

CHAPTER 13

The Meaning of Being Private in the Time of Great Change

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THE FOUNDATION OF LEARNING AND RESEARCH IS PRIVATE

Learning is, by nature, a personal activity. From an economic perspective, increasing our income by acquiring knowledge and skills through study is an “investment”, and, furthermore, obtaining knowledge and learning new skills are forms of “consumption” that satisfy our curiosity. A necessary condition for this is to be able to study freely without being restricted by others. Therefore, state regulations governing academia are harmful, and as long as learning remains a personal activity, it is not something for which we can expect to receive public funding.

Carrying out research is also a personal activity. It is true that in totalitarian states, research is state-controlled and research activities may be considered “public affairs”. However, in free states, research activities are “investments” in which we obtain research achievements that benefit ourselves, or “consumption” that brings about pleasure through the pursuit of truths based on genuine curiosity. Here too, the necessary condition is that we can freely carry out research without being restricted by others. Yet again, state regulations are harmful, and, once more, public funding should not be expected.

If this is the case, then activities of universities (schools), which provide a place for these individuals to study and carry out research must also be private. Universities provide a place where individuals can study freely and carry out research freely, as well as providing a service to support these

activities. Hence, state regulations directed toward universities are harmful, and, in principle, public funding is unnecessary. In other words, studying and researching are personal activities, and universities, where these activities take place, are also private undertakings. Hence, it is fundamental that these establishments be private.

SOCIAL BENEFITS OF LEARNING AND RESEARCH

Yet, why is it that in many free nations, including Japan, national and public universities exist, and, furthermore, why is public funding also provided to private universities? This is because learning and carrying out research benefit not only the individuals doing these activities, but also benefit society as a whole. Learning and carrying out research not only generate investment return and consumption utility for individuals such as those involved in these activities as just mentioned, but through these activities, social benefits also arise.

Individuals developing their abilities through learning not only bring about an increase in their own income, but also improve the quality of available labour in a nation, thereby increasing the economic welfare of a nation as a whole. In addition, having intellectual citizens is also essential for the decision-making and management of a democratic nation, and in this sense too, it carries benefits for the entire country.

It goes without saying that academic progress through research brings about great benefits to all of society. The science and technologies that generated the material wealth of today are all made up of past academic achievements. Technological advancements resulting from developments in disciplines such as modern physics, chemistry and the life sciences, which began with the pursuit of truths brought on by the intellectual curiosity of individuals, have made it possible, for example, to manufacture useful yet inexpensive products, prolong lifespan and liberate people from heavy labour.

Because of the societal benefits of learning and research by individuals, citizens have a reason to give public funding to those who carry out such activities, and also have a reason to give public funding to universities where learning and research activities are carried out. For people who study at university, it goes without saying, but even those who do not go to university are implicitly agreeing to support these activities through taxes because, although it may be indirect, they will still benefit from the learning and research achievements of others.

Moreover, many of the social benefits of such learning and research will not be seen immediately, but will materialize over the long term. When it comes to research, those that respond to the societal needs of the moment

are not the only ones that are useful to society, but rather, research whose usefulness is not yet known at the time enriches future societies. Research achievements driven by the individual curiosity of researchers develop basic research, and by researching the application of these, society becomes more prosperous.

Looking back on history, Newtonian mechanics, which became the foundation of modern science and whose principles are greatly enriching society today, had its origins in medieval European astronomy. This astronomy developed from the intellectual curiosity of astronomers who became interested in observational facts that could not be explained by the existing geocentric theory of the day. But, far from being appreciated by society at that time for their contributions, Galileo Galilei and others were tried by the Inquisition and socially persecuted. Only by guaranteeing that researchers who carry out such research and the universities to which they are affiliated have complete “academic freedom” can society reap long-term benefits.

This is also true for learning. Abilities that are acquired through learning are sometimes for the purpose of performing specific jobs (especially those at vocational schools, professional schools, etc.), but what is more important is the ability to think for yourself. Those who can think with their own mind and with logical thinking capabilities based on immense knowledge are the people who can perform their work while responding to the times when major technological changes take place, and, furthermore, are the people who can carry out the proper decision-making and management of democratic nations.

In other words, individuals must be able to conduct research activities freely and in accordance with their curiosity. Additionally, they must be able to think things through on their own without being biased and possess the ability to fulfil their work duties as well as their duties as citizens. This is the necessary condition for learning and research to produce social value. For this, at universities, which is where learning and research take place, academic freedom is indispensable, and this is the reason why citizens provide financial support in the form of taxes.

Problems arise when citizens do not necessarily fully understand this. People frequently are only interested in research whose outcomes will be immediately useful, and they also tend to insist on labour skills that will be of service right away. People have the tendency to feel that the only things worth spending their own money on are things that will provide immediate utility, and that it is unnecessary to give public funding to pursuits such as curiosity-driven research, the date of whose usefulness is unknown, or liberal arts education, for which there are no assurances that it will help accomplish our work at hand. In recent years in particular, this mindset seems to be getting stronger all around the world.

If this happens, the decisions on what kind of learning and what kind of research should be done will be in the hands of the people, who are the taxpayers, and will be narrowed in accordance with the thoughts of the government, which represents the people. Certainly, in today's democratic nations, no punishment will be imposed regardless of the kind of research or learning being undertaken, so in this sense, academic freedom has not been taken away. However, at universities and other institutions that rely on public funding for their survival and operation, it will become inappropriate to allocate resources toward research and learning for which receiving public funding is difficult. As a result, for those wishing to research or study these fields, academic freedom has in fact been constrained.

Academic freedom and the independence of universities, whose role is supposed to be to protect this, are at risk of being threatened not only in nations ruled under authoritarian dictatorships, but also in those with democratic governments. It is ironic that the democratic pressure from the very people who are supposed to reap social benefits through academic freedom has become the threat.

THE MEANING OF BEING PRIVATE

However, as mentioned above, individuals who learn freely and carry out curiosity-driven research are undoubtedly desirable for all of society. In particular, these individuals are not only indispensable for enriching the lives of people living today, but also for enriching the lives of future generations. In fact, on this point, I think that the meaning of the existence of private universities is extremely significant.

First let us make a comparison of national and public universities. Figure 1 shows the income structure of Japanese national, public (prefectural and municipal), and private universities. National and public universities rely on financial support from the national and local governments for about one-third of their income. In comparison, the proportion of income from tuition is half of this or less. Furthermore, if the ratio of public financial support to the total income excluding income from university hospitals (this is mostly offset by expenses for medical services) are calculated from the data in this figure, the percentage of public financial support is about 53% for national universities and about 59% for public universities, accounting for more than half of their total income. It is clear that they cannot get by without public financial support.

This reliance on others, such as the state, for their existence, carries the risk of threatening not only universities but also the independence of individuals in the first place. One of the first to point out this danger in Japan

was Yukichi Fukuzawa, the founder of Keio University. In Fukuzawa's main work, *An Encouragement of Learning*, it is clearly stated that: "Those who lack the spirit of independence necessarily rely on others. Those who rely on others fear them. Standing in fear of others, they must fawn upon them. Their fear and subordination gradually become habitual; they come to wear faces of brass. They know no shame, and do not speak out on questions which call for discussion. In confrontation with others, they only know how to bow to the waist." (Fukuzawa, 2013).

It is exactly the same for the independence of universities. If you decisively rely on the state for your existence, you must ultimately comply with the wishes of the state. This is not just a danger in authoritarian states ruled by a dictator, but there is also a danger of governments chosen democratically by the people exploiting this. If citizens forget the social significance of academic freedom, there is always a risk of this occurring.

On this point, private universities have a great advantage. Their existence is preserved and managed through such sources of funds as the assets contributed by the founders who built the private schools with founding principles, tuition from students (their families) who approve of the educational policies of the schools, and donations from graduates who appreciated the education they received at the schools. Basically, they exist and are managed without public funding from the government, or without relying on it decisively.

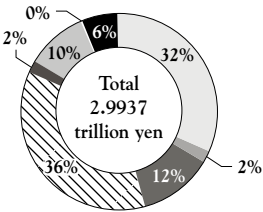
Thus, the independence of universities is guaranteed by its financial independence, but, unfortunately, this condition does not exist in the case of national and public universities. Unless the people, that is, the taxpayers, at the very least give public financial support to the universities unconditionally, the independence of universities will not be guaranteed, but, in the case of private universities, the risk is comparatively less.

