

**PRIVATE-PUBLIC INTERFACES IN HIGHER EDUCATION DEVELOPMENT:  
TWO SECTORS IN SYNC?**

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## I. CONCEPTUAL SETTING

### Assumptions about Development

Much thinking and writing about national development has assumed or argued for the primacy of the public sector. Sometimes a single sector (public) is postulated. Sometimes dual public and private sectors are assumed, but even there the national development role has often been heavily associated with the public sector. When market economies are judged compatible with national development, the conviction has remained strong that in social arenas the core would be the public sector.

Higher education has been an outstanding example. The “Continental Model,” spread to much of the developing world through colonialism and example, is based on solely public institutions, publicly funded (Clark, 1983). Higher education’s chief functions have been conceived of as public, including the grand mission of national development. Relatively standardized structures and policies have been the rule. Many post-independence countries mobilized to build “national universities.” Most countries long had no formal private higher education (phe). This was true even where they had formidable private secondary and primary schooling.

Today, however, the private sector of higher education holds roughly 25-30 percent of total global enrollment.<sup>1</sup> Phe’s global share is thus larger than that in the United States. And it continues to grow. In higher education it is no longer reasonable to ponder higher education and development without pondering phe. This holds, for example, for the new emphasis on higher education’s role in the Knowledge Economy (World Bank, 2000, 2002).

Of course higher education is far from unique in the movement from huge public dominance to inter-sector realities. Shifting inter-sectoral realities put a changed configuration before those who have keen concern with development. The World Bank, for example, has significantly promoted forms of privatization both within and beyond higher education (World Bank, 1994, 2000). Privatization in multiple arenas itself has a large impact on privatization in higher education. In turn, the higher education privatization can nourish the broader privatization. Both to understand what is transpiring before our eyes and then to be prepared to consider policy in that light we need to understand higher education’s fresh inter-sectoral context.

### Assumptions about Inter-sectoral Interfaces

Not only when it comes to thinking about development but also when it comes to thinking about dual-sector interfaces some common assumptions are at odds with reality. Many are prescriptive notions, normative, and aimed at orienting policy. One is that a “second” sector should be essentially like the first sector.<sup>2</sup> In this connection, authors often decry public policy “discrimination” between the two and call for more “equitable” policies. A common example concerns government policy on subsidization. For private sectors to compete on a fair footing, it is said, they should be eligible for finance on a similar basis to what public sectors receive. This call usually would amount to a substantial increase in public funds for private sectors and perhaps reduction of public

funds for public sectors. Yet, as we will see, in higher education the longstanding and sharp empirical reality is that phe usually receives little or no public funds while public higher education usually relies overwhelmingly on them (Levy, 1992). Thus, prescribed change would be hefty. A corollary appears to be that more equitably treated higher education sectors are likely to cooperate better, an assertion rarely substantiated by either empirical or logical evidence. Of course the notions of inter-sectoral equity and cooperation resonate beyond higher education alone.

We might label these “friendship” oriented views. Inter-sectoral similarity and certainly cooperation carry positive connotations, including harmony.<sup>3</sup> At the same time, depictions of stark inter-sectoral differences are laden with negative connotations. This is certainly true in regard to inter-sectoral conflict. Often more implicitly, notions of inter-sectoral competition or inter-sectoral complementarity (with each sector largely doing things different from the other) are deprecated or dismissed, again rarely with evidence.

This paper is *not* a brief for inter-sectoral similarity, distinctiveness, complementarity, competition, conflict, or cooperation. It *is* an empirical overview of what the reality is and has been. Reality has no claim on what policy should be but it should impose a burden of proof on advocacy of radical inter-sectoral change. Appreciation of how far reality is from sameness and cooperation likewise raises core questions about the feasibility of change from reality to desired alternatives. This paper suggests that any major policy changes ought to start in large part from an appreciation of reality.

### Foci and Approach

And to appreciate that reality there is a special burden to produce much more knowledge and understanding about the private sector in higher education. That is, there is much more literature and information on public higher education. To study inter-sectoral relations in higher education a priority must be on building the base of knowledge about phe.

What roles does phe tend to play in development? How do these parallel or differ from those in the public sector? As it tackles such questions, this paper has the following foci. It deals with formal institutions of higher education and highlights recent trends, though in the context of established patterns. The thrust is global in scope. The paper does not for the most part deal with the substantial and very significant tendency to partly privatize public higher education. It consecutively considers the following topics: the phe surge; longitudinal trends in private-public interfaces; private types; key inter-sectoral differences; the for-profit sector; inter-sectoral partnership; conclusions.

## **II. THE GLOBAL SURGE OF PRIVATE HIGHER EDUCATION**

### From Small to Large

Although higher education has long been a predominantly public sector matter, several caveats are important. One is that public sector dominance has not always been the historical reality. Private precursors have included missionary education,

“correspondence” education, vocational education, and the like. Moreover, much higher education was historically neither public nor private in the common senses we use those terms today (Levy, 1986). Often they were what we may call “fused” private-public configurations. Then, when private and public developed strong identities and one side came to dominate it was (outside the U.S.) almost always the public side. This development was often tied to the emergence of the nation-state. Herein the Continental Model fits and was carried through colonialism to much of the world. It is important to appreciate, however, that the reality had not always been single-sector dominance, an impression produced by the strong growth of the state in the twentieth century. As critics of that impression are fond of showing, sharp public dominance is a characteristic of the relatively recent past more than a natural, always existing reality (Roth, 1987). Still, to take a snapshot circa the mid-point or three-quarter point of the last century, for example, is to see higher education as overwhelmingly public. By far the most prominent exception was the United States, which at mid-century had relatively even enrollment in its private and public sectors, though it too was en route to a heavy public majority.

