

## THE DECLINE OF THE GERMAN UNIVERSITY

draft

An example of how the government can ruin a system

Gerard Radnitzky

### 0. The ecology of the German university

I came to Germany late in life, by biographical accident. Hence, I think I can look at the German scene from some distance. At the time, Germany was already on the slippery slope to the advanced social-democratic welfare state on the Swedish model. By now welfarism has become so exaggerated—social expenditures total more than a third of the GNP—that the country can no longer afford it and is trying to solve the problems by the flight into the European Union. *The situation is much the same for all West European states.* The development can easily be explained. Politicians competing for votes make irresponsible election promises. This is a rare case where competition is not useful, because politicians can externalize the costs. Parliamentary elections become a futures market in property to be stolen. Among the many promises politicians make is free education for all. Education, including university education, is treated as if it were a "public" good, although nobody believes that it has any of the definitorial characteristics of the so-called public goods (such as indivisibility, nonprivatizability, non-excludability). The politicians' claim that the average family is too irresponsible voluntarily to provide education for their children has been amply falsified by history. (See, e.g., Antony Flew's and Arthur Seldon's contribution to Radnitzky, ed., 1997).<sup>1</sup>

### 1. The system fails because the structure is flawed.

#### 1.0. Economic analysis

Analysis shows that the system is failing for the same reasons that the socialist economies have failed. When production is regulated by the state, by politicians and bureaucrats, rather than by the market, the system produces perverse incentives—it spite of, or rather because of, the people involved in it react as rational agents to the incentives in the politicized system.<sup>2</sup>

#### 1.1. A thought experiment

Suppose the government wishes to offer restaurant meals as a "public" good, to be financed by the taxpayers, i.e., through coercive extraction. Snobs are free to choose private restaurants, if there are any. If they do, they have to pay twice: once as a taxpayer and again as a customer. Because the managers of the

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<sup>1</sup> In Radnitzky, G., ed., 1997. *Values and the Social Order*, vol. 3. Cf. also pp. 48 ff. In the mid-to to late nineteenth century various voluntary organizations that provided education developed spontaneously. The *mass of the population* organized education for their children by voluntary effort. Before 1870 there existed in the UK extensive provisions of education. In 1918 over 5 million copies of Webster's Spelling Book had been sold in America, a country with a population of less than 20 million. The private schools have been crowded out by coercive, monopolistic state-maintained school systems (in Sweden and Germany, e.g., almost completely).

<sup>2</sup> The Economic Approach has been dealt with in several ICUS-books: Radnitzky, ed., 1992. *Universal Economics*, New York: Paragon House, *Values and the Social Order*, 3 vols., 1995, 1997. Aldershot (England): Ashgate, and a PWPA-book: Radnitzky and Bernholz, eds., 1987. *Economic Imperialism*, New York: Paragon House. The university system has been dealt with in a PWPA-book: Bouillon and Radnitzky, eds., 1991. *The University in the Service of Truth and Utility*. Bern-New York: Peter Lang, (German version: *Die Ungewisse Zukunft der Universität*. 1991, Berlin: Duncker & Humblodt).

public restaurants would derive their funds from government, they will try to satisfy politicians, whereas the incentive to keep costs low would be weak. Food costs would rise and quality deteriorate. Clearly, this organizational structure will not work in the restaurant business (Gwartey, 1990, 166).<sup>3</sup> Why should people believe that it will work in education? Nonetheless, politicians behave as if they believed it, since they have created a system where universities are places where the "consumers" (students) do not buy, the "producers" (faculty) do not sell, and the "owners" (the taxpayers represented by state boards, trustees, etc.) do not control.

## 2. The German university as a case study

### 2.1. History—what was unique to the German university.

In the 19th century the German university was the best in the world. The Humboldt Universität became the model, and American scientists and scholars used to round off their studies by visiting a German elite university. Moreover, basic natural science conducted there unexpectedly turned out to be highly relevant for technology. This enabled German chemical and electrical industry using its results to outdo the British competitors. This historical example is probably the best support for Alwin Weinberg's "overhead argument", legitimizing using taxpayers' money (i.e., coercively extracted funds) for financing basic research. The two world wars damaged the system, but did not destroy it. For instance, for a long time Goettingen was the Mekka for mathematics (Hilbert,<sup>4</sup> Felix Klein, John von Neuman, etc.) and physics (Born, Heisenberg, etc.; aerodynamics was born there, Prandtl).<sup>5</sup> The German National Socialist Workers Party dealt a deadly blow to the system. Germany lost a quarter of its physicists, some 1600 Jews in academic posts left the country. Einstein, Szilard, Wigner, Teller, Weisskopf, and so forth. Most of the scientists who created the A-bomb were émigrés. It was Hitler's gift to America (Szanton 1995).<sup>6</sup>

### 2.2. Research began to leave the university already at the beginning of the century

For example, in 1911 the DVL (Deutsche Versuchsanstalt für Luftfahrt (German Research Center for Aeronautics) was established outside the university. About the turn of the century R&D moved to the Kaiser Wilhelm Institute (Otto Hahn), which after 1947 became the Max-Planck-Institutes. In research it is far more important than the universities. 40% of the public funds go to national research centers (*Science* 273:172, July 1996), the budget of the DFG (Deutsche Forschungs Gemeinschaft) increased by 5% p.a., whereas the support for the mass university is declining.

