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The Earth is Flattening

The Globalization of Higher Education and Its Implications for Equal Opportunity

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> There is a place for the market, but the market must be kept in its place.
>
> —Okun 1975

From Taiwan to Britain, Ghana to Australia—seemingly everywhere, higher education policy is headed in the same direction. The movement to broaden access to public universities, the dominant strategy during the 1970s and 1980s, has largely been supplanted by reliance on the marketplace, not the government, to shape the contours of higher education.

In his 2005 best seller *The World Is Flat*, *New York Times* columnist Thomas Friedman celebrated the fact that globalization was fast leveling the economic playing field. The world of higher education is surely not flat—country-specific cultural norms, and economic calculations and political constraints continue to play a major role—but it is flattening. To what end?

The chapters that follow detail how this sea change has played out in economically developed and developing countries. A common set of questions animates these accounts: What are the consequences of a market-driven higher education for student access, teaching and scholarship? What is the impact on the role of the university as an equalizer of opportunity? Is the dominance of marketplace norms and forms inexorable or might governments reclaim some of the authority they have tacitly surrendered?

I [AQ: PLEASE GIVE THIS A TITLE]

During the past half century the United States has taken the lead in reforming higher education—first for the access revolution and latterly for the market revolution. The American experience offers an appropriate starting point for an international investigation.

The American approach is widely celebrated. The *Economist* (2005) describes the "American model" of higher education as setting the international gold standard. Universities elsewhere used to aspire to become their country's Oxford or Cambridge—no longer. When Melbourne University set about to transform itself and claim the status of Australia's premier university, Vice Chancellor Glyn Davis, who designed the new plan, looked to Berkeley and Michigan, America's "elite" public universities, as the template for change. When an Indian multibillionaire dreamed of establishing a world-class private university in his homeland, he wasn't thinking of Oxbridge on the Ganges but of an Indian version of Harvard.

It's hard to argue with America's success. Among the top research universities in the world, according to the widely cited Shanghai Jiao Tong University's rankings of the world's 500 best research universities, eight of the top ten and seventeen of the top twenty are located in the United States. Seven of the eleven universities in the University of California system rank in the top fifty.

The United States was the first nation to develop institutions of mass higher education. At present two-thirds of high school graduates go on to tertiary institutions. And the United States has developed multiple pathways to higher education—second and third chances—rather than using a test that's administered before secondary school to determine a students educational destiny.

The character of the American university system—better, nonsystem—has contributed to this success. As compared with much of the world governance is decentralized, with major decisions left to the campuses; together with government the nonprofit sector has a major role (and for-profit schools like Phoenix University have flourished in niche markets); and financial support comes from multiple sources, including government subsidies, tuition, research grants and contracts, and gifts. These structural elements have created opportunities for particular institutions to distinguish themselves.

Access expanded rapidly after World War II, as veterans took advantage of the G.I. Bill to earn college degrees. The research capacity of universities grew apace, as the federal government turned to universities (rather than establishing freestanding institutions or using government's internal capacity, as happened elsewhere), spending billions of dollars on research in the broadly defined domain of national security.

The California Master Plan was the exemplar. It was crafted by Clark Kerr, the first president of the University of California system and the most influential figure in higher education during the decisively important era of the 1950s and 1960s. The Master Plan guaranteed every high school graduate a place in one of California's public institutions. It created a three-tier system—community colleges, which were open to all; state colleges, which admitted students in the top third of their graduating class, and research universities, for which students graduating in the top 12 percent of their class were eligible. The regime was designed to promote student mobility—students who did well in community college were entitled to transfer to a university. Underlying this arrangement was an implicit compact between the state and the public universities. In return for assuring low tuition and substantial infusions of research funds, the state was assured of world-class teaching; a strong institutional commitment to serve the public; and, in the flagship universities, world-class research as well.

Now, however, American higher education is powered more by market forces than government direction. The demise of California's Master Plan reflects major shifts that are visible across the landscape of public higher education in the United States. In California the percent of the universities' budget that comes from the state has been steadily reduced over the past generation; tuition has tripled; the university has increasingly relied on private funds, which has eroded its commitment to serving the broader community. As California goes, so has gone the nation—and with this shift to privatization the characteristic strengths and weaknesses of the market emerge.

