

## Russian Higher Education to 2020

By Harley Balzer, Washington

### Abstract

There are few more stunning changes in global affairs than the rapid decline in Russia's standing in education, science and technology. Some of the challenges to the higher education system are common to all nations in an increasingly competitive global environment. In this competition, Russian myths about the quality of the Soviet achievement along with stifling bureaucracy and corruption are undermining the effect of increased funding. Russia also faces demographic and social challenges that make it difficult to reorient the system to meet the demands of 21<sup>st</sup> century higher education. Rather than seeking to raise the level of education for all Russians, the government appears intent on forcing citizens to pay an increasing share of the cost of public services, encouraging exacerbation of already severe economic inequalities.

### Global Challenges

All nations seeking to compete in the globalized knowledge economy face tremendous economic and social pressures. Higher education has become the equivalent of elementary education and literacy a century ago: the basic requirement for success in a modern society.<sup>1</sup> Mass tertiary education creates opportunities, but poses daunting challenges. National education systems cannot afford the cost of university education for all, resulting in fees for higher education and pressures for universities to commercialize anything that might produce revenue, especially technology.

The education systems in the growing number of nations seeking to be players in the global knowledge economy must compete with all the others for human and financial resources. Universities seek to attract the best students and faculty, along with tuition-paying students to help defray rising costs. To cope with the growing demands, universities must also compete for managerial talent able to organize the educational and research systems in effective ways. Competition for financial support results in growing reliance on development (or "advancement") professionals who often have an ambivalent relationship with the university faculty.

The global competition for human and financial resources is closely linked to the competition for status: top faculty and students, along with much state and private funding, gravitate to the institutions perceived to be the best. Identifying "the best" is a mix of self-selection by educators and researchers and a growing (competing) set of international ratings. Ranking systems intended to help students and their families make informed choices when applying to colleges have become important markers of local and national prestige, with vehement arguments about the indicators used to rate universities.<sup>2</sup> A better method of gauging

quality may be the way faculty and students in specific disciplines congregate in research communities. Particularly in the natural sciences and technology, the "creative class" has consistently favored locations where the best research and top talent can be found. The Connecticut Valley in the 19<sup>th</sup> century and Silicon Valley in the 20<sup>th</sup> are examples of dynamic innovation environments based on research, technology and industry where the culture of informal information exchange and competition created unique configurations.

### Common Solutions

Russia shares the common problems, and some of the solutions the government has adopted parallel practices elsewhere. Rapid expansion, the search for new sources of funding, and selecting a limited number of elite ("flagship") universities are common responses. The rapid expansion in student enrollments has not been matched by increases in faculty or infrastructure, a situation now common in many Latin American and European nations. Students in many countries are being asked to pay more for higher education, often resulting in protests. The alternatives to relying on tuition—private philanthropy or commercialization—have serious downsides. Private money may come with strings attached, and even endowments fluctuate over time. Commercialization requires significant investments, and raises a host of issues including intellectual property and the nature of the university's core mission. Like many nations, Russia has sought to identify a group of leading "research" and "federal" universities that receive special status and funding.

1 OECD. (1998) *Redefining Tertiary Education*, Paris: OECD.

2 Gladwell, Malcolm, (2011) "The Order of Things: What college rankings really tell us." *The New Yorker*, February 14.

[http://www.newyorker.com/reporting/2011/02/14/110214fa\\_fact\\_gladwell#ixzz1MquYDPx](http://www.newyorker.com/reporting/2011/02/14/110214fa_fact_gladwell#ixzz1MquYDPx); Wildavsky, Ben. (2010) *The Great Brain Race: How Global Universities are Reshaping the World*, Princeton and Oxford: Princeton University Press; and Salmi, Jamil. (2009) *The Challenge of Establishing World-Class Universities*, Washington, DC: IBRD/World Bank.