However, public financial support is also given to these private universities. This is because learning and research of individuals at private universities also have social value as mentioned above. In fact, as shown in Figure 1, even in private universities in Japan, public financial support accounts for 9% of the total income, and when income from sources such as hospitals are excluded, this becomes about 13%. In the case of Japan, the government also takes the independence and other such factors of private universities into consideration, and provides subsidies to private universities not directly but through the Promotion and Mutual Aid Corporation for Private Schools of Japan.

Figure 1– Financial situation of Japanese universities.

Source: “Summary of private university operating cost subsidies,”
The Promotion and Mutual Aid Corporation for Private Schools of Japan

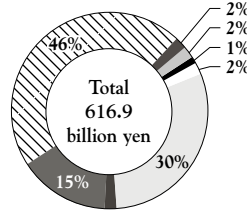
Income situation of national universities (FY 2016) (Ordinary income)



- Subsidies for operations
- Subsidies, etc.
- Student fees
- ▨ University hospital
- Donations
- ▨ Competitive funding
- Asset leasing
- Other

Source: Determined by MEXT based on the FY 2016 financial statements of each national university.

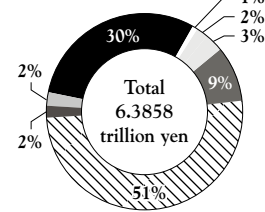
Income situation of public universities (FY 2016)



- General funds allocated by the prefectures and cities
- ▨ Disbursements from national, prefectural, and city funds
- Students fees, etc.
- ▨ Hospital
- Public bonds
- ▨ Commissioned research, etc.
- Donations, etc.
- Other

Source: Determined by MEXT based on the FY 2016 closing data survey of public universities carried out by the Japan Association of Public Universities.

Income situation of private universities (FY 2016) (Income from business activities of Education Corporations)



- Subsidies
- ▨ Student fees
- Service charges
- Donations
- Side business
- Non-educational activities
- Special income
- ▨ Miscellaneous

Source: « Today's financial situation of private universities 2017 », Promotion and Mutual Aid Corporation for Private Schools of Japan – Aggregate of statement of income and expenditure of business activities of 548 corporations.
– If the Educational Corporation that has established elementary and/or secondary schools, income from these are also included.

Private universities provide learning and research that benefit society in the same way as national and public universities. Whether learning and research are carried out at national or public universities or at private universities, there should be no difference in their value to society.

What is more, from the point of view that each private university has its own unique founding principles, it brings to society public benefits which national and public universities are hard put to do. In a time of great change like the present, it is important to increase diversity in various aspects of society in order to maintain the sustainability of society and, in this respect, private universities with differing educational and research policies based on different founding principles bring about diversity in the places where education and research take shape.

However, despite the magnitude of such social values, private universities should receive public funding in moderation. Private universities can protect academic freedom with greater strength, and, furthermore, can display

diversity in education and research because they do not decisively rely on financial support from national and local governments. Although paradoxical, it can be said that because they are private, these universities can also protect their worth as institutions that create social benefits.

JAPANESE PRIVATE UNIVERSITIES

In today's Japan, private universities are the foundation of higher education. Table 1 shows the changes in the numbers of Japanese universities and university students from 1960 to the latest available for private universities and national and public (prefectural and municipal) universities. First, as can be seen from the most recent figures of 2018, there are currently 603 private universities where a total of 2,144,670 students are enrolled, accounting for 77% of all universities and 74% of all university students. Both the number of universities and number of university students greatly surpass those for national and public universities, accounting for almost three-quarters of the whole, and it is no exaggeration to say that in Japan today, the provision of higher education cannot be accomplished without private universities.

Table 1: Changes in the number of universities and university students.