"Winner-take-all" competition for star faculty has greatly strengthened universities such as New York University and the University of Southern California, both of which vaulted into world-class status during the past quarter century (NYU ranks 29th, USC 47th in the Jiao Tong University rankings). At the same time, however, tenure has become a rarity. The number of professors who have no prospect of receiving tenure has ballooned in the past generation. Over 60 percent of new full-time faculty are hired for term, not tenure-ladder, appointments; and many more PhD's can secure only ill-paid, part-time positions. To the university this policy shift may make economic sense, since adjuncts are cheaper and the university is free to make short-term, rather than lifelong, investments in its faculty. But because the practice makes faculty mobility a necessity and discourages the forging of institutional commitments, it inevitably has profound effects on the character of the academic community.

Americans love rankings—top ten lists proliferate—and higher education is no exception. Ask any college president what she hopes for, and she'll likely list moving up in the rankings among her main objectives. The most influential ranking is published by the *U.S. News & World Report*; it affects everything from student enrollment and faculty recruitment to private giving. Since a school's place in the pecking order depends heavily on student selectivity, the competition for students can be fierce.

To the extent that the rankings rely on criteria that have to do with the quality of education this competition is a healthy thing. But with so much at stake universities have figured out how to "game" the system.

The most important factor in the calculation of rank is selectivity: What percent of those who apply are admitted? What percent of those who are admitted actually enroll **[AQ: edit ok?]**? In this consumerist environment students are treated as customers whose preferences are to be satisfied, rather than as acolytes whose preferences are to be formed during their undergraduate years.

Schools across the country have invested billions of dollars in lavish student apartments, sushi bars, high-tech studios for budding sports announcers, and the like. The effect is to divert scarce dollars from libraries, laboratories and other essential, though less visible, parts of the university; this diversion is particularly worrying at less prestigious institutions, some of which have mortgaged their futures in order to compete in this new market. A shift in students' expressed interest in the past thirty years—away from the liberal arts and toward the "practical arts" such as recreation management and law enforcement—has been abetted by universities' willingness to shift resources.

Competition has changed the character of financial aid. Scholarships and loans used to be awarded entirely on the basis of financial need. But in order to attract students with stronger academic records and so impress the *U.S. News* raters, more institutions are awarding scholarships on the basis of academic performance, regardless of need, through "merit" scholarships. Financial aid is also being used strategically, as a tool to maximize a school's ranking while minimizing the cost to the university. In this new equation the losers are candidates from poor families. Students from poor families have felt the pinch of skyrocketing tuition most acutely, and as the economy worsens, the possibility of their going to college becomes more remote. Confronted with the necessity of earning a living, many cannot afford to invest in their futures.

American higher education has turned into the preserve of the elite. At the 150 most selective universities 75 percent of the students come from the top income quartile, while 10 percent come from the bottom half of the socioeconomic ladder—and only 3 percent come from the bottom quartile. A student whose family income is in the top quartile with aptitude scores in the lowest quartile is as likely to go to college as a student whose family income is in the lowest quartile and whose aptitude tests are in the highest quartile. As Terry Hartle, senior vice president of the American Council of Education, bluntly concludes: "smart poor kids go to college at the same rate as stupid rich kids" (Kirp 2008).

Since the 1970s race-conscious affirmative action has given minority students new opportunities to go to college. But during the past decade, affirmative action has been under siege, from voters and judges alike. The U.S. Supreme Court severely constricted the use of race as a factor in admissions. In several states voters have passed referenda that require public universities to use colorblind admissions standards and this has eviscerated minority enrollment. After California passed an anti-affirmative action referendum, the number of black students dropped from nearly 10 percent to fewer than 3 percent at Berkeley and UCLA, the two most prestigious universities in the state system **[AQ: edit ok?]**. The impact on black males is especially devastating. Among the 7,400 freshmen at those schools, only 83 of them are black male students, half of whom have been admitted on athletic scholarships.

Other affirmative action strategies, such as using income as a proxy for race, have been attempted, with only indifferent success. Texas guarantees admission to the University of Texas and Texas A&M, its two most selective public universities, to all students who graduate in the top 10 percent of their high school class. Many Texas high schools have a predominantly minority enrollment and the aim of the policy was to boost the numbers of Hispanic and black students, but there has been less of an impact than was anticipated.

The venerable American belief in higher education as an engine of mobility underlies the 1867 federal legislation that created many state universities and the 1944 G.I. bill which enabled millions of veterans to earn degrees. But now higher education is increasingly seen not as a public good—a social benefit whose costs should mostly be borne by the taxpayers—but as a private good whose cost should mainly be the responsibility of the individuals who will reap most of the benefits. The impact of this shift, especially for poor and minority students, has been profound.

II [AQ: PLEASE GIVE THIS A TITLE]

As the United States has shifted from an opportunity-driven approach toward a market-driven strategy, other countries have followed suit. The result is a remarkable convergence—a “flattening” of the higher education universe—among developed and developing nations alike. While the particulars differ among nations, the direction of policy change is the same: the market has emerged as a powerful, sometimes dominant, factor in the policy equation.

Until the 1970s the policy differences between the United States and the rest of the world were profound. Even as the United States was moving toward a regime of mass higher education, elsewhere college remained the preserve of the elite—just 5 or 10 percent of secondary school graduates went on to further education. Universities were mostly government-financed, highly centralized and constrained by uniform rules. Hierarchies of prestige were preserved in the allocation of funds. Tuition was kept low, as were faculty salaries. Though the quality of instruction and research varied greatly, mobility was a rarity. Students were effectively a captive audience and faculty had few opportunities abroad. The main escape route was to be admitted to, or land a job at, an American university (or, for residents of British Commonwealth countries, a British university).

The dynamics underlying the worldwide transformation of higher education are familiar, since they are essentially the dynamics of globalization more generally. The catalyst has been the rise of the knowledge economy—what has been labeled the "soft revolution." Government officials came to appreciate that, if their country was going to succeed in the increasingly global and technologically sophisticated economic market, they needed to expand the number of "knowledge workers." That realization prompted sizeable public investments to expand enrollment. New universities sprouted; within a generation higher education was remade as a mass system (in South Korea and Taiwan access has become nearly universal, with college-going rates above 80 percent).

The Internet contributed to the demise of the old system by making knowledge instantly and ubiquitously accessible. It also inspired the creation of new institutions able to operate across borders. The Massachusetts Institute of Technology (MIT) put its course materials online, giving instructors across the world a benchmark against which to measure their students' skills. Online courses proliferated. Virtual universities emerged, operated either as freestanding entities or as transnational partnerships between universities or as a global web like Universitas 21.

Even as higher education was expanding, its structure was changing apace. The command-and-control model came to seem hidebound when compared with the dynamism of the market.

Here too globalization has been a driving force. As in the United States, competition for students has stiffened. A university's rank in the British government's League Tables or the *U.S. News & World Report* standings establishes its place in the pecking order; and that ranking affects its ability to attract top students, for whom an institution's prestige matters considerably. The Bologna accords have expanded students' options by opening up places to foreign students and developing common degree metrics, requiring universities to look abroad for prospective students. Several nations, most prominently Australia, have taken advantage of the new market opportunities in higher education, aggressively pursuing overseas students and (with less success) opening branch campuses in Asia.

Among elite institutions there is considerable competition for faculty, as star professors are wooed by universities halfway around the world with offers of outsized salaries and lavishly funded labs. Universities have to compete for government research funds, rather than being able, as in the past, to rely on their reputations as a guarantee of quality. Corporate-funded research, which has grown in importance, rarely fits the classic university model—long-term and basic studies whose findings are universally available. Instead, support goes to applied studies intended to yield patentable results that will improve the corporate bottom line. Universities on both sides of the Atlantic competed for a half-billion-dollar biofuels lab underwritten by British Petroleum (a Berkeley–University of Illinois consortium beat out several major British universities to win the contract).

While for most institutions this competition is national or regional, a super-league of world-class universities has emerged. From Chicago to London, Tokyo to Stockholm, these institutions measure their success by their standing in the Shanghai Jiao Tong University 500 top research universities and the (London) *Times Higher Education Supplement's* World University Global Rankings.

III [AQ: PLEASE GIVE THIS A TITLE]

The country analyses that follow cover a wide array of topics. But whether the focus is the role of private institutions or the status of ethnic minorities, the points of similarity are what stand out. In different ways the inquiries pose the same set of questions: What is the role of the market? Does higher education promote equal opportunity or is equity a sideshow in the new higher education bazaar?

Key themes recur in these analyses:

Although higher education is a mass institution—in Korea and Taiwan, more than 80 percent of high school graduates enroll in a university—students from poor families may not enjoy substantial benefits from the expansion. Ethic and economic gaps persist, both in the percentage of students who enroll in universities and in the quality of the institutions that admit them. Among European nations inequality is greatest among the former Soviet bloc countries.

The rhetoric of equality doesn't match the reality of the market. In France, for instance, higher education opportunities are highly stratified, with stratification between the *grandes ecoles* and the universities, as well as among universities.

Widening access to higher education has generated unintended negative consequences. The common intention is to expand opportunities, and improve educational outcomes. But this policy has often been poorly implemented. Many of the new students are less well prepared to meet the academic demands.

When the BA becomes nearly ubiquitous, replacing the secondary school diploma as the signifier of success, as has already happened in such countries as South Korea and Taiwan, degree deflation sets in. Students require a master's degree to distinguish themselves from their peers.

Public funding for higher education has been reduced—drastically in some countries. As compared to a decade ago, most governments provide substantially smaller per-student subsidies to universities and the percent government budgets allocated to higher education has declined.

Demands for institutional "accountability" have increased. In New Zealand, Britain and the United States, among other countries, the amount of public support is linked to such factors as the percent of enrolled students who receive degrees, the time to completion and the number of articles published in refereed journals (U.S. journals are often explicitly preferred.)

Higher education is increasingly delivered by private institutions. As subsidies to public universities have declined, private institutions, either nonprofit or more typically for-profit institutions, have filled the gap. The percentage of university students who attend these schools varies considerably. In Western Europe almost all students still go to public universities, but in Asia and Latin America as many as 90 percent of undergraduates attend nonpublic universities. The implications of privatization for the quality of instruction vary: in some countries, as in Taiwan, they are generally inferior; in others, as in Korea and India, they offer a superior education. These institutions, most of which were founded in the past two decades, do not offer the same range of courses as public universities. Instead they emphasize profitable fields like management, as in Ghana, and law, as in Israel.[1]

IV [AQ: PLEASE GIVE THIS A TITLE]

In order to survive in the face of these cutbacks, public universities have looked for alternative sources of revenue. Everywhere except in the United States higher education has historically been regarded as a public responsibility. There is little tradition of private giving, and so universities cannot (at least in the short run) rely on multibillion dollar capital campaigns

Some countries have avidly gone after the international market. In Australia, one-sixth of the students come from abroad, mainly from South Asia and East Asia; higher education is that country's third biggest export. But the higher education market can be fickle. Foreign students' concerns about the quality of instruction, coupled with the rapid growth of private, and less expensive, alternatives in the home countries, have led to steep enrollment declines in some Australian universities. The influx of international students has also generated resistance among Australian students.

In almost every country tuition has increased, but the long-standing practice of keeping tuition low has proven hard to overcome. In 2005 Britain implemented the most promising strategy to address this shortfall: universities are authorized to nearly triple tuition, to 3,000 pounds (about $5,200), while providing grants and loans to students from poor families as well as loan forgiveness to graduates who earn less than 20,000 pounds. Less happily, some Australian universities have lowered admissions standards for students who can pay the full tuition, thus permitting rich and less qualified students to enroll.

There is little tradition of reliance on industry to subsidize research, but that too is changing. The University of Trento (Italy), for example, has developed a partnership with Microsoft, a multimillion Euro arrangement that has strengthened Trento's international reputation.

In this market-driven environment, efforts to promote equity have been at best a modest success. Even the British high tuition–high loan scheme has proven problematic. While the economic theory underlying the policy is sound, the strategy can work only if the amount of student support is adequate. What's more, students from poor families—who understand short-term costs but have less familiarity with long-term benefits—may need grants rather than loans. "Information poverty" is also a deterrent, as prospective students are put off by the "sticker shock" of high tuition.