Russia's "research universities" were selected in two competitions, which suggests that the group includes many of the top institutions in Russia, or at least excludes weak universities.<sup>3</sup> The "federal universities" represent a reasonable solution to the problem of maintaining educational opportunities and research communities across an enormous geographic space, but they were not chosen through competitions.<sup>4</sup> Even if these are truly the best universities in their regions, they were not required to present any design for their new role prior to receiving a large infusion of funds, squandering an opportunity to incentivize creative thinking and induce change.<sup>5</sup>

The Russian Ministry of Education and Science increasingly allocates research funding on the basis of competitive grants, a change that is beginning to make peer review and competition important features of the system. Yet this remains unpopular among the older scholars who dominate administration. In one of the strangest decisions regarding the flagship university program, the infusion of funds includes significant sums for equipment, but the money may not be used to support research. Critics note that equipment purchases create opportunities for irregularities in the bidding and payment processes.

### Specific Russian Problems

Russia is like many other countries in its efforts to cope with the financial and quality dilemmas posed by mass tertiary education and the need for lifelong learning in a knowledge economy. At the same time, Russia faces a number of challenges specific to its history and traditions: a demographic situation that will see the number of secondary school graduates cut in half by 2017, threatening funding based on tuition; a sharp drop-off in quality from elite institutions to "average" institutions of higher learning (VUZy); weak partnerships with the private sector; poor quality vocational training, and competition with the Academy of Sciences for research support. Russian universities also suffer from an excessively restrictive administrative environment, high levels of fraud and corruption, and insular epistemic communities.

Russia now enrolls a larger share of its working age population in higher education than all but two other

nations, and annual admissions to VUZy have exceeded the number of secondary school graduates since 2000.<sup>6</sup> The 5% of Russia's population enrolled in higher education is double the average for OECD countries. This allowed the government to mount a campaign touting Russians as "the best-educated people in the world." Unfortunately, international tests of students' ability to use the knowledge they acquire in school and international rankings of universities do not support the claims of excellence. Expanded higher education enrollments became possible because Russia moved well beyond all European countries in the proportion of students paying for their higher education, and nearly half are enrolled in part-time (evening and correspondence) programs.<sup>7</sup> At state universities other than the flagship institutions, about 2/3 of the students are in for-fee divisions. Another 20% of Russian university students attend private institutions, and most pay for their education. Russia's demographic situation makes this model unsustainable. Already 1/3 lower than in 2006, the number of 18-year olds will decline by about 50,000 to 100,000 in each year up to 2018, when the total number in that age cohort will be half the 2006 figure.<sup>8</sup>

The economic impact of reduced enrollments is likely to be even more severe due to the large share of "informal" payments in the system. Students and their families report making significant payments for admission to and successful completion of university study.<sup>9</sup> As universities are forced to compete for students, the pressure to alter these practices will grow. At the most prestigious institutions, there may be less competition. (This may

3 Fediukin, Igor' and Isak Frumin. (2010) "Rossiiskie vuzy-flagmany (Russian Flagship VUZy)," *Pro et Contra*, Vol. 14 No. 3, May–June, pp. 19–31. In addition to the 27 institutions selected in the two competitions, two "pilot" universities were chosen as sites to test the model.

4 There are now 8 Federal Universities, plus Moscow and St. Petersburg, which retain a special status and generous federal funding.

5 Balzer, Harley. (2010) "Obuchenie innovatsiiam v Rossii i v Kitae, (Learning to Innovate in Russia and China)," *Pro et Contra*, Vol. 14 No. 3, May–June, pp. 52–71.

6 Kliachko, Tatiana. (2011) "Ekonomika vysshego obrazovaniia—smena modeli (The Economics of Higher Education—Changing Models)," *Otkrytaia ekonomika*, January 11. <http://opec.ru/134071.html>. Many of those admitted to higher education institutions are graduates of specialized secondary institutions.

7 Kliachko, "Ekonomika vysshego obrazovaniia." About 8% are in evening divisions and more than 40% in the lower-quality correspondence divisions. In this Russia has returned to the situation in the 1960s, compared to the 1970s and 1980s when more than 70% of VUZ students studied full-time.

8 Balzer, Harley. (2003) "Demography and Democracy in Russia: Human Capital Challenges to Democratic Consolidation" *Demokratizatsiya*, Vol. 11 No. 1, pp. 95–109.

