### ***Employment***

**Torsten Husen**

*Institute of International Education*

**CHAIRMAN PERKINS:** Our next speaker on the European experience is Dr. Torsten Husen, Director Emeritus of the Institute of International Relations, University of Stockholm. As most of you may know, Dr. Husen is probably the leading educational research person in Sweden. A member of the I.C.E.D. Board, he has been the initiator of instruments for comparatively measuring educational process in different parts of the world. Dr. Husen is going to talk about the "Employment" part of this particular inquiry.

**DR. HUSEN:** Thank you, Mr. Chairman. In order to deal with "Universities and Corporations on the European Scene," a subject area in which I am indeed not an expert, I think I should offer a bit of historical background in order to conceal my ignorance.

#### *Historical Background*

The European universities, particularly the West European universities, were, from the outset, founded and chartered as guilds, often with their own jurisdiction, under the protection of the church and subsequently the national state which needed properly trained civil servants. The universities were responsible for the professional training of medical doctors, lawyers and priests.

The overriding task of educating professionals primarily for service in government agencies has remained a major function for the universities through many centuries up until the present. The state has been the main financing agent and has tried to maintain a corresponding control by, for instance, appointing the chancellors and professors who in principle are

regarded as civil servants.

No research was conducted at the universities well into the mid-nineteenth century, even though individual professors could embark on studies which carried the hallmark of research. Most research was conducted under the auspices of the academies which in some instances were founded in the seventeenth century and flourished in the eighteenth century when mercantilism provided a rationale for research in the natural sciences and technology which were expected to promote the competitive edge of the nation. Research in the natural sciences was conceived as an instrument in utilizing natural resources and in establishing a manufacturing industry. The founding of the Royal Academy of Sciences in Sweden is a good example. Some leading university professors, like Linnaeus, were among the founding members, but otherwise the membership consisted of leading people in state agencies and enterprises, particularly in the mining industry and metal production.

An integration between teaching and research did not take place until the latter part of the nineteenth century under the aegis of Humboldt University. Research institutes and graduate seminars were established at German universities with Berlin as a model, a model which also served private universities especially in the United States during the late nineteenth century. G. Stanley Hall, who was the first president of Clark University, the second graduate university in America, conducted a grand tour of most of the European universities in the 1890s. In his Autobiography, *Confessions of a Psychologist*, he provided a panorama of the situation in Europe at that time. Hall had himself conducted both graduate and post-graduate studies at German universities in the 1870s and early 1880s. The Humboldt University was also regarded as exemplary in other parts of the world, for instance in Japan. However, the model had limited influence in Latin America.

May I also remind you of the employment situation in the early 1970s. The children of the baby boom in the 1940s were entering the labor market, which did not at that time in many European countries have enough openings for them. At least in the countries that entered the golden 1960s, the expansion had been very rapid. And the generation which retired at that time was much smaller in number so that the number of jobs available were fewer.

Then due to the impact of the oil crisis, the stagnation and the following

austerity, there were other problems. University graduates began to be victims of unemployment in several countries. For example, in 1965, 1.5% of the British university graduates were looking for jobs at the end of the year of their graduation, but by 1971 the number had increased to 8%.

One consequence of the conflict between job aspirations and actual job opportunities was a feeling of down-grading taking place in prospects for academic careers. Threatened by the danger of not getting adequate jobs, university graduates sought employment in areas like banking, insurance and retailing, occupations which traditionally had not been filled with people holding university degrees.

### *Private-Public Universities*

In order to understand what currently goes on in Western European higher education, particularly with regards to contacts and cooperation between universities and private enterprises, one must realize that a private sector is almost non-existent. This I think has to be pointed out particularly to our Japanese colleagues. Europe has had no leading private universities which can serve as models for the public universities as is the case in the United States. Martin Trow points out that of the ten U.S. universities rated as top universities, eight are private.

Indeed, the private university sector in Europe has been strikingly small, if "private" means that financing and governance is independent of the state. The national state which had a big stake in the training and indoctrination of civil servants exercised a dominating influence, even though the margin of freedom with regard to academic affairs could be wide within the goals set by the central government.

There were, particularly in the 19th century, two forces behind the establishment of the few private universities. In countries such as the Netherlands and Belgium which were divided by religions, there was a movement to set up "free" universities which could operate without interference by a particular type of church. Political forces, especially nineteenth century liberalism, were instrumental in taking initiatives to set up private universities as "free" institutions vis-a-vis the old state

universities which were regarded as conservative. In my native country, Sweden, until the 1870s there were only two dominant state universities, one of them founded during the medieval ages. The Universities of Stockholm and Goteborg were founded in the late nineteenth century through the initiative of wealthy liberal businessmen who wanted to promote less dogmatic and more inquiring instruction, reaching a wider range of goals and people than was the case with the traditional state universities which were supported by conservatives.

More recently, business and industry, as we have just heard from Dr. Bienayme, have begun to play a role in higher education in some countries. However, their role has been cast in an underdog position vis-a-vis the established and monolithic state universities which are financed, governed and administered according to uniform models and rules.

