

DRAFT FOR DISCUSSION – DO NOT CITE

**East Asian Private Higher Education:
Reality and Policy**

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¹ With the research assistance of Prachayani Praphamontripong

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I. SIGNIFICANCE AND CONTEXT

Numbers alone indicate that East Asian (EA) higher education (HE) and development cannot be understood without having a solid view of the region's private HE (PHE). The region's private share of total enrollment is now 38.6 percent. This places EA behind only Latin America among the world's regions, ahead of South Asia and the US and far ahead of Europe and Africa (See Figure 2 in the growth section).

Even were the EA PHE explosion only on a par with the global PHE explosion that would be impressive. As the *Peril and Promise* report notes, the global growth of PHE institutions (PHEIs) is dramatic and "seems certain to continue" (World Bank 2000). In fact, the most recent data show PHE capturing 31.3 percent of global enrollment. Yet EA surpasses even this large share achieved through phenomenal expansion. We return below to more detail and analysis of the EA private share, in cross-regional context, but suffice for now to enter our main EA PHE overview table.

Table 1: Private and Public Higher Education Shares in East Asia*

Country	Private % of Total HE Enrollment**	Year	Private % of Total HEIs***	Year
Cambodia ¹	58.0 (56,563/97,524)	2006	64.5 (40/62)	2006
China ²	19.9 (4,013,010/20,210,249)	2008	28.3 (640/2,263)	2008
Hong Kong ³	59.0 (127,256/215,637)	2007/08	54.5 (12/22)	2007/08
Indonesia ⁴	71.0 (2,392,417/3,371,156)	2007	95.5 (2,766/2,897)	2007
Japan ⁵	77.4 (2,924,022/3,776,623)	2007	89.6 (4,199/4,689)	2007
Lao PDR ⁶	32.4 (14,371/44,289)	2004/05	79.5 (31/39)	2005
Malaysia ⁷	50.9 (322,891/634,033)	2004	97.0 (559/576)	2004
Mongolia ^{a8}	26.0	2003	64.2	2003
Myanmar ⁹	0.0 (0/507,660)	2007	0.0 (0/156)	2005

North Korea ^{a10}	0.0	-	0.0	-
Philippines ¹¹	65.1 (1,589,866/2,438,855)	2005/06	89.5 (1,431/1,599)	2005
South Korea ¹²	80.0 (2,565,888/3,204,036)	2006	87.0 (280/322)	2002
Taiwan ^{a13}	71.9	2004	65.8	2004
Thailand ¹⁴	9.9 (173,007/1,750,777)	2007	47.0 (70/149)	2007
Vietnam ¹⁵	10.4 (137,760/1,319,754)	2005	12.6 (29/230)	2005

^a = Countries that are not included in our overall EA calculation due to lack of data.

* Although the data come from the most reliable sources found—usually official sources—criteria and inclusiveness both vary greatly across countries, so comparisons should be drawn only with caution. For example, the meaning of higher education, university, and tertiary education varies. In some databases, only accredited or at least licensed institutions may be counted; in others, the figures are more broadly inclusive. There are also differences in how to count enrolments and in many other respects. Further details and caveats see PROPHE’s four regional tables. Attention to such matters is keener in PROPHE’s in-depth data work on individual countries, available [online] at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

** Figures in () are for number of students enrolled in private institutions over number of total students in higher education.

*** Figures in () are for number of private institutions over total higher education institutions.

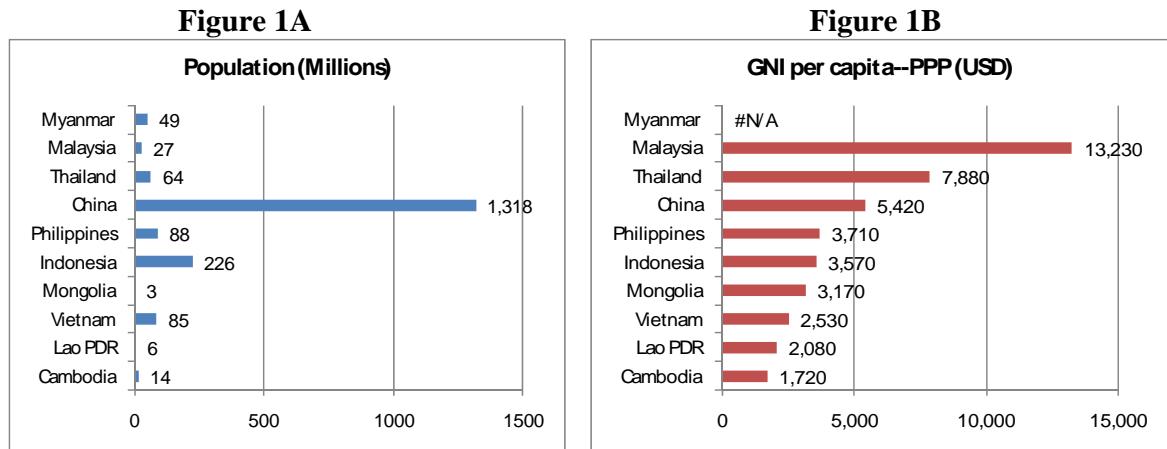
PHE growth does not occur in a vacuum. In HE, EA fits a dual global privatization: One side is the increased privateness of public sectors in finance and governance but the focus of this paper is the other side, the expanding private sector.¹⁶ Most broadly, both kinds of HE privatization usually occur as part of an overall context of market privatization going far beyond HE, as in China (Lin 1999; Nee 1992).¹⁷

In EA, as in much of the world, PHE growth is intense across a range of different systems. Regarding political regimes, this is true from vibrant democracies to dictatorships. PHE growth also occurs in the region’s largest countries and in the region’s smallest and most impoverished ones. Seen in overall global context, EA is ahead of South Asia and Africa but below Latin America and especially Europe and the US on World Bank development indicators.¹⁸

But internal regional averages can be very misleading for any region, given wide disparities across countries; this point is pertinent to EA. In PHE there is variation on how and when countries got to where they are, and on

where they are headed. Thus, we should where possible pay attention to the wide range of development levels across the EA countries.

Figure 1A-1B: Development Context: Population and GNI per Capita of Selected East Asian Countries



Source: *Regional Fact Sheet*, the World Development Indicators 2009 [online] available from http://siteresources.worldbank.org/DATASTATISTICS/Resources/eap_wdi.pdf.

Figure 1A-1B shows that countries with very small populations are Mongolia, Lao PDR, and Cambodia, mid-size Malaysia and Myanmar, large Thailand, Vietnam, and the Philippines, very large Indonesia and China—and Japan if we had it in this regional list, with South Korea mid-size. On development levels/per capita, low are Cambodia, Myanmar, Lao PDR, and Vietnam, mid Mongolia, Philippines, Indonesia, high are China, Thailand, and Malaysia and of course higher would be Japan and Korea and Singapore. In terms of gross domestic expenditure on R&D, Japan and South Korea lead, followed respectively by China, Singapore, Hong Kong, Thailand, Indonesia, and the Philippines.¹⁹

Therefore, not only the huge size of the region but its huge international variation—in HE, in PHE, and in wider development indicators—makes generalization about both PHE and wider reality difficult.²⁰ And, we will argue at several junctures, it makes general policy prescriptions perilous.

Where it advocates, this paper is largely consistent with general policy prescription explicitly advocated or implied in WB papers. Examples include differentiation, financial diversification, and PHE development. Yet the paper does not push such matters as always favorable regardless of circumstances, let alone a clash of legitimate norms. It does not, for example, buy into generalized

concepts such as “more (PHE) is better,” the identification and then advocacy of “best practice,” or the appropriateness of “equal (or “fair”) treatment” across private and public sectors.

For all its attention to cross-national variation, this paper endeavors to get beyond ad hoc examples. For its major topics—growth and size, finance, and regulation—the paper identifies common EA patterns and examples as well as policy alternatives in practice. Beyond that it identifies additional policy options, whether from within the region or from beyond, and with attention to advantages and constraints of these options. Among options, the paper sometimes advocates but at other times concentrates on laying out advantages and disadvantages, benefits and problems or constraints.

In regard to focus on particular countries, the paper limits attention to South Korea since it and Japan are donor countries, but it refers repeatedly to Japan as a common benchmark country for the region. The paper’s most ample attention goes to China, for its vast size and huge contemporary PHE expansion, with many scholars predicting a 40 percent private share by 2020, and to Thailand, lying at the other extreme of enrollment change (PHE percentage decline), largely because it is the EA country on which the most thorough scholarship has been done (Praphamontripong 2010). The Philippines and Indonesia also get repeated attention, owing to their large population and dominance in PHE share as well as to their GNI per capita; Malaysia, though smaller and lower in PHE share, likewise gets such attention. Although Hong Kong is part of China and Taiwan is usually taken as part, official data on Chinese HE always concern the mainland excluding these two entities and our treatment in the text and data follows that form. Several countries sometimes listed as EA but classified by the Bank as “South Asia” are repeatedly mentioned, especially Pakistan.²¹

II. GROWTH, SIZE, AND SHAPE

A. *Introductory Country Snapshots*

Before launching into conceptual and regional analysis, it could help to give an introductory snapshot of a few individual countries. These include our two main countries, China and Thailand, as well as Japan, Malaysia, and the Philippines.

Box 1: China Sketch

China: Late but Powerful and Private PHE

After roughly 30 years of absence under Communism, PHE began to reappear in the early 1980s, consistent with the emergence of a market economy. Great growth has been the subsequent rule. By 2008, the PHE share had reached 20 percent of the entire higher education enrollment. The share is expected to move higher in coming decades, though public higher education is also exploding in size. Government is strongly promoting growth of the private share, though some policies have varied over time and also by province. However, the government's favorable policy has mostly not been backed by public funds for PHE.

Predictably, the demand-absorbing institutions constitute the largest subsector by far and of course religious and other identity institutions are prohibited, whereas there appears to be room for some semi-elite presence. This or serious demand-absorbers are prominent among the nearly 300 accredited private institutions by 2006 (Cao 2007). That still only a minority of PHEIs are accredited reflects the conflicting aims of rapid expansion and QA. Almost all the demand-absorbers have commercialized purposes and many behave like for-profit institutions. Chinese law proscribes for-profit institutions in education but allows training institutions and also "reasonable economic return". The demand-absorbers, and thus the bulk of Chinese PHE, have low academic quality and status, low admissions standards, high student-faculty ratios, and restrictions to low-cost programs. Nevertheless, serious-demand-absorbing institutions exist, including accredited ones, and provide preparation for differentiated labor market demands. In both its functions and its finance Chinese PHE is markedly private and in governance we see usually notable hierarchy, with power at the institutional top. But also as in PHE is most of EA many PHEIs depend heavily on public university professors to teach and also emulate aspects of curriculum.

Box 2: Japan Sketch

Japan: Setting the Large and Quite Private PHE Pattern

Although many PHEs go back to before World War II, frequent upgrading to university status and huge growth came after. The influence of the American Occupation was important. Japan achieved mass higher education by the mid-1970s with a highly diversified structure including a huge private sector. Except for the Republic of Korea, no other developed country comes close to Japan's 78 percent PHE enrollments (2008). Yet Japan is now the most prominent example of PHE decline in absolute numbers (reflecting demographic realities), although the number of universities continues to increase.

Japanese PHEs display a great institutional diversity as there are family-owned colleges, various religious/ cultural institutions, corporations, nonprofit organizations, and now, experimentally, for-profit organizations. Most of the private institutions are demand-absorbing insofar as they are for mass higher education at low public expense. The demand-absorbing subsector may hold over 90 percent of the total PHE enrollment, seeing that most of Japanese PHEs are specialized training colleges. In contrast, prestigious PHEs are limited and located only in big cities such as Tokyo or Kansai. Like elsewhere, Japanese PHEs (even the leading ones) rely overwhelmingly on tuition and fees.

Private institutions (2009) account for 92.8 percent of the specialized training colleges with higher education programs and 93.1 percent of the junior colleges. Even among universities private institutions comprise 77.0 percent of the total. The huge contrast is that private institutions are only 4.7 percent of the colleges of technology. In the last 20 to 25 years, many junior colleges have been restructured into universities based on increased female student preference for co-education in 4-year institutions. Meanwhile, the number of adult students increases sharply. The national higher education plan once tried to control the enrollments in 4-year universities, junior colleges, and colleges of technology, even for private institutions. On the other hand, restrictions gradually became meaningless because the number of high school graduates has kept falling since 1991. Most junior colleges currently admit almost all applicants. Even in 4-year universities, 46.5 percent of private institutions face difficulties in attracting enough students (2009).

Box 3: Malaysia Sketch

Malaysia: Vibrant PHE Patterns

Private higher education is a relatively recent development in Malaysia. It was not until early 1980s that private institutions began to offer academic and professional programs at the tertiary level. Since then the private higher education sector has expanded rapidly with about 50 percent of the total student enrollment in the tertiary level. The rapid expansion of private higher education was accompanied by a wide range of innovative programs as well as different types of higher education institutions.

Over the years, private institutions have evolved different types of ownership, some of which are profit-oriented enterprises, while others are non-profit. The different types of private higher education institutions include colleges, university colleges, universities, open universities, virtual universities as well as foreign branch campuses. The diverse range includes programs of twinning, credit transfer, external degree, joint-degree, distance learning, and others. The PHE sector in Malaysia is dynamic and fluid in terms of both institutional and programmatic changes. Since the mid-1990s, the Malaysian government has put in place a regulatory framework to monitor and control the quality of PHE. With the continual expansion and diversification of PHE, Malaysia aims to be a regional education hub by attracting more foreign students to further their education in Malaysia.

Box 4: The Philippines Sketch

The Philippines: Fitting Regional Patterns

In most respects, the Philippines shows PHE tendencies rather common for the region. PHE is numerically dominant, with two-thirds of enrollment and nine-tenths of the HE institutions. As in Japan, U.S. influence encouraged a strong private presence.

Common to EA overall, the numerically dominant PHE sub-sector is demand-absorbing as government resources lag HE growth. This brings the usual problems of quality assurance. To address this there is private accreditation (16% of PHEIs are accredited, compared to 20% of HEI overall) and government regulation. Most HEIs offer inexpensive fields of study and claim to serve the labor market. It seems that those able to charge high tuitions are those whose graduates fare better on the labor market. Common fields are nursing, IT, and business management. The Philippines is also a strong example of where, alongside demand-absorbers, there are academic and labor-market leaders, including religious ones.

Yet also typifying EA, variation within PHE still leaves substantial basic distinctions between the private sector overall and the public sector overall. This is seen in the small average size of PHEIs, the fields of study, and governance. PHE finances come almost exclusively from student tuition, though tuitions are limited both by ability of families to pay and by regulatory limits set by government. An emerging phenomenon is the entry of business corporations into HE, with business groups taking over ownership of universities, infusing new capital, and introducing a business approach to the management. Philanthropy remains limited but not absent.

Box 5: Thailand Sketch

Thailand: Growth, Diversity, Restrictions, and Decline

Prior to the first PHE Act promulgation in 1969, PHEs in Thailand operated mainly as vocational schools under the Ministry of Education's supervision while the country allowed only limited admissions to public universities. Even when the government granted permission for private colleges and universities, its policies have been comparatively rigid for the region. Controls increased with "delayed regulation" after the unