

German program fosters excellence in universities

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FRANKFURT—Prof. Ernst-Ludwig von Thadden at the University of Mannheim gathered his colleagues recently to wait for news from the German Research Foundation, or DFG. The team hovered around a computer watching for a fateful email that would reveal if the school won funding as part of the country's €1.9 billion (\$2.4 billion) Excellence Initiative.

The group held its breath while a colleague opened the email to discover the university will receive about €6 million in extra funding over the next five years to expand the doctoral program in economics. The team popped open the sparkling wine, toasted each other on the achievement—and headed back to work.

"Too much to do," says Prof. von Thadden, who led the writing of the school's 166-page proposal for funding and is the coordinator of the graduate school of economics.

Under the proposal, the University of Mannheim will introduce a year of mandatory coursework for Ph.D. candidates to prepare them for the job of research, expand the graduate school of economics and start two new Ph.D. programs—one in business and one in social and behavioral sciences. Unlike in the U.S., where graduates of doctoral programs frequently go into academia, the Ph.D. is considered an asset in business in Germany.

By winning the additional funding, the University of Mannheim received recognition that it hosts one of Germany's best graduate schools of economics and that the school has made a solid proposal

about how to improve.

The schools of economics at Mannheim and at the University of Bonn were the only two schools to receive funding for business-related research as part of the two-phase Excellence Initiative sponsored by the federal and state governments. The universities were two of 18 to win in the "graduate school" category in phase one of the initiative, which will give each winning school more than €5 million.

An additional 17 universities won a higher level of funding for proposals to create "excellence clusters," and only three won top-level funding (about €21 million each) and the title of an "elite" university.

Most of the winners in all three categories are working on research in the natural and life sciences, so Mannheim and Bonn scored something of a coup by getting more funding for economics programs.

"If you see that there were only 18 projects that won in the first round, and two of these were in economics, then that's about 10%—a very high proportion and a positive result," says Klaus Wehrberger, the head of the collaborative-research division at the DFG, which managed the selection process. "This speaks for the quality of the proposals since we never specified which subjects would be funded."

The Excellence Initiative is part of continuing overhauls at German universities spurred by a drop in



Ernst-Ludwig von Thadden



The University of Mannheim building that houses the economics department

Germany's business competitiveness and by the country's inability to attract and retain top students and professors at its universities, most of which are state-funded. Other changes are under way within the so-called Bologna process, which is streamlining degree titles across Europe, and on the funding side. Last year, Germany's highest court decided a federal law banning tuition fees was unconstitutional because education is governed at the state level. Two states in the northern part of the country will be the first to collect fees from students.

More than anything, the Excellence Initiative has spawned a culture of competition at Germany's universities and put an official end to the notion that all schools are equal because they received equal funding.

Universities have repeatedly stressed the need for the new money to flow past the five-year term so they can hire professors for the long haul and begin longer re-

search projects. Mannheim, for instance, will hire three new professors with its award money. But, instead of giving them five-year contracts, the school is hiring them on long-term contracts in order to attract high-quality applicants—despite the risk that the money tap could be turned off.

"If you want to have long-term success with short-term money, you have to find creative methods of financing," says Prof. von Thadden.

Though €1.9 billion is being awarded to Germany's best universities, divided among many winners, the amounts to be received in Mannheim and Bonn are unlikely to catapult their economics departments into the international Ivy League. That's because some of the best universities in the U.S. have far more money at their disposal.

Many observers agree that the Excellence Initiative was a good start, but much remains to be done to improve the German university system and higher education across Europe.

Elizabeth Tapper, the spokeswoman at the European University Association, which represents universities and the national rectors' conferences, puts it like this: "An increase in funding is necessary, but more than that, it's important to see higher education funding as investment and not as 'cost.' If Europe fails to invest sufficiently now, we will pay the price for this underinvestment in the future."