As with other equity-promoting initiatives, affirmative action policies, designed to attract minority students, have had only a limited impact. The Indian government sets formal quotas for castes and tribes that have long suffered discrimination. In New Zealand and Australia, the admissions criteria differ for applicants from indigenous communities. Israeli universities have informally adopted affirmative action plans to attract Sephardic Jews and Israeli Arabs.

However, cultural and social gaps go unaddressed or, as in the Netherlands, inadequately addressed. Minority students report that they are isolated from their classmates; and, as in France, clashes arise over such cultural totems as head-scarves. Not surprisingly, minority students are disproportionately likely to drop out of school. Resentment against what is widely seen as special treatment has stirred backlash among those who haven't benefited from affirmative action, with equity-based claims pitted against merit-based arguments. As the case studies of Hunter College (New York City) show, affirmative action battles may be a proxy for the deeper issue—the lack of adequate resources.

The institution that has done the best job of expanding access is Open University (OU). Its exemplary track record demonstrates that high-quality mass education can be delivered globally. OU admits all applicants, regardless of their educational background or test scores, and offers instruction that is both intellectually demanding and individually supportive. OU was launched four decades ago in Britain, where it is an institution; one Briton in ten has taken an OU course. The British government ranks its undergraduate education fifth in the nation—that places OU ahead of Oxford. OU has partnered with universities in Africa, Eastern Europe and Asia, and other countries have also adapted the approach. Israel's Open University enrolls one student in six; in India, 1.2 million students, one-tenth of all those in higher education, attend OU. In the equal opportunity domain this is a bright spot—a model deserving of global emulation.

V [AQ: PLEASE GIVE THIS A TITLE]

What, if anything, can be done to shift the balance, away from the increasingly dominant norms and forms of the marketplace and toward greater equality of opportunity? In 1963, Clark Kerr, the visionary who developed the California Master Plan, wrote a justly celebrated account of the new model of higher education titled *The Uses of the University*. That book is optimistic in its account of the academic city, forward-looking in its tone, but in his introduction to the fifth edition, published in 2001, Kerr sounded a pessimistic note. "University leaders have no great visions to lure them on, only the need of survival for themselves and their institutions" (Kerr 2001, 208).

What lies ahead? A glimmer of hope that equity will assume greater importance in policy calculations comes from the United States, the first country to empower the higher education market. Barack Obama has made expanding access one of his highest priorities, and in the aftermath of the 2008 election the federal government may once again treat higher education as an important public good. If there is a substantial infusion of financial aid to poor students, the balance between equal opportunity and the values of the market would once again shift—and perhaps other nations would once again follow.

This much is clear—the equal opportunity battle is lost if higher education is viewed as just another "service," like law and architecture, appropriately subject to "restraint of trade" rules under the General Agreement on Trade and Services. The challenge is to develop a persuasive argument that universities offer something of such great value that they are worth subsidizing even in the teeth of bottom-line pressures—that in certain spheres money should not be the coin of the real. To do so requires linking what Alexis de Tocqueville, in *Democracy in America*, called "enlightened self-interest" with the interest of the commonweal; linking private good with public purpose; linking a liberal arts education with the development of cultural and economic capital; and linking the acquisition of tools and credentials with the training of responsible and engaged citizens.

If this case cannot be made in a way that's convincing to politicians and taxpayers, then the university will be treated neither as an intellectual commons that generates ideas to the benefit of the society nor an engine of equity but simply as another business—and history teaches that the market is, at best, indifferent to promoting equality of opportunity.

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NOTES

1. Israel's recent experience shows the downside of the market ethos. There, the government reduced the budget for higher education by 20 percent since 2002; 400 faculty jobs have been eliminated, the equivalent of closing one of Israel's seven universities. As enrollment has grown classes have become bigger and the quality of education has declined. New private universities have opened to offer degrees in management, law and computer science. Tuition is higher than in state schools; and, because these institutions have been able to recruit top faculty by offering higher salaries, the quality of education is often better. Israel's economic success has largely been based on its human capital; now it is losing talent at a worrying rate, with a quarter of Israeli academics migrating to the United States. In protest against government cutbacks, students struck in spring 2007 and professors followed suit the following semester—to no effect.