The relationship between corporations or enterprises on the one hand and universities (private and public) on the other has to be conceived within the framework of their respective organizations. A business corporation operates within the context of market competition which necessitates optimizing of consumer demands and calls for cost planning, etc. A university is a place for advanced training and research. Even though, as is the case in the United States, it has to consider market forces, especially with regard to student demands, it can by and large disregard the market by having more leeway with regard to timetables, costs, etc. Business enterprises can survive only if they are cost-conscious.

Behind the movement in recent years for the establishment of private universities in Europe, we have the development of high technology such as biotechnology, electronics, and international competition for markets. In order to be able to compete with high quality products and to keep up with the rapid development of products, industry and business need to be in close contact with basic research. Traditional state universities are often considered not to be flexible enough to meet the needs for training highly trained technologists and to respond adequately to the signals of the international market. At a conference at the Aspen Institute for Humanistic Studies in Berlin in 1983, German Minister of Foreign Affairs Genscher, gave a speech under the title

"Wir brauchen Elitenuniversitäten" (We need elite universities) which was really intended to place a bone in the public debate, and he was even denounced by his own party. What he had in mind were small, very selective institutions which would train high level engineers and researchers in high technology. And, as I mentioned, the reactions were very strong. The very idea of a private university was anathema among academics used to a uniform state system where the notion of equal quality was at least theoretically upheld.

However, attempts on a small scale have been made to establish private institutions with support from business and industry (although as a rule not within the framework of a given corporation as in the United States). Teaching and research embrace only a very limited number of disciplines and fields. The goals are very pragmatic and the institutions are financed by tuition fees which, in many cases, are paid for by the enterprise. A case in point is the newly founded, very small, City University in Stockholm which gives high level courses mainly in economics.

#### *Partnerships in Training and Research*

More frequent than the establishment of independent, private institutions are limited partnerships between state universities and corporations. Recently framed legislation in some countries, such as my own, has made it possible for public universities to enter upon contractual relationships with private enterprises or conglomerates of enterprises. In some instances such contracts can comprise entire training programs. This is the kind of regional development cooperation to which Dr. Bienayme made reference. Projects were initiated to train highly qualified people for enterprises in that particular region.

Universities, not least the state universities, have begun to play an important role in the in-service training of professionals and in providing educational services to the organizations on the labor market.

#### *Problems*

The partnerships between universities and corporations can create some problems, the common denominator of which is the diversion of resources from

traditional activities that some interest groups regard as more proper. Students, for example, complain that teaching resources are diverted from them to more profitable tasks. The question also arises whether the enterprises are really footing the whole bill, particularly for research projects. And there is the old story of "overhead." If a research project is contracted, it is difficult to figure out how much of the costs are, in the long run, covered by the state and drawn from the financing of the university infrastructure.

Another problem is one of continuity. An innovation for a business corporation is by no means an end in itself, as it usually is for a university research institution conducting studies according to the academic ethos that aims at "seeking the truth" for its own sake. Corporations operate under the necessities of market competition. The goal of a corporation is to serve consumer needs in an optimal way, improve means of production, enhance technical "know-how" and meet deadlines. Pursuing research for its own sake, to "seek the truth," is done at a university without the restrictions that the market imposes on business and industry corporations.

The Center for Research in Higher Education at the University of Kassel has conducted an empirical study in the Federal Republic of Germany concerning the transfer of research and development between universities and enterprises. Two patterns of transfer can be identified: The first pattern is the development of an anticipatory innovation strategy where the enterprise tries to keep in touch with scientific research and its translation into technology. This is a strategy which is employed by big enterprises but also by small enterprises in highly innovative key industrial areas. The second transfer pattern is the punctual transfer strategy that is employed by enterprises with an established and secure market position. This strategy often leads to conflicts between researchers and users due to differences in their views on the objectives of research. Researchers resent the preference of the enterprises for research findings which are more easily marketable.

### *Future Developments*

The knowledge or information society means that more and more

activities are imbued with academic qualities -- positions are being filled with highly trained people who require more and more in-service training and who need to stay in touch with research and development relevant to their work. This means that the demarcation line between advanced training within institutions called universities and enterprises tends to disappear. Or, expressed differently, the ivory tower university life is no longer possible except at "think tanks" where for a limited period of time academics can be given an opportunity to concentrate on scholarly pursuits which otherwise cannot be conducted in the rush of academia's everyday life.

Another growing tendency is for R&D to be moved out of the universities and conducted either within enterprises or state agencies. Sweden illustrates how, over a few decades, a rapidly growing R&D "sector research" in such areas as energy and social welfare is carried out under the auspices of central state agencies.

Over a short time span training of highly qualified personnel, including top management, has grown enormously to the extent to which we can begin to see corporate universities on the horizon in several European countries. The advent of the modern information society with its need for more higher education has, indeed, changed the university scene. The ivory tower philosophy does not work any longer, particularly with the emergence of the modern research university, which -- irrespective of whether it is private or public -- by necessity must enter into partnerships with business and industry in both teaching and research.

Finally, in considering the problem of adequate employment for university graduates we should not forget the unforeseeable exigencies of demography.

Thank you, Mr. Chairman.

**CHAIRMAN PERKINS:** Thank you, Dr. Husen.