Yet around that time private growth was becoming discernible in much of the world. By the 1980s it was surging. Likely to continue, the surge has been unabated to the present (Levy, 2006b). Thus, we arrive at the 25-30 percent private share of total higher education enrollment.

The revolution from small to large private enrollment is mostly a phenomenon of the developing (and “transitional”) world. The sole developed country with majority private enrollment has been Japan. If we consider South Korea and Taiwan as now developed, then they join the short list. We proceed to flesh out reality in the varied regions.

### Regional Variation

Western Europe continues to be the major site that has only very limited phe. This again is intertwined with the State-centered Continental model. Private sectors in much of the region have been appropriately described as “peripheral” (Geiger, 1986). Even there, however, recent years show some breakthroughs into dual-sector development (whereas the main public-private shift involves partial privatization of the public sector). MBAs (Masters of Business Administration) are stark examples of noteworthy private emergence (Franck & Opitz, 2006), strongly tied to broader processes of marketization and globalization. A longer standing exception is Portugal—the West European case with the highest private sector share, at 27 percent (Teixeira & Amaral, 2001), and not surprisingly the least developed country within Western Europe overall. A dramatic recent development is large-scale philanthropy by very wealthy businessmen. Italy is one site. Most startling is Germany, where the International University of Bremen is the target of a recently announced gift of a half billion dollars—a gift explicitly aimed at being a precedent for further private development.<sup>4</sup> To date, however, the largest dual-sector development in Europe has involved Central and Eastern Europe (Slantcheva & Levy, 2007). This is a post-communist phenomenon. It shows a change from the starkest extreme of uni-sectoral development.<sup>5</sup> Indeed, the region shows the most rapid surge to prominence, concentrated mostly in a five-year period from 1989 to the mid-1990s. The largest private sectors reach 30 percent. Poland is a noteworthy example, consistent with

the country's successful drive into a market economy overall. However, other countries continue to show private shares of only a few percent, and the last ten years show private proportional stagnation regionally.

The newest regional sites of sudden private development from near zero to noteworthiness are the Middle East and North Africa, joined by Sub-Saharan Africa. Space for a private surge is partly a by-product of the still very low cohort enrollments in higher education overall. There is much room to grow, as economies develop and the demand for higher education is suddenly strong. Morocco, Egypt, Syria, Jordan, and Oman (indeed much of the Gulf) are among the noteworthy examples, generally with government initiative and support.<sup>6</sup> Meanwhile, the surge in Sub-Saharan Africa (Mabizela *et al.*, forthcoming) has been a bit longer but dramatic nonetheless, more often following the typical global development pattern of an unplanned and unanticipated private surge (Levy, 2006b). Kenya and Nigeria are among the leaders, yet it appears that still no Sub-Saharan country has over 10 percent private enrollment.

Latin America has a much longer history of dual-sector development. Although private enrollments were merely about 3 percent around 1950, they soared to near 40 percent by three decades later, notwithstanding unprecedented public growth in absolute numbers (Levy, 1986). That the private share has remained fairly steady in more recent times is a telling example of where proportional stagnation should not disguise dynamic growth and development. Among the countries with larger private than public sectors are Brazil, Chile, Colombia, and the Dominican Republic. Only Cuba remains a single-sector case.

Finally, the world's largest region is the one with the largest private sectors. We refer to Asia in general and East Asia in particular. Private shares are 78 percent in South Korea, 77 in Japan, 75 in the Philippines, and 72 in Taiwan. (See Appendix 1 for data on over fifty countries). As one would expect across such a wide region there is great variation. In the moderate 30-40 percent private category are India and Malaysia respectively. Notably, countries such as China, Thailand, and Vietnam, with private shares under 15 percent are showing rapid growth.

A salient point is that the East Asian educational development model can be broadly depicted as having been based on a government priority of basic over higher education for several decades. When rapid higher education growth was undertaken, it would be left heavily to the private sector. This is a development model repeatedly praised by the World Bank as conducive to equity and rational growth. Deprecated in contrast is a Latin American path of "premature" higher education massification, predominantly based on public growth, publicly financed, allegedly denying needed public funds at the lower educational levels, for the mass of the population (Inter-American Development, 1997; World Bank, 1994).

### **III. PRIVATE TYPES (and How They Are Distinct from the Public Sector)**

To understand the shifting contours of dual-sector development we obviously must know more than overall numbers. In fact, the composition of phe varies tremendously over time and place. PHE is not one thing, and not a constant thing.<sup>7</sup> Similarly, the degree and nature of private distinctiveness from the public sector depend crucially on the types of private institutions under consideration. So does the nature of inter-sectoral relations and development. We proceed to identify the three most prominent private types.

### Culturally Pluralizing

Early manifestations of private sectors in higher education have usually been religious. In fact, “fused” private-public entities often reflected some simultaneous dominance of Church and State. And well beyond higher education alone it is common that nonprofit sectors are initially largely religious in ownership and orientation.

Within higher education, religious most often meant Catholic. Most of the clearest, most prominent, examples were from Latin America. In modern times, globally, private Catholic institutions have generally represented the reality of Catholic as some sort of minority. This could refer to minority within the religious arena where Catholic is not the major religious presence. Yet more often, as in Latin America, Catholic minority would mean that the mainstream of higher education had come to be secular, leaving even the predominant religion largely aside. This secular-religious split has marked a fundamental clash over the appropriate nature of higher education development. The secular side is quite public in orientation, with public, often national, missions, public funding, and public direction. The religious side then obviously must often be private, with more particular visions about serving segments of the population and their goals.<sup>8</sup> This targeted more than national orientation is one reason the state often proscribed religious higher education or at least confined it to subordinate, marginal, or dependent status.

A noteworthy shift involves the rather dramatic recent emergence and growth of non-Catholic religious higher education. On the one hand, there is an evangelical surge. This is clearest in regions where there is a broader surge in the evangelical population, Africa and Latin America. Indeed, the evangelical surge means not just something additional but something that confronts both the Catholic and secular development traditions. The evangelical vision is much more keenly about capitalist development, pursuit of particular self-interests, and favorable orientation to the West. On the other hand, there is a rise of Islamic higher education. Sometimes the Islamic thrust resides within public higher education, a contemporary example of fused private-public reality. In cases in which the society is not overwhelmingly Muslim, however, there is also growing Islamic phe. Too little is documented and analyzed about Islamic higher education and the development views it represents but it seems reasonable to contrast with Catholic and evangelical missions and approaches. Africa increasingly witnesses a mix of Catholic, evangelical, and Islamic subsectors, as in Kenya.

Overlapping the religious orientation is often a gender emphasis. That is, there is a particular concentration of women in religious higher education—and in phe more generally.<sup>9</sup> One factor is parental concern about conflict within the public sector or a sense of public disorder. Another is the strong association between women and certain

fields of study—generally “softer” fields that predominate within phe. In Japan, for example, this association remains strong as part of a keen emphasis that higher education should prepare “good wives” (Amano, 1997; Nagasawa, 2006) though now also more informed wives and mothers. At root, then, we are dealing with an approach that sees still largely distinctive development roles for women and men, one more traditionally and family oriented, the other more oriented to leadership in society, the economy, and politics. Predictably, such development contrasts are thinning but it is important to note that they remain.

Also overlapping the religious orientation is often an ethnic concentration. Compared to a more ethnically homogeneous population such as that in Latin America or China, the phenomenon of ethnically-based higher education is more notable in Central and Eastern Europe. Russian, German, or other minority groups, feeling discriminated against in public higher education, or simply wishing to preserve ethnic identity and traditions, sometimes form their own private institutions.

Whether the private thrust is religiously, ethnically, or gender-based, it tends to promote a partly distinctive development approach as compared to that in the public sector. The public sector approach (though arguably stronger in rationale and myth than in practice) emphasizes national unity, common purpose, and a strong, centralized, identifiable public pursuit. The private approach emphasizes particular group pursuits involving distinctive roles and places within a varied, pluralistic, development context. The private approach is thus much more compatible with inter-sectoral higher education relations that involve complementary or competitive roles, though not precluding elements of commonality or cooperation.

#### Elite Private Higher Education

Elite phe emerges where the public sector appears wanting in quality, status, job prospects, and political order. Another alternative to such public sectors is of course study abroad. The latter is often deprecated as negative for national development. The former is often deprecated as elitist, serving privileged groups, while robbing the more representative public sector of resources (human and material) essential to development—all this contributing to inequitable development. Naturally, phe defenders often seize on avoidance of national brain drain as a significant national development role for high quality phe. The main positive view regarding elite phe is that development requires leaders, and that the public sector often fails in this respect. The same holds for faculty, facilities, and efficiency and effectiveness overall.

Whichever side one inclines to regarding the role of elite phe in development, an overarching empirical reality is crucial: elite phe is a rarity. This reality is missed in large part because of attention to the quite aberrant U.S. case. The recent Shanghai identification of the world’s 200 leading universities includes only six private universities outside the U.S.<sup>10</sup> These are mostly in Western Europe, and by most criteria, including funding, are public institutions more than private ones.

So if phe is something that helps development, it cannot be said to help it much; if it hurts development, it cannot be said to hurt much. If elite higher education uniquely serves national development it is basically through public institutions. This is the case, for example, in almost all of Asia and Central and Eastern Europe.

Formidable forces make private ascendancy to the peak difficult and rare. There is the well-known Matthew Effect as the institutions with the best are best equipped to keep getting the best (Trow, 1987). This holds for students, faculty, competitive grants, and private philanthropy. Tradition has weight and so do alumni with loyalty to the alma mater. National academic bodies, including the proliferating accreditation bodies, are composed mostly of public university academics, often champions of existing academic modes. For such forces to be offset may require the emergence of significant problems within the public universities. Political disorder is one of these problems. Afflicted regions have included Latin America and increasingly Africa but not Central and Eastern Europe or the developed world. And not for the most part East Asia (China, South Korea, Taiwan), though parts of South Asia do present specters of difficulty and decline.

Latin America has been and remains the only non-U.S. region in which the best prepared and most privileged secondary school graduates disproportionately choose phe (just as the privileged entrants to secondary education disproportionately choose private schools at that level). Exceptions persevere in the lead public universities in countries of the Southern Cone, most notably Brazil. Inter-relatedly, exceptions persevere in certain fields of study, including medicine and science. In any event the elite status of leading private universities is much more about socio-economic status, first-degree education, and jobs than it is about academic breadth, full-time teaching, graduate education, and research. Weaknesses on these counts suggest a seriously limited phe role in serving national development. However, these weaknesses are increasingly being overcome at leading and broadening private institutions.

More common, increasingly, are what we can call semi-elite private universities. These institutions ascend to an intermediate standing, below the peak public universities but well above the mass of private and public institutions. Typically, then, the most privileged secondary school graduates apply to the public University of Tokyo, the University of Sao Paulo, Seoul National University, Charles University in the Czech Republic, the University of the Philippines, the University of Nairobi, and Chulalongkorn University in Thailand, but if they fail then they may well consider private as well as public second choice alternatives. Yet it would not be much of a stretch to label as elite a few private universities in a few countries. Japan's Kyoto, Waseda, and Sofia universities are examples. Perhaps the most striking national case where private shares the peak with public is South Korea, where eight of the top ten universities, as judged by research funding, are private, led by Yonsei university (Kim, 2006). A broader tendency worth ongoing attention involves initially rather modest private universities reinvesting their financial gains from fields with heavy demand (yielding substantial income) into more costly fields, facilities, and faculties.

#### Non-Elite Demand Absorbers

Much more common are non-elite private institutions—and “non-elite” is often a charitable term. This explains why “non-universities” are disproportionately common within the private sector. Examples are Poland and Malaysia where non-universities dominate the private sector, with enrollment shares constituting even more than 90 percent of the total phe enrollment.<sup>11</sup> Private non-elite growth, accelerated in recent decades, stems fundamentally from the excess of demand over supply. This demand-supply gap increases especially where the middle class grows and, worldwide, where the State is no longer able or willing to foot the bill for the great bulk of higher education. In East Asia all this is true of China, India, and Thailand, among others. Also facilitative has been a lax regulatory environment at least for some initial period of proliferation (Levy, 2006b), though this factor has been stronger for Africa and Latin America than for East Asia and the Middle East.

A key though not always clear divide within the non-elite sub-sector lies between two types of institutions. One is serious and usually responsibly job-oriented. The other is serious mostly in its pursuit of financial reward, dubiously profiting from the large demand-supply gap, and vulnerable where countries build viable licensing or accreditation systems.

The development role of the “garage” institutions is woefully limited. But the main development role of the serious non-elite institutions can be powerful: to bring comparatively unprivileged groups into the development process—a major “access” role within often highly stratified societies—and in so doing to serve the evolving and globalizing job market.

#### **IV. KEY INTER-SECTORAL DIFFERENCES: Large**

##### Empirical Evidence

Numerous core differences between public and private higher education have just been identified in the course of laying out the different types of private institutions. Clearly, the configurations of private-public differences vary according to the type of private sub-sector in question.

The main finding from a wide inter-sectoral comparison is that the two sectors tend to be quite different in quite significant respects. This is not to overlook important aspects of overlap (Levy, 1999, 2006a). Implications for inter-sectoral roles and relations then follow.

In finance the core picture remains rather clear: Phe is overwhelmingly financed by private funds (mostly tuition and fees) whereas public higher education is overwhelmingly financed by public funds. To allow for exceptions to both rules, especially and increasingly as public universities partly privatize, is not to invalidate the powerful generalization. Similarly (though less readily quantifiable), the private-public contrast in regulation and governance remains powerful. Private institutions tend to have considerably more autonomy from government, more ample ties with and more

dependence upon business or churches, and internal self-governance with much more hierarchy, and more priority on political order.

Contrasting development perspectives also emerge starkly when we compare private and public missions. Of course both sectors claim to pursue the public good but that is a claim vague enough not to illuminate much. Quite rare in contemporary public sectors, religious missions remain important within the private sector. Bringing students successfully to the job market is often a more pointed mission for the private than the public sector. The private sector tends to hold and promote more conservative political-economic-social perspectives. Critics can deprecate the private sector as status-quo-oriented whereas the sector's promoters can claim a thrust of enhancing human resources for accelerated pragmatic development.

#### Conceptualizing Inter-Sectoral Differences

Moving from the empirically based inter-sectoral contrasts we can endeavor to assert further, wider contrasts about service to development. The private role in regard to a Knowledge Economy comes basically through a dissemination function, in teaching, even (as expressed in deprecatory tones by critics) in training. A discovery function, most commonly associated with research, is much less prevalent. The public higher education sector fervently claims to pursue both these knowledge roles, though performance is spottier than claims.

The preferentially promotes particular interests, often unrelated even to one another. In effect, as already noted above, this means a kind of pluralist model of development, with little overarching vision. A market orientation is also common. In contrast, the public higher education sector typically makes a grand claim to pursuing a national development vision, a unified vision, often planned and implying a certain degree of standardization and quality. This is more of a "holistic," "harmonious," or "corporatist" vision of development and it places the State at the core (Wiarda, 2004). Accountability then logically refers to the State or the public overall, whereas for the private the accountability is more about directly serving the particular interests that are prominent at given institutions.

Some more specific and concrete, some more general and conceptual, the contrasts between private and public higher education sectors remain large. If there are to be cooperative inter-sectoral relations they are unlikely to derive fundamentally from widespread commonalities.

### **V. THE FOR-PROFIT SUB-SECTOR: An Illustration**

#### For-Profit Institutions as Epitome of PHE & Private-Public Contrasts

The bulk of our assessment of private-public differences has concerned non-profit institutions. Yet the differences are starker still if we focus on for-profit versus public. For-profits are very private and do not blur much with public higher education.<sup>12</sup>

For-profit higher education rests almost solely on private finance, overwhelmingly tuition and fees. Students and families are “buying” in the marketplace. Putting aside the quite unusual U.S. case, in which government student aid flows to any accredited institution, government funding is rare indeed. Regarding governance too, the characteristics are sharpened. Government regulations are weaker than for other higher education sectors. A prime challenge to the for-profits comes with the blossoming of accreditation agencies, which vary in the stringency of their policies. Internal rule is hierarchical, faculty power minimal, and students exert their power through the choices they make. In some cases there is centralization across units; the massive University of Phoenix is the lead case, operating on common policies and command structures (Kinser, 2006b). In regard to mission, one shared trait between the for-profit and the public sectors is, at least to date, a secular face. But heavily on the side of for-profit similarity to much nonprofit higher education is the job-market mission, with the for-profit sector orientation being sharper.

For-profits may well have less of a national mission than public universities do. The lead example of for-profit international forays is Laureate Education (formerly Sylvan), thus far especially in Latin America. But the salient mission characteristic of for-profits, again like the nonprofit privates but more sharply, is that it aims at self-interested private actors. “Development” is essentially whatever these individual pursuits add up to in their vague aggregate. Development in this sense is highly decentralized, little planned.

#### Where are the For-Profit Sectors?

Determination of where for-profit higher education already exists depends greatly on definition. This is because so many officially non-profit institutions appear to be basically for-profit. Many observers falsely construe generation of income as evidence that an institution is for-profit. The perception is especially sharp when the institutions are seen as poor in quality. But it is legitimate for non-profit organizations in any field to generate income and use it to cross-subsidize needy or targeted units that themselves may not be generators. Trickier is to determine status where institutions that are legally non-profit pass on large sums to family members and others officially on the staff, or spend money on lavish facilities. Additionally, higher education laws often do not even mention the idea of a for-profit sector and thus do not define it. In some countries for-profit institutions are classified as part of the higher education system; in others they may be classified under business law. Additionally the borderline is blurry between “higher education” and advanced training, and businesses often own their own “corporate universities” (Kinser, in press).

Whereas reliable data on nonprofit phe is often elusive, data are even more sparse and scattered when it comes to the for-profit subsector. This owes to several reasons, including the small average size of for-profit institutions.<sup>13</sup> Exceptionally, the United States has rather reliable data (Kinser, 2006a). They show a rapidly expanding sub-sector. Its share of total higher education enrollment is still only 5 percent, yet this amounts to about one-fourth of phe.

At an extreme, most phe may be for-profit, as in South Africa. Also, already cited, is the presence of Laureate especially in Latin America. In the 1990s, Brazil and Peru legalized

for-profit higher education. A major perspective was that so many legally non-profit institutions were functionally for-profit, so why not tax them as businesses?<sup>14</sup>

## **VI. INTER-SECTORAL INTERFACES: Longitudinally**

If, then, private and public sectors are often significantly different from one another, including with largely contrasting missions, how do the sectors relate with one another? Obviously, stark differences operate against the normative and policy notion that the sectors should be mostly alike, and treated alike. But this still leaves a wide array of alternatives, including conflict, complementarity, and cooperation. It is worth taking a brief look at how inter-sectoral relations have tended to evolve over time. In so doing, however, we must keep in mind that private-public relations depend to a large degree on the private sub-sector in question.

### Initial Confrontations

Hostile relations sometimes characterize the early years of private sector life. For one thing, private emergence often owes much to a view that the public sector is partly failing. This is particularly true when we consider elite private education. However, inter-sectoral belittling is much more often a tale of public belittling of private. In fact, the public sector stance has sometimes involved frank opposition. Argentina in the 1950s is a documented example, to the point of violence.

Surrender of monopoly is a dramatic change. Fear of a threat to public sector self interest is understandable. The threat can be important even where the new sector cannot aspire early on to compete for most enrollments or the high status end. Competition for average students may be real and the private sector can threaten the public sector, even if inadvertently, by offering options particularly attractive to students. Common examples have been night courses, greater provision for part-time students, fewer years of study, and greater assurances of finishing on time, without the attendant delays from political disruption. A potent challenge comes from new private institutions concentrating on fields aimed directly at the job market and thus in great demand by students. The public sector thus feels pressured to accommodate by undertaking pursuits it may not prefer to.

At the same time, the public sector also has reasons of genuine conviction, aside from mere self interest. It often regards the fresh private undertakings as unbecoming for university education. Or it finds that other undertakings are performed at very low quality levels in the private sector. Indeed a central challenge for young private sectors is legitimacy.<sup>15</sup> Regardless of policy field, the idea of privateness that is non-profit is usually not embedded in history or political culture. New private institutions are seen as businesses, a perception that is often accurate. At the same time, as in Russia, the notion of “non-State” activity, even in the economic sphere, is disagreeable to many. The use of terms like “non-state” and “non-public” in many countries is itself a reflection of wariness about private activity in the social field. Higher education becomes a striking arena in which a State-centered, State-steered, and uni-sectoral model of development clashes with a dual-sector model of development that is much more decentralized and

diffuse. The first development model assumes considerable planning and standardization, whereas the second development model rests more on uncoordinated initiatives, markets, and competition.

#### Diminished Inter-sectoral Clashes

Even at the outset of private sectors, however, outright inter-sectoral clashes may be avoided. In East Asia and the Middle East a common reality is that authoritarian government backs or even creates the private sector, leaving little reason or room for public university protest. In other cases the public university stance is rather more dismissive than highly defensive or hostile. That is, the new sector appears trivial, not terribly menacing. It is largely ignored by both public sector and State alike. This is conducive to laissez-faire or anarchic private sector development. A strong negative response, along with regulation, often arises only in delayed fashion (Levy, 2006b). The private proliferation and the eventual public hostility both signal inter-sectoral tensions.

However, other tendencies may come to make inter-sectoral tensions less raw. One is that the delayed regulations manage to weed out the worst, flimsiest, or most illegitimate of the private institutions. Accreditation initiatives compel the private institutions to follow public norms in certain respects. Additionally, with the passage of time, the idea of privateness becomes less jolting. While some of the worst visions about phe are widely confirmed, others appear at odds with what some private institutions accomplish. Students' phe choice gains credibility.