9 Indem's Georgi Satarov calculated that payments for educational services total larger amounts than those for medical services. In 2010, Alexander Blankov of the Interior Ministry Department of Economic Security estimated corruption in Russian education to total \$5.5 billion. Some \$1.5 billion was spent on the admission process. (Itar-Tass, May 25, 2010). The same day, Itar-Tass quoted Viktor Panin of the Russian society for the protection of rights of educational services consumers on the prices for specific educational credentials: Secondary school certificates cost \$500; VUZ diplomas \$700–\$1,000; Kandidat degrees are priced at \$20,000 to \$50,000, while Doktor nauk credentials cost \$30,000 to \$70,000. Panin estimates that about 5,000 Doktor nauk credentials are sold annually.

explain the intensity of the competition for “flagship university” status.) The government’s policy has been to allocate significant funds to the flagship universities, which are now less dependent on paying students, and therefore less responsive to societal demands.<sup>10</sup> Other VUZy have become less attractive to students while more dependent on tuition.

Academics everywhere complain about bureaucracy, with the harshest criticism emanating from state institutions. In the U.S., administrators at a growing number of state universities have raised the possibility of “going private” to escape the tutelage of politicians and officials who provide a diminishing share of their funding but insist on strict accountability. In Russia, ministerial controls place almost impossible constraints on when funds are received, how they may be spent, and when they must be used, even if they are received near the end of the budget period. The rules make it difficult to operate research projects, and in some cases foster absurd behavior patterns.<sup>11</sup> While it is not at all unusual to demand strict accountability when public money is involved, the lack of autonomy in use of those funds leads to suboptimal results.

### Demographic Decline

As the impact of decreased enrollments is felt over the decade 2010–2020, the elite institutions are likely to be *relatively* insulated. But even at the best-funded universities, unless there are changes to ministry rules restricting the use of funds, administrators will encounter problems finding money for discretionary spending that is not included in ministry line items. The ministry and local education administrations have plans to support an additional 150 to 200 institutions across Russia that will constitute a “second tier” of post-secondary education, though many regions will find it difficult to provide adequate financing. Nearly 1,000 other VUZy, about half of them private, will compete for tuition payments from a sharply reduced pool of applicants.

In the U.S., when faced with far smaller declines in the pool of high school graduates, colleges and universities have turned to “non-traditional” students to meet their enrollment targets. Given that Russian VUZy already admit more students than the number of secondary school graduates and enroll a significant share of specialized secondary institution (SSUZ) graduates,

finding new candidates will be a daunting challenge. The problem will be exacerbated by competition with employers and the military.

In the coming decade we can expect to see continuing pressure resulting from the demographic situation. As top students and faculty concentrate at the flagship institutions, quality elsewhere will be a growing problem. Funding will be limited as the number of potential matriculants shrinks. This will be a special concern at institutions that cannot pay competitive salaries to their staff, and have closed their eyes to side payments that augment modest salaries.<sup>12</sup> The appeal of academic careers will be less if the reduced pool of students lowers faculty incomes. The alternative, increasing the size of bribes, would curtail access for lower-income students.

### Competing Internationally

Without substantial improvements in both funding and quality, Russia will continue to lose many of the most talented students and scholars. Growing global competition means that the best and the brightest have opportunities in many countries. England and Switzerland reap significant benefits from wealthy Russian students at all levels of education. Some 3 million Russians now live and work outside Russia, and the emigration of the “creative class” has become a serious concern in the scenarios for Russia’s development up to 2020.<sup>13</sup> Embracing the Bologna process will increase the opportunities to go abroad, while failure to embrace the Bologna process would further isolate the Russian academic community. The only solution to this dilemma is to find ways to compete more effectively: providing an environment attractive enough to persuade Russians educated abroad to return and to persuade foreign students to attend Russian universities. Neither the country’s political leadership nor the academic community has yet accepted the changes this competition requires.