Source: *Statistical Abstract (Education, Culture, Sports, Science and Technology)* 2018, Ministry of Education, Culture, Sports, Science and Technology

Year	Number of universities			Number of university students		
	Total	National and public	Private (%)	Total	National and public	Private (%)
1960	245	105	140 (57)	626,421	222,796	403,625 (64)
1670	382	108	274 (72)	1,406,521	359,698	1,046,823 (74)
1990	507	135	372 (73)	2,133,362	582,749	1,550,163 (73)
2018	782	179	603 (77)	2,909,159	764,489	2,144,670 (74)

Looking at the population of 18-year-olds, the general age when students start their studies at university, the number of students admitted at universities, and the percentage of students that were accepted at university from 1960 to the latest available: in 1960, when the economy began to grow rapidly, the number of students that were admitted at universities was 160,000, and of the population of 18-year-olds (2,000,000 persons), only about 4% advanced. However, in 1970, when the post-war baby boomers reached the

age to attend university, the number of students that were admitted rose to 330,000, and the percentage of 18-year-olds (1,950,000 persons) that advanced increased to 17%. Furthermore, in 1990, when the children of the baby boomers advanced to university, the number admitted was 490,000, and the percentage of 18-year-olds (2,010,000 persons) that advanced was 24%. In 2018, the most recent year for which data is available, 630,000 students were admitted, and 53% of the 18-year-old population (1,180,000 persons) advanced. (*Statistical Abstract*, 2018).

Corresponding with this trend and, as can be seen again from Table 1, in 1960, there were 140 private universities with a combined student body of about 400,000 students. This grew to 274 universities with about 1,050,000 students in 1970, increased to 372 universities with about 1,550,000 students in 1990; the 2018 figures, the latest available, show that there are 603 universities with about 2,140,000 students. On the other hand, the number of national and public universities increased from 105 with about 220,000 students in 1960 to 179 with about 760,000 students in 2018, but, compared with the huge rise seen for private universities, it can be said that this growth is relatively restrained. The changes in numbers of private universities and students since 1960 are closely linked to the percentage of students advancing to university. The post-war expansion of higher education opportunities would not have been possible without the expansion of private universities.

The graduates of these private universities, growing in number, are active in various areas of the Japanese economy and society today. Table 2 lists the ranking of the top 10 universities at which CEOs of listed companies in Japan studied. Out of these top 10 universities, six are private, including first-ranked Keio University (which alone has 298 former students who are now CEOs), showing that an overwhelming majority of employees in business and industry are supplied by private universities. In the political world too, in the past quarter of a century, excluding 2009 to 2011, all prime ministers attended a private university, and, in addition, the percentage is also high among professionals such as medical doctors, lawyers and certified public accountants. Furthermore, there is an increase in the number of civil servants who attended private universities such as Keio University or Waseda University, a sector which was traditionally dominated by national university graduates.

Table 2: Ranking of the top 10 universities at which CEOs of listed companies in Japan studied. Note: There are a total of 3,708 listed companies in Japan. Source: Created using data published in *Yakuin Shikiho* (Executive Officers Handbook; Toyo Keizai Inc.), 2019 edition.

Rank	Name of university	National/public or private	Number of CEOs
1	Keio University	Private	298
2	Waseda University	Private	193
3	The University of Tokyo	National	192
4	Kyoto University	National	104
5	Nihon University	Private	80
6	Meiji University	Private	77
7	Chuo University	Private	71
8	Doshisha University	Private	59
9	Osaka University	National	56
10	Hitotsubashi University	National	51

On the other hand, research, traditionally, was certainly centered around national universities. Of the members that make up Research University 11 (RU11), a group of 11 major Japanese research universities, nine are national universities, and seven of these are former imperial universities. Keio University and Waseda University make up the two private universities in this group. In particular, research in the natural sciences, which requires extremely large research funding, is difficult to carry out at private universities where public funding is small, and, other than Keio University and Waseda University, it is not easy for private universities to carry out research at a level comparable to the nine national universities. However, in social science fields such as economics, the research capabilities of private universities are also improving and equals those of national universities.

In these ways, Japanese private universities play a notable role in providing higher education that produces the workforce necessary to sustain the economy and society. Furthermore, from a research perspective, national universities have the upper hand when it comes to research in the natural sciences, but in terms of both quality and quantity of research in the social sciences and humanities and social sciences, private universities also play an important role. This means that the Japanese people are also maintaining

universities that provide social benefits through the relatively small investments made using taxes. It also means that students and their families are bearing much of the expense.