Or realization sets in that the private institutions to one extent or another emulate the public institutions. Partly they are forced to by regulations but partly they copy in order to mimic practices and structures and professional practices that are already legitimate (Levy, 2006a). This seems the safest route to adequate acceptance in the system. Where student demand exceeds institutional supply, many private institutions are happy simply to get a piece of the pie. Put another way, these conditions are conducive to inter-sectoral *parallel play*. Inter-sectoral relations are thus not fundamentally confrontational even as they are also not fundamentally cooperative. De facto tolerance is salient.

Although a degree of inter-sectoral similarity may be evident from the outset, private-public blurring often develops or intensifies over time. It would be of interest to determine how higher education compares to other inter-sectoral arenas in this respect. As noted, public sectors today partly privatize financially, private sectors sometimes lobby successfully for public funding even if not in the form of annual general subsidies, regulation over phe may increase while there is a de-regulatory thrust for the public sector, emerging accreditation systems have isomorphic effects, private zeal to insert something radically different abates, phe gains acceptance in business while business gains enhanced acceptance in national development visions, and so forth. In the United States and elsewhere, diminishing private-public distinctiveness and contentiousness may be countered by the emergence of for-profit alongside the pre-existing non-profit private sector; so far, however, the for-profit sector usually remains small (at least in legal terms).<sup>16</sup>

An additional point is that a look at formal or just institutional relations may obscure a vital reality: individuals may be moving easily between sectors. They may act simultaneously in both. This is the case for some students and is common for part-time faculty and even for the public sector's ostensibly full-time faculty.<sup>17</sup>

## **VII. PRIVATE-PUBLIC PARTNERSHIP**

### Modes of Partnering

Inter-institutional partnership is also a reality. Indeed it is a rising reality. It could merit greater attention in this paper except that its history is limited, documentation thus also limited, and generally because it is not a common feature of private-public relationship. At least that is the case if we restrict ourselves to formal relationships between institutions. We are not then ranging far afield into relationships between public universities and private industry, for example. But private-public partnership has further potential and it too is an example of where broad development options are also higher education options.

A variety of partnerships appears between higher education institutions in the developing world and the developed world. On the former end the actors are colleges or universities, on the latter end generally universities. The relationships we have in mind, the most common, are asymmetrical. That is, the developing country institution is clearly the junior partner in status and role. What it mainly provides are enrollments—and tuitions. The senior partner provides advanced academic content and quality, often in the form of participating faculty. These faculty may take term appointments in the developing countries, although the dominant form of partnership continues to be through developing country students going abroad; where study abroad is through institution-to-institution programs it may fit our notion of partnership.

Yet only when one institution is private and the partner public does the relationship fundamentally fit our subject matter, in fact only if the developing country partner is private. For traditional study abroad programs, the developing country institution is often public. For institution-to-institution programs, however, developing country partners are often private as well. The juridical status of the foreign institution matters much less; the U.S. institutions are both private and public whereas most U.K, Australian, and other institutions are public. Activity is greatest in Asia.

But the activity that best fits our concerns is intranational: a country's private institution partnering with a country's public institution. In this relationship too, asymmetry is the norm. The private partner is usually de jure or de facto a college, the public partner a university. The public partner is much more formidable academically. It typically is also much more formidable in status and resources.

What the public partner gets are enrollments and income. Or only the income is sure, for arrangements vary as to how students are enrolled and counted, and formal labeling does not always match on the ground reality. What the private partner gets are quality in

instruction and curriculum, and access to high-level resources, both faculty and physical (although real access is often a subject of contention, private partners and students complaining of severe limitations, as in South Africa). And the private partner gets a gain in legitimacy. It becomes difficult—and self-defeating—for public higher education to denounce and oppose phe. Critics charge that public universities are therein co-opted into the marketplace. As partners, private institutions enhance their chances of accreditation approval. But another problem for phe arises where the public partner charges what the private partner regards as excessive fees. Along with Chinese phe’s longstanding complaints about government over-regulation and capriciousness come now its complaints about public universities’ hefty “management fees.”<sup>18</sup>

### Prospects and National Realities

Ideally, private-public partnerships work not only for the private and public institutions. They work also for national development. This hope is partly that they provide increased access for somewhat less-privileged populations, yet do not much threaten the lead academic quality of top universities. With the expanded access comes additional income for higher education. The hope is also that the relationship, through its very asymmetry, helps private institutions grow, including in academic soundness. As there is no serious study yet of private-public institutional partnerships in more than a single country, we are left for now with the nebulous though important tentative conclusion that extant partnerships fall far short of the ideal but provide much promise. The reality and surely the future involve not one fixed partnership form. Instead, as in China, the partnerships may swiftly change from one form to another, and partnerships have taken quite different forms in different countries.

In the absence of any systematic cross-national database it is possible only to identify certain types and examples. The extremes come in two African cases. The great majority of South African phe institutions are partnered with public universities (Mabizela et al., forthcoming; Slantcheva & Levy, 2007). Ghana requires that each phe institution be partnered with a public institution. Yet this requirement has precedents of sorts in other countries. Chile’s 1980s’ opening of its higher education system to “new privates” provided for a period of supervision by basically public universities for a period of time before autonomy was achieved (Bernasconi, 2004).

