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Introduction

Private Higher Education and Public Policy: A Global View

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Higher Education as a Privatizing Policy Arena

Although privatization is a powerful and multi-faceted global phenomenon in many policy fields, few have matched higher education for the scope and drama of privatization. As in some other fields, privatization in higher education occurs in two forms: one is increased privateness within the public sector and the other is growth of private sectors. It is the latter that this special issue treats.

Also, as often seen in other policy fields, higher education's privatization has been evident since roughly the last quarter of the twentieth century. In many cases, from banking to prisons to healthcare, this privatization has followed a long period of "publicization", a growth in the scope of the public sector, with increased state financing and control. The recent public to private reversal is particularly striking in fields like higher education where the belief was once dominant in much of the world that the subject matter in question was a natural public responsibility and that more than minimal private action was illegitimate; indeed that view remains wider and stronger than one might expect from the evident dimensions of higher education's privatization.

A half-century ago, and counting by legal designation, most of the world had small private sectors of higher education or none at all. The United States was the huge exception, indeed about half private in enrollment at the end of World War II, falling to below a quarter in ensuing decades, amid public growth, including that of community colleges. Today the United States is below the global average of 31.3 per cent private, though it still has the largest absolute private enrollment.¹ Asia, at 36.4 per cent private, has by far the largest raw private enrollment among the continents. This includes several countries with large majority private enrollment (Japan, Korea, Taiwan, Indonesia, and the Philippines), and Chinese private growth already makes its 20 per cent private share an enrollment giant, sure to boost the private global share still higher in the near future. But it is Latin America that has the highest private proportional share, 48.6 per cent. The private sector of higher education in both Latin America and Asia has historical roots – by 1965, 17 of 20 Latin American countries had some private higher education – but especially in Asia the absolute enrollment has exploded in recent decades.

Europe's 16.0 per cent private share is mostly the product of the post-communist private surge in the east and central part of the continent. Western Europe (outside Portugal) and developed countries of the British Commonwealth remain low in private share, even as they vigorously privatize within public institutions. But there is notable interest and private emergence in countries such as Germany and the UK. Newly independent Africa's emerging universities were almost all public. Today, almost all African countries have some private higher education, particularly in Anglophone Africa, and expectations are for further proportional growth. Other than Israel and a few "American" universities in a handful of countries, the Middle East and North Africa were without private higher education until the 1990s. Now almost every country in the region has launched private sectors, usually at the behest of government and often internationally linked.

The tremendous cross-regional coverage and growing size of private higher education, together with the variation in the extent and timing of its surge, underscores that public policy for private higher education is a matter of global importance. Indeed, public policies (or lack thereof) have played a key role in the emergence, growth, and nature of private higher education sectors. In many cases outside the United States, especially in recent decades, private enrollment growth has been mostly a response to *de facto* policies *not* to meet through public sector expansion social and economic demands for more higher education that are in turn driven by increased population and secondary school graduation and the perceived demands of contemporary economies. But, as private provision emerges and grows and touches more of the population and the interests of employers, as well as those of public higher education, governments are impelled to act. Regulations and other policy tools become more actively utilized. Although Levy has called this pattern *delayed regulation*, articles in this issue show that regulation is not the only policy tool employed.

Analysis of Public Policy and Private Higher Education

As in other areas of social policy – such as health care, social services, and primary and secondary education in many countries – higher education is a domain where, increasingly, government is readjusting its balance of control, supervision, steering, and apartness in regard to both public and private providers. This readjustment leads to dilemmas for policymakers, who may (or may not) seek to be evenhanded between the sectors, and to potentially tense and complex political dynamics as the sectors vie for influence over the policies that affect them. Public higher education interests may seek to ensure that competition from the private sector is restricted by pushing for strict controls over licensure or accreditation in the name of quality assurance. Private sector interests – although there are often variations in views among the various types and statuses of these institutions – tend to favor more "regulation by the market" and to argue that their students at least should have access to some state subsidies for higher education (e.g. grants, loans) because their enrollments reduce the burden on the state sector. Public institutions will in turn point to abuses by some lightly regulated private providers and will usually try to defend their monopoly of state subsidies. We see these dynamics illustrated in the higher education policy arena by the articles in this issue.

These articles also illustrate, to a greater or lesser degree, the use of various *policy tools* in governments' role in private higher education, and, by extension of tool impacts, of their entire higher education sectors. In the early stages of development of private higher education sectors, government policies may simply ignore them (the *laissez-faire* policy posture Zumeta refers to in this volume). Once they start formulating policies for private higher education, governments naturally turn first to basic legal authorization policies for private institutions (see Bernasconi, this volume), which in turn implies some standards for their operation, whether enforced strictly or not, and sometimes a categorization of types of institutions (as by level and scope of mission, size, etc.). Closely related then are often quality assurance policies, for a basic function of government is to protect consumers (here students) who suffer from what policy scientists call *information asymmetries* relative to providers with respect to knowledge about the quality and value of the services for which they are paying. Lane's contribution herein shows that this quality assurance function may be delegated to non-governmental bodies outside the country as when a developing country imports accredited higher education from abroad in the form of authorized branch campuses.