Russian defense of national traditions and resistance to foreign competition is not unusual, though it may be extreme. German engineering schools are seeking to prevent the elimination of their engineering *diplom*, arguing that it represents a unique credential in the global marketplace. In India, a program to help alleviate the faculty shortage by allowing foreign universities to set up branches has been stymied by a demand for a \$12

10 Kliachko, “*Ekonomika vysshego obrazovaniia*.” The shift from elected to appointed rectors also makes Russian VUZy less responsive to input from outside the bureaucratic system.

11 One university rector sent nearly every faculty member on a business trip (*komandirovka*) to spend the annual funding by the ministry’s deadline. This has been described as a major stimulus program for Aeroflot and Russian Railways, but its contribution to the institution’s educational mission is questionable.

12 In a recent survey, ¼ of VUZ students admitted to having paid a bribe at least once. Bashkatova, Anastasiia, “*Vysshee korrupcionnoe obrazovanie*, (Higher Corrupted Education),” *Nezavisimaia gazeta*, May 24, 2011.

13 Starodubrovskaiia, I. V. and V. L. Glazychev. (2011). “*Real’nyi federalizm, mestnoe samoupravlenie, mezhibudzhethnaia politika* (Real federalism, local self-government, inter-budget policy),” *Tsenter sotsial’no-konservativnoi politiki*, March 24, at <http://www.cskp.ru/analytics/10902/10902/10902>.

million “deposit” before they are allowed to operate. In the wake of 9/11, stricter U. S. visa requirements curtailed the number of foreign students at American universities. Nevertheless, it is revealing that Russia enrolls about the same number of foreign students as Singapore, a city-state with a population of about 3 million.

While it will require massive changes to make Russia a magnet for the creative class, nothing genetic or cultural prevents Russians from doing well in the global knowledge economy. Some 40,000 individuals of Russian descent work in Silicon Valley; Sergey Brin was a founder of Google. If “*mentalitet*” is the problem, it is the mentality of officials at all levels for whom bureaucratic control and personal enrichment are higher priorities than a vibrant national economy. And it is the mentality of professional communities convinced that their traditions are the best and are threatened by the very competition that might allow them to prove this assertion. This is good news: Russia’s problems can be addressed through incentives, institutions and professional associations.

### Implications

What does this mean for Russian higher education in the coming decade? There will likely be fewer institu-

tions, fewer students at most of the surviving institutions, and a growing disparity between the 40 or so flagship universities and the rest. There may be a “middle range” of 100–200 universities supported by regional governments, though the quality and funding of these institutions will vary depending on the wealth and competence of local governments. The group of flagship universities is likely to expand slightly, as regions lobby to include their best institutions and new schools like Skolkovo receive priority. Significant funding will not guarantee high quality: Asian and Latin American countries spend about the same share of GDP on education, with vastly different results. If the Russian government follows through with proposals to charge fees for secondary education, it will be impossible to sustain the network of universities. Unless incentive structures are changed and the institutional climate improves, especially with regard to corruption, Russian universities will continue to lag in the global competition. And unless the economy is diversified, the best Russian graduates will continue to seek opportunities abroad.

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## ANALYSIS

# Corruption and Informal Payments in Russia’s Education System

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### Abstract

Since the collapse of the Soviet Union, corruption in Russia has increased significantly. Numerous studies suggest that petty corruption—particularly between ordinary citizens and low-ranking officials—is widespread. The education system is one public sphere where corruption seems to be endemic. Starting as a phenomenon characteristic of higher education, it is increasingly affecting secondary and even primary education. This article focuses on corruption in the educational process and provides a level-by-level overview of current corruption problems in Russia’s education system.

### Introduction

Following the collapse of the Soviet Union, Russia’s education system changed fundamentally. In addition to several positive effects, such as the abolition of ideology and introduction of knowledge-based curricula, the emergence of private education establishments and a general expansion of the higher education system, most

educational institutions faced serious problems. Among these was a significant increase in corruption.

Education corruption is not a new phenomenon in Russia. It already existed in Soviet times: In 1963 Nikita Khrushchev charged that “bribes are given ... for admission to higher educational establishments, and even for the awarding of diplomas.” However, in comparison to