India has a private college-public university history dating to 1947 national independence. However, after a time the colleges came to be both financed and regulated to the point that they in effect became public institutions. A much newer and fluid reality occurs in neighboring China. The junior partners are markedly private, at least many of the public partners quite academically advanced. The recently rapid growth of these partnerships has had a serious and negative non-partnership impact on phe: the “independent” private colleges have been marginalized, many at risk of closing. We should expect that the sprouting of varied private-public partnerships will produce unanticipated as well as anticipated impacts on phe and higher education development overall.

## VIII. CONCLUSION

Private higher education has stormed onto the scene and grown significantly in much of the world. Serious scholarship and policy-making must take note of this. Conceptions of national development must consider two sectors. Higher education rarely remains a single-sector phenomenon.

As we would expect from a large new reality, phe shows itself to be varied. Indeed it is very varied. Variation includes great change over time, differences among regions and across countries within regions, and contrasting characteristics of different types of phe. To all this we add the fact that phe has rarely developed according to a national plan laying out a dominant blueprint for forms, structures, pursuits, and policies. Diligent observers have their hands full trying to track realities. Nobody can safely predict the total shape of phe in the future, or its size. It is reasonable, however, to look to continued variation, continued growth, continued debate—and further surprises.

Variation also characterizes and will continue to characterize inter-sectoral relations. Beyond conflict, competition, complementarity, and cooperation, we can expect various mixes of these within given countries. Between bitter inter-sectoral conflict and harmonious partnership lies not just a spectrum but multiple spectra. Yet we must also recognize the strong empirical reality that there is more weight in private-public differences than similarities. Sometimes sharpening, often blurring to a degree, the differences are fundamental in several key aspects of finance, governance, and functions. A significant example of sharpening inter-sectoral differences occurs with the rise of legally for-profit institutions. This rise simultaneously means heightened phe intrasectoral variation as it sharpens inter-sectoral differences by epitomizing privateness in the private sector. The for-profit rise and other striking phe qualities of privateness also hold potential for new sorts of private-public partnerships, these perhaps epitomizing inter-sectoral complementarity and forms of cooperation. The for-profits also dramatize how phe more broadly has shaken up higher education in ways that can alter its roles in national development.

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## Appendix 1

### PROPHE Country Data Summary (2000-2005)

Country	Private % of Total HE Enrollment (Number of Private Enrollment/ Total HE Enrollment)	Year	Private % of Total HEIs (Number of PHEIs/ Total HEIs)	Year
Albania	0.2 (100/43,700)	2003	0.8 (1/12)	2003
Argentina	25.7	2001	42.9	2000
Armenia	26.6 (22,600/85,100)	2004	77.3 (68/88)	2004
Azerbaijan	14.4 (17,500/121,500)	2003	35.7 (15/42)	2003
Belarus	15.2 (58,300/383,400)	2005	21.8 (12/55)	2005
Brazil	70.8	2003	88.9	2003
Bulgaria	16.4 (39,099/237,909)	2004	30.2 (16/53)	2004
Burundi	-	-	(4)	2002
Chile	71.0 (320,744/451,872)	2000	93.3 (224/240)	2000
China	8.9	2002	39.1	2002
Congo	-	-	(4)	2000
Croatia	2.7	2003	14.2 (15/106)	2004
Czech Republic	8.9 (29,201/327,955)	2004	40.1 (95/237)	2004
Estonia	21.2 (14,370/67,760)	2004	53.2 (24/46)	2004
Ethiopia	24.0	2003	60.0	2003
Georgia	19.2 (29,400/153,300)	2003	85.2 (150/176)	2003
Germany	3.7	2003	29.5	2003
Ghana	5.8 (2,500/43,245)	2000/1	58.3 (7/12)	2000/1
Hungary	13.7 (57,559/421,520)	2004	55.1 (38/69)	2004
India	30.7 (3,219,000/10,481,000)	2005/6	42.9 (7720/17,973)	2005/6
Indonesia	71.4 (2,114,060/2,959,170)	2001	96 (1,931/2,012)	2001
Israel	11.0	2004	14.0	2004
Japan	77.1 (2,900,961/3,761,725)	2000	86.3 (4,173/4,834)	2000
Kazakhstan	46.5 (347,100/747,100)	2004	71.8 (130/181)	2004
Kenya	9.1	2000	34.2	2000

<b>Kyrgyz Republic</b>	7.2 (15,800/218,300)	2004	32.7 (16/49)	2004
<b>Latvia</b>	27.9 (36,481/130,693)	2004	35.7 (20/56)	2004
<b>Lithuania</b>	7.5 (14,379/190,701)	2004	35.4 (17/48)	2004
<b>The FYR of Macedonia</b>	8.3 (3,928/47,221)	2004	62.5 (5/8)	2004
<b>Malaysia</b>	39.1 (232,069/593,574)	2000	92.2 (642/696)	2000
<b>Mexico</b>	33.1	2003	69.1	2002
<b>Moldova</b>	20.0 (26,500/110,200)	2003	44.5 (48/108)	2003
<b>Mongolia</b>	26.0	2003	64.2	2003
<b>New Zealand</b>	8.1 (18,836/231,585)	2004	71.1 (106/149)	2004
<b>Nicaragua</b>	47.5 (65,000/136,960)	2005	52.3 (23/44)	2005
<b>Pakistan</b>	64.0	2004	17.8	2000
<b>Philippines</b>	75.0	1999	81.0	1999
<b>Poland</b>	30.3 (580,242/1,917,293)	2004	70.5 (301/427)	2004
<b>Portugal</b>	27.4	2004	64.2	2001
<b>Romania</b>	23.2 (143,904/620,785)	2003/4	54.9 (67/122)	2003/4
<b>Russia</b>	14.9 (1,024,000/6,884,000)	2004	38.2 (409/1071)	2004
<b>Senegal</b>	-	-	(3)	2000
<b>Slovak Republic</b>	4.6 (8,208/177,714)	2004	17.9 (5/28)	2004
<b>Slovenia</b>	2.9	2003	21.5	2003
<b>South Korea</b>	78.3	1994	87.0	2002
<b>Taiwan</b>	71.9	2004	65.8	2004
<b>Tanzania</b>	-	-	(11)	2000
<b>Thailand</b>	13.7 (253,605/1,850,864)	2003	45.0 (54/120)	2003
<b>Uganda</b>	-	-	(10)	2000
<b>Ukraine</b>	12.0 (237,100/2,264,767)	2003	17.6 (175/997)	2003
<b>Uruguay</b>	10.0 (9,103/90,644)	2000	42.9 (9/21)	2000
<b>USA</b>	23.2 (3,559,503/ 15,312,289)	2000	59.4 (2,484/4,182)	2000
<b>Venezuela</b>	41.3	2005	56.6	2004
<b>Vietnam</b>	10.4 (137,760/1,319,754)	2005	12.6 (29/230)	2005