BALANCING BEING PRIVATE AND RECEIVING PUBLIC AID

As described above, the existence of private universities brings great benefits to society, both as places where learning and research can be carried out freely, as well as the driving force that brings about diversity in education and research by providing education and conducting research based on their unique founding principles. Therefore, as I previously stated, there is sufficient rationality for the public to provide financial aid to private universities.

At the same time, as I mentioned before, private universities can maintain academic freedom with greater strength and demonstrate diversity in education and research because they do not decisively rely on financial support from the national and local governments. Therefore receiving more and more aid from the government is not necessarily better. Earlier, quoting the words of Fukuzawa, he said: “Those who lack the spirit of independence ... do not speak out on questions which call for discussion. In confrontation with others, they only know how to bow to the waist.” (Fukuzawa, 2013). Certainly for those in academia, what is being sought is to say what needs to be said, at times even towards the government and the people, from an independent standpoint, and, in this sense, the independence of universities, guaranteed through financial independence, is extremely important.

The point is to maintain balance and move towards the establishment of a way in which to receive financial aid while ensuring the independence of private universities. Ideally, the aid should be provided in a way in which the discretion of the government is infinitesimally small. Implementing this through a democratic government is preferable.

When this is adapted to the situation in Japan, financial aid to private universities is provided through the Promotion and Mutual Aid Corporation for Private Schools of Japan in the form of subsidies to private universities as mentioned above, and, broadly, there are two types: general subsidies and special subsidies. The former, general subsidies, in essence are aid provided according to a standardized value based on factors such as the numbers of students and faculty members, and this value is multiplied by a subsidy rate set depending on the financial situation at the time to determine the amount of subsidy that will be provided. On the other hand, special subsidies are aid provided to private universities that offer programs or curricula or other such activities that are in line with the higher education policies of the government at the time, such as collaborations with industry, acceptance rate of adult students, promotion of international exchange and so on. The

former is aid that is provided neutrally based on the content of education and research, while the latter accordingly guides the content of education and research of the universities that accepted the aid in a specific direction.

Of course, each university can make decisions on the programs, curricula, faculty recruitments and other such matters in accordance with their own policies on education and research. However, if they become more financially dependent on special subsidies, the result will be that they will eventually be guided by governmental policies. The government's intention from the beginning was to guide each university in accordance with its own policies.

Furthermore, another problem with the government's special subsidies is that not only are they just financial aid, but they are aid that also affects the branding of the university. For example, if a university is not receiving a special subsidy to promote internationalization programs, this university's efforts on internationalization may be seen as being inferior. However, each university is promoting internationalization in their own way that conforms to their founding principles, but those trying to internationalize in a way different to that recommended by the government are not in a position to receive the special subsidy. If, in order to develop high-quality international exchange, one university decides to establish a highly integrated program for home and international students by limiting the number of exchange students at a time when the government's policy aims to increase just the number of international students, this university will not be eligible to receive the special subsidy.

Because the financial aid is provided by the government, its use must certainly be in line with government policies. However, as I have repeatedly emphasized in this paper, I think that the use of the aid should not be confined to a limited range nor to short-term goals. The independence of private universities brings about diversity in education and research, and contributes to research achievements and the nurturing of personnel that are necessary for society in the long-term. Thus, guiding private universities in a uniform direction through special subsidies undermines the societal meaning of the existence of private universities.

At least from the viewpoint of securing its independence, which is at the source of the societal meaning of the existence of private universities, financial aid from the government should be in the form of general subsidies as much as possible. As shown in Table 3, the breakdown of financial aid provided to private universities as of 2018 is 269.7 billion yen for general subsidies and 45.6 billion yen for special subsidies. These respectively account for 85.5% and 14.5% of the total, and there is an increasing trend in the percentage of special subsidies. Returning to the original principles of private university aid, all governmental financial aid should in principle be general

subsidies. Special subsidies should be external additions, and not be included as a part of the entire financial aid package.

Table 3: Changes in aid to private schools.

Source: “Summary of private university operating cost subsidies,”
The Promotion and Mutual Aid Corporation for Private Schools of Japan.

Unit: billions of yen

Year	Total	General subsidies (%)		Special subsidies (%)	
1975	100.7	99	(98.3)	1.7	(1.7)
1989	248.6	225.9	(90.9)	2.3	(0.9)
2011	320.9	281.2	(87.6)	39.8	(12.4)
2012	318.7	279.3	(87.6)	39.4	(12.4)
2013	317.5	278.3	(87.7)	39.3	(12.4)
2014	318.3	276.2	(86.8)	42.2	(13.3)
2015	315.2	271.1	(86)	42.2	(14)
2016	315.2	270.1	(85.7)	45.1	(14.3)
2017	315.2	268.9	(85.3)	46.4	(14.7)
2018	315.3	269.7	(85.5)	45.6	(14.5)

THE MEANING OF HAVING FOUNDING PRINCIPLES

In this paper, I have discussed the societal meaning of the existence of private universities. This is decisively dependent on each private university having its own educational and research policies, that is to say, the universities being managed independently. And, in the case of private universities, their distinctive policies on education and research are nothing more than the way in which their founding principles are implemented such that it applies to present day circumstances.

For example, in the case of Keio University, the founder, Yukichi Fukuzawa, established the university with the goal of nurturing “independent individuals” who are capable of living their lives without relying on the government or other public bodies, which is also referenced in the above quote. Over 150 years ago, in a time when Japan’s independence was threatened by Western powers, Fukuzawa thought that first and foremost, each and every individual

had to possess a spirit of independence to protect the independence of the nation, and took the decision to put this ideal into practice. Under the hereditary class system that existed up to that time, the Japanese people just followed in their parents' footsteps to make a living and lived in accordance with the rules set forth by the government. In a time when this manner of living was still the norm, he advocated the need for the people to build a life for themselves on their own, not leave everything up to the government, and protect the independence of the nation with a sense of ownership.

In *An Encouragement of Learning*, Fukuzawa writes that "... when the people of a nation do not have the spirit of individual independence, the corresponding right of national independence cannot be realized." (Fukuzawa, 2013). Therefore, he came to the conclusion that for individuals to possess the capability to independently make a living and have the ability to make judgements as members of the public, studying and learning are indispensable, leading him to establish Keio University.

Furthermore, he decided that this learning should not have its roots in the teachings of Confucianism that was mainstream in Japan up to that point, where people memorized things said by celebrated people of high social status as if they were golden rules, but rather in "science" that requires logical and empirical thinking. And, with this science as a foundation, he declared that of all the skills independent individuals need to possess, the development of "public knowledge", as defined in "... the ability to evaluate men and events, to give weightier and greater things priority, and to judge their proper times and places; let me call this public knowledge" (Fukuzawa, 2008). Fukuzawa's founding principles, including this insistence on independence, logical and empirical thinking, and public knowledge, have not faded and are still of importance today and are highly honoured at Keio University.

Although the current situation of Japan may be different from what it was back in Fukuzawa's time, the circumstances surrounding the country in terms of internationalization are becoming more and more uncompromising. Under these conditions, the competence of independent individuals to perform work as well as their decision-making abilities as members of the public are becoming even more significant.

In a time when we are faced with issues such as rapid population ageing, technological innovations and globalization, it goes without saying that our well-being and our potential as citizens can only be attained by improving our abilities to think scientifically and polishing our public knowledge such that we can determine what is important at any given moment in time. At the end of the day, for private universities, founding principles are the essentials, the alpha and omega. Even for the problem of education and research being guided by special subsidies, which I discussed earlier, if each private university has the option to adopt or forgo special subsidies based on their

own founding principles, then it will also mean that private universities will not lose their diversity. The brand of a private school is not determined by the government, but through the endorsement of the people who empathize with the founding principles of the school and find attractive the distinctive educational and research activities of the school that is based on its own founding principles.

The uniqueness of private universities will be maintained if each and every private university constantly revisits their founding principles and reflects on its meanings. What financial independence of private universities means is having assurances that these universities can be operated under their own management to implement their individual founding principles in a way that makes sense in today's world.

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