### 2.3. Developments in the FRG

Schools, including the universities, are de facto a state monopoly. School attendance is obligatory, that means in practice attendance of a state-owned school. The mentality is reflected even in the language. The official label is *Schulpflicht*, by moralizing coercive compliance becomes a "duty".<sup>7</sup> The mentality being what it is, politicians thought it vote-producing to claim that everybody had a "right" to higher education and that this has to be realized by a state monopoly. What once was an elite institution was transformed into the mass

<sup>3</sup> Gwartey, J., "A positive proposal to improve our schools, *Cato Journal* 10/1:159-174, 1990.

<sup>4</sup> Hilbert laid the mathematical foundation for nuclear physics, after his death the institute soon fell apart.

<sup>5</sup> Sundaram, T.R. "The father of Aerodynamics," *The World & I*, Nov. 1997, pp. 190-197.

<sup>6</sup> Szanton, A. "Hitler's gift to America. *The World & I*, August 1995, pp. 176-181.

<sup>7</sup> The same moralizing trick is used in many field, thereby creating a funny peculiarity of the German language: *Wehrpflicht* (duty to do military service), *Meldepflicht*, duty to keep the authorities always informed about your domicile, etc.

university. In 1997, the student population totals 1.8 million, although the system is built for a maximum of 1 million. A "public" good produces excessive demands. Younger see university education as one of their many "social rights", which implies an obligation to finance it for the working population. The system is characterized by central planning and coercion.<sup>8</sup> The cultural revolution of 1968 had a decisive and pernicious influence on the way the massive expansion was carried out. Its maître à penser was the neo-Marxist so-called School of Frankfurt (Adorno, Marcuse, Habermas, etc.). Its main effect was the bureaucratization of the university. *Quality was replaced by quantity—in the name of equality.* There has been an inflation both in the quality of the students and of the faculty—a sort of proletarianization. A symptom of this development is that the German university has completely lost its capability to present itself to society. Such a complete loss appears to be unique in the civilized world.

#### 2.4. *Some structural changes in the university after the war*

As progressists the "68ers" not only succeeded in getting some good features of the tradition abolished, but, as "conservatists", they succeeded also in preserving some of its bad features. Of the latter two examples:

(a) *Mitbestimmung* (co-determination). In 1917 Wilhelm I introduced it in the industrial sector (to keep the workers in good mood for the war effort, after his peace initiative had failed).<sup>9</sup> After 1968 it was applied to the university; it led to the *Gruppenuniversität*: the decision-making bodies are formed by the representatives of various interest groups within the university, and the resources of several disciplines are pooled thereby establishing a sort of kolkhoz (called *Fachbereich*).<sup>10</sup>

(b) *Obligatory student union*. In 1933, in the takeover of the state by the German National Socialist Workers Party, the NSDAP, a student union with obligatory (coercive) membership, the NSDStB (*Nationalsozialistischer Deutscher Studentenbund*, National Socialist German Student Union) was established. It proved a valuable tool for the take over of the universities. That idea was preserved in the FRG in the form of a student union in which membership is obligatory (enforced); the union was labeled "AStA".<sup>11</sup> Since most students refrain from voting, the party that represents all the student in the university bases its legitimization on 6% to 16% of the students (varying with the university)—a mockery of democracy. Like the labor unions the local AStAs often act as law breakers—without consequences. This has become possible, because many of the courts are politicized (after the long march through the institutions, members of the "68ers" have become judges) and the authorities avoid conflicts with AStAs (since the state-owned media are dominated by the 68ers)—both features are long-term effects of the "cultural revolution". There are many similarities between the Nazi student union and the contemporary AStAs, in particular, their radical anti-capitalism, e.g., they both used the slogan "the university must be freed from the influence of private capital" and curricula should be oriented, in cooperation with the labor unions, on the "welfare of the People" (Bouillon and Radnitzky, eds., op.cit., p. 46 for more references [cf. fn. 7].)

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<sup>8</sup> An overcrowded and overregulated system needs more regulations. Thus, e.g., The student is not allowed to choose his university, a federal state agency decides at which university the student can get a "place" (*Studierplatz*).

<sup>9</sup> In the FRG, in 1976 (an election year), co-determination was expanded.