Source: PROPHE Country Data Summary (December 2006), from [http://www.albany.edu/dept/eaps/prophe/data/International\\_Data/PROPHEDataSummaryDecember06.doc](http://www.albany.edu/dept/eaps/prophe/data/International_Data/PROPHEDataSummaryDecember06.doc)

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## Endnotes

<sup>1</sup> UNESCO has estimated the private share of global enrolment at 31.5 percent, as Kemal Guruz reports. The figure seems reasonable, perhaps a bit high if we want to be conservative in judging (Guruz, 2004-2005).

<sup>2</sup> Even when policy works do not directly advocate dual-sector similarity, they often emphasize “good practice” policies for higher education without drawing repeated distinctions between the sectors (World Bank, 2002).

<sup>3</sup> In fact, similarity may produce inter-sectoral tensions as the sectors have to compete on the same turf—and certainly the shift from unequal to equal treatment is often contentious, as when public sectors strongly oppose having to share public funds.

<sup>4</sup> See *The Chronicle of Higher Education*, April 7, 2006, “Italian University Thinks Globally, Battles Locally,” by Francis X. Rocca; *The New York Times*, November 8, 2006, “Billionaire's \$250 Million Donation Saves Private University in Germany,” by Mark Landler.

<sup>5</sup> Exceptions were a few marginal quasi private institutions, including Catholic universities in Poland and Hungary.

<sup>6</sup> See *PROPHE New Features*, including examples such as: “*Nigerian Private Universities Contribute to Their Society*” from <http://www.albany.edu/dept/eaps/prophe/publication/News/SummaryNigeria4.html>; “*Roles of the Private Sector in Egyptian Higher Education*” from [http://www.albany.edu/dept/eaps/prophe/publication/News/SummaryEgypt\\_AND.html](http://www.albany.edu/dept/eaps/prophe/publication/News/SummaryEgypt_AND.html); “*Saudi Government Promotion of Private Higher Education*” from <http://www.albany.edu/dept/eaps/prophe/publication/News/SummarySaudi2.html>.

<sup>7</sup> Of course public sectors also vary one to another and over time, but less so.

<sup>8</sup> PHE, especially long-standing religious phe, nonetheless often claims a national orientation and purpose; there is variation in how much the claim is genuinely advanced or basically a defensive stretch against charges of illegitimacy.

<sup>9</sup> Countries usually show higher percentages of female enrollment in private than in public sectors. Examples include most of the PROPHE countries on which an ample database has been developed, including Bulgaria 59% private vs. 56% public, Georgia 55% vs. 47%, Japan 45% vs. 39%, Mexico 52% vs. 47%, New Zealand 63% vs. 59%, Poland 62% vs. 55%, Portugal 62% vs. 54%, Russia 62% vs. 56%, and Tanzania 38% vs. 24%. (PROPHE National Data on Private Higher Education, from <http://www.albany.edu/dept/eaps/prophe/data/national.html>).

<sup>10</sup> Of course, for the developing world, even public universities are quite sparsely represented among the world’s leading universities, partly as a result of the measures used but undeniably also because of yawning quality gaps.

<sup>11</sup> See PROPHE National Data on Private Higher Education, *supra* note 9.

<sup>12</sup> For an international overview, see Kinser and Levy (2006). For a strong (and favorable) recent view on U.S. for-profit higher education see Breneman, D. W., Pusser, B., & Turner, S. E. (Eds.). (2006).

<sup>13</sup> Yet this too varies greatly and, with some 300,000 students, the University of Phoenix has been identified as the largest university in the United States.

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<sup>14</sup> A common claim of for-profit champions is that the key difference between non-profit and for-profit higher education amounts to the fact that only the latter pay full taxes (Sperling, 2000).

<sup>15</sup> A new volume takes legitimacy for new private sectors as its theme. See Slantcheva, S., & Levy, D. C. (Eds.). (2007).

<sup>16</sup> Like others, for-profits may lobby for public policies that would make them more like public institutions in some ways, less in other ways. For example, U.S. for-profits ask for increased government funding *and* decreased government regulation (See Breneman, Pusser, & Turner, *supra* note 12).

<sup>17</sup> A conceptual parallel, from a quite different field, lies in how U.S.-Mexican relations, gauged by the intensive interaction among people, is far more positive than the picture painted when analysts treat bilateral relations as a government-to-government matter.

<sup>18</sup> Both complaints have ample grounds but should be measured against a bottom-line that phe keeps expanding rapidly. Often Chinese private owners cry all the way to the bank.