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## **REFORMING JAPANESE GOVERNMENT POLICY TOWARDS UNIVERSITIES**

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The Japanese government allocates grants and subsidies to both public and private universities for the dual purposes of research and education. The government also provides various research funds to universities and individual researchers at universities. This essay separately examines the government's roles in the research and education functions of universities and proposes reforms to

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this subsidy system and other policies to be adopted by the Japanese government toward universities.

Basic research activities provide benefits to society at large, and hence governments have to provide financial assistance for research activities to their universities. It has long been pointed out that the research level of Japanese universities lags far behind that of American universities in many fields. In order to narrow the gap, the following reforms will be needed.

Firstly, the government should include professors' salaries in the Grant-in-Aid for Scientific Research (*kakenhi*) – a public subsidy provided by the Ministry of Education, Culture, Sports, Science and Technology for researchers and research institutions, thereby creating an environment that would allow professors to concentrate on their research activities. One of the major differences between Japanese and American research grants is that, while American grants include professors' salaries, Japanese grants do not. Therefore, no matter how much a professor is awarded in research grants in Japan, he/she cannot escape teaching and administrative duties. On the other hand, in the United States, scholars who receive federal grants may be exempt from office work and teaching obligations at their universities and devote themselves to research activities. Their universities can employ visiting professors to cover for the scholars, using the salaries saved by the grant.

Secondly, the government should raise the ceiling for overhead costs in the *kakenhi* to 50%. A higher percentage of overhead will provide universities with incentives to employ academically distinguished scholars able to win research grants. This will also contribute to raising academic standards.


Thirdly, if the government is to increase the amount of assistance to research activities, it should allocate the increments on an individual basis rather than on an institutional basis. Current institutional support programs such as the Global Centers of Excellence (GCOEs) overwhelmingly favor large, established universities, with prominent numbers of scholars. The negative effects of these programs are that they could allow non-active scholars at large universities to receive shares of grants as long as they belong to grant-awarded groups that contain several active researchers, while leaving out small universities with only

one or two distinguished scholars. If the institutional support system is replaced by an individual-based grant system with a high ratio of overhead, it would provide incentives for small-scale universities to hire distinguished scholars, even if only a limited number, to work in new research areas.

As for university education, the government should play the following two roles. Firstly, it should expand student loans, including support for living costs, in order to achieve equal opportunity. In particular, the government should consider providing a loan guarantee for student loans offered by commercial banks. Student loans covering living costs and tuition fees are indispensable to ensure that excellent students, regardless of their financial status, have opportunities to apply to high-level universities. However, unlike loans provided to factories and machines, it is difficult for banks to obtain security for scholarship loans – banks would not be able to force students to work to pay off in the event of defaults. That is why student loan markets do not emerge easily, a typical example of market failure. In the United States, the number of student loans for undergraduate students increased dramatically after the federal government started providing loan guarantees to banks in the 1970s. Japan should also encourage banks to start student loan programs by providing loan guarantees for student loans.

Secondly, the government should oblige universities to disclose information for use by prospective students. When a new university or department is established in Japan, its curriculum and the composition of professors are examined by an advisory council comprising eminent scholars in the field. However, the information submitted to the council is not made publicly available, and few official checks on the quality of universities and departments take place after their first five years. In place of the examination by the advisory council, the government should oblige universities to place a wide range of information, including the types of information that have been submitted to the council, on their websites. Universities should also make available as much information as possible, including professors' academic achievements, the number of students per class, graduates' career paths (at least for the past five years), and class evaluations by students. The education ministry should inspect

the content to ascertain whether the disclosed information is accurate. Such a system would allow preparatory schools and magazines to evaluate and rank universities from different angles.

If the government carries out the aforementioned reforms on grants and student loans and obliges higher educational institutions to disclose information under the supervision of the education ministry, the global competitiveness of Japanese higher educational institutions will dramatically improve. It goes without saying that all of the reforms mentioned in this essay should apply to both public and private universities. It should also be mentioned that the educational side of reform should apply to vocational and technical colleges as well. 

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