<sup>10</sup> Bouillon and Radnitzky, eds., 1991, p. 19, elaborated in the German version 1991, pp. 42.

<sup>11</sup> Bouillon and Radnitzky, eds., 1991, German version, pp. 43-47.

### 2.5. *The constitution and the reality*

The Constitution solemnly guarantees the freedom of science. In reality there are many taboos. Among them comparative studies of the two socialist totalitarianisms of our century. Stalin's language regulation still applies: the National Socialists Workers Party is seldom, if ever, referred to by its name, because "socialism" is good per se; politically correct it is labeled "Fascism". A historian who ventures into the field of comparative studies risks sanctions, e.g., Prof. Nolte saw his research grants stopped by the state-financed DFG. The case was amplified by the media and became widely known as the "German Historians Dispute". When the Australian philosopher Peter Singer (son of a Jewish family who fled the Third Reich in time) was invited to lecture at some German universities, the local ASTAs succeeded in disrupting his lectures (on euthanasia, etc.), because the authorities refused to protect the guaranteed freedom of science and the freedom of speech (Hegselmann and Kliemt 1989, 39).<sup>12</sup> The Rule of Law sometimes does not function in the German reality.

### 3. Prospects

Globalization has a liberating effect, it is the best means to tame the Leviathan.<sup>13</sup> The liberalizing effect also applies to the "knowledge industry".<sup>14</sup> CMC, computer-mediated-communication, networking makes possible globalization in the intellectual field, and it will "profoundly affect the way universities operate or research centers cooperate"—as Marcelo Alonso writes in "Information technology, higher education, and research" (p. 5). It makes geographical location to large extent irrelevant. The real magic of computers comes in conjunction with networks. We have witnessed an explosion of Internet traffic.<sup>15</sup> Internet and the Web (and coming technical innovations) will to a considerably extent liberate research institutes and agencies offering education from the bureaucratic regulations of the country in which they happen to be located.

It is to be expected that, also in this area, we will witness the conflict between the inescapable laws that govern technology and government regulations. The virtual community of electronically linked scientists and scholars will vastly improve the efficiency and reduce the costs of research and education (Alonso, op.cit., p. 6). Yet, it will not replace the person-to-person contact, nor diminish the value of the stimulating effect of a personal discussion with a great mind. Nor will it replace books. However, the *global interactive university*, a system of specialized intranets, will still need some *real* institution to embody it (if only for granting degrees and owing the expensive hardware). Of course, the real institutions will undergo substantial structural changes. In order to cope with the "explosion in information" the networks will have to *be highly selective* whittling away the worthless and the irrelevant.

What are its likely social effects? As a liberating tool it will be against all leveling. Differences in income and fortune are likely to increase. A level playing field is not possible with capitalism. With socialism everybody is equally poor and a few bureaucrats are in charge. Competition is also a mechanism of

<sup>12</sup> Hegselmann and Kliemt, eds., 1989. *Peter Singer in Deutschland. Eine kommentierte Dokumentation.* (Peter Singer in Germany. A documentation with comments). Duisburg.

<sup>13</sup> See, e.g., Victoria Curzon Price contribution to Bouillon, H., ed., 1996. *Libertarians and Liberalism.* Aldershot: Avebury/Ashgate.

<sup>14</sup> Already the lowering of communication costs has vastly increased the size of the "market of ideas", the pool of talents, and the resources of innovative and entrepreneurial spirit. Think of what technical progress did gain from Japan's integration into the globalized world market.

<sup>15</sup> In 1994 the worldwide telephone system transmitted about a terabit per second. In 1997 it is possible to put a terabit per second down a single fiber thread. In addition, e-mail has overwhelmed postal mail in the delivery of messages in America—part of a process called "disintermediation"—, this is what e-mail use has done to Postal Service.

selection. All this is one of the likely effects of globalization. An unresolved problem appears to be the question of property rights for the products of the individual discoverers, inventors (including the entrepreneurs), since reward in material terms, besides reward in form of an increase in the reputation among colleagues, is a key factor in motivation.

What is a likely scenario for the next future of the German university? My personal opinion is that the German university is beyond repair, because the present corporatist, socialist political climate is likely to prevail in the foreseeable future. Politicians and bureaucrats are so fond of regulations that they will do their best to regulate the global interactive networks. However, there is a good chance that they will not succeed.<sup>16</sup>

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PS A personal remark. In retrospect I would like to mention that for my intellectual life ICUSs have provided incomparably more intellectual stimulation than the German university milieu.

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<sup>16</sup> Technical progress (esp. in infotec and computers) brought down East European hard-line socialism, and it is likely to prevent for a long time to come closed systems, like the anachronistic conception and ideological monster of an EU on the way to become a "Fortress Europe".