If private higher education output is thought to be important to a country's development strategy – or simply to access and equity considerations – the question may arise as to whether the state should subsidize the sector. As shown in this volume, direct subsidization of private institutions remains rare but indirect aid, as in student loans, is rising in practice and certainly in policy debate. Such subsidies may encourage enrollments at costs to the state well below those of supporting public sector expansion and can provide policymakers with leverage on quality, fields of emphasis, etc., within the private sector while also providing some competitive incentive to the publics. Policymakers increasingly see private higher education providers as part of their overall system of higher education and have at least some inclination to think about complementarity with the public system.

Scope and Content of the Special Issue

The special issue treats “higher education” inclusively as formal education beyond the secondary level. Thus, for example, it considers Chile's extensive private post-secondary training centers. Indeed the private sector generally has a proportionally greater presence in non-university than university institutions. Additionally, the treatment of “private” includes both nonprofit and for-profit. Many private higher education institutions are fundamentally for-profit under the cloak of nonprofit but even the subsector labeled for-profit is growing, as shown herein for the United States and cross-border cases. Brazil's 19 per cent for-profit/total higher education enrollment ratio probably gives it the world's largest for-profit sector in absolute terms after the United States.

The issue gives ample attention to the growth of private higher education and thus the shifting private–public balance. The policy focus is on public policy for private higher education, though this focus perforce carries the authors to considerations of public policy for public higher education.

In the first article Levy gives a global overview of private higher education and public policy. After first showing that the emergence and at least early growth of the

private sector usually occurs outside of any government plan, Levy examines public policy towards each major sub-type of private institution. Setting the stage for much of what follows in this volume, his analysis highlights government funding and regulation. It identifies the key policy arguments for and against more funding and regulation by each of the sub-types. Despite inter-sectoral blurring, promoted in part by government involvement in the private sector, outside the US inter-sectoral distinctiveness is usually strong. At the same time, global trends show marked signs of pluralism and Americanization.

While Bernasconi's ensuing article highlights the policy and legal framework in Chile's remarkably market-oriented higher education system, it in fact provides comparative coverage within the Latin American context, focusing on the contrasting legal bases of private and public universities across seven countries (Argentina, Bolivia, Brazil, Chile, Costa Rica, Mexico, and Uruguay), and the implications for their ongoing treatment by governments. The analysis follows an institutionalist perspective, seeing the law as a source of coercive isomorphism as it concludes that the law assigns the same comprehensive mission and has similar expectations of both private and public sectors regardless of the degree of development of the private. Yet, the law permits greater autonomy for public institutions and provides separate oversight systems even where all of higher education is governed by the same law.

Intraregional policy variation across countries is then a major theme in Marie Pachuashvili's analysis of four post-communist European countries: Hungary, Georgia, Latvia, and Lithuania. She finds considerable similarities in these countries' tax and funding policies with regard to private higher education yet substantial variation in other policies, driven largely by ethnic-religious differences and interest group influences, including those of public universities. These policy differences are associated with marked differences in private sector paths of development and enrollment.

Drawing on her PhD dissertation, the most scholarly book-length treatment of private higher education in any single country, Prachayani Praphamontripong treats the Thai case within the East Asian context. She finds that private and public higher education institutions are fundamentally under different statutory frameworks and regulations yet are under the same important government policies regarding student loans and quality assurance. Compared to private counterparts, public universities have more institutional autonomy and tend to receive preferential treatment from the government. The private sector's demand-absorbing institutions are the most vulnerable to government policies because of their own limited capacity and resources.

Jason Lane's article then carries us into previously uncharted territory in the fast-expanding cross-country networks whereby some less developed countries seek to expand higher education rapidly within their borders by reaching beyond them to import sometimes "name brand" providers from the leading countries. His paper highlights and compares the strategies of Dubai and Malaysia along these lines. Lane concludes that these two nations wish to signal to the world that they are modernizing their economies and seeking to become regional education hubs, in addition to augmenting their capacity to educate domestic students. Lane calls next for finer grained studies of the implementation dynamics of the specific policies established to achieve these goals.

Finally, Zumeta addresses the US case, where much of nonprofit private higher education has been the envy of the world but, recently, the little studied for-profit sector has been the major growth engine. In the United States, states are the primary locus of higher education policy so Zumeta examines policy variation across the 50 American states, with an eye to implications of his approach for international comparisons. He develops a taxonomy of state higher education policy *postures* composed of approaches to the use of specific policy tools such as student aid policies, direct support of private institutions (including contracting), public sector tuition pricing, information and accountability policies, and others. The postures are shown to have a plausible association with several dimensions of policy outcomes. While the empirical analysis focuses on the nonprofit sector, he suggests implications for needed studies of the booming US private, for-profit sector.

Thus, the articles in this issue bring the important arena of private higher education further into the field of comparative policy studies. Even as scholarship on public policy for higher education grew, comparative work remained rare and the higher education treated was overwhelmingly public higher education. This special issue's pieces, each largely analyzing government policy, take us beyond such restrictiveness. The articles all deal with public policy comparatively, in a variety of geographic ways (global analysis, national case or cases in regional context, cross-national, and cross-state); four continents are strongly encompassed. All the articles also show how patterns of public policy, often by inaction, increasingly by explicit action, shape not just public but private higher education. Higher education clearly emerges as a policy field in which comparative study needs to take account of inter-sectoral dimensions.

Note

1. <http://www.albany.edu/dept/eaps/prophe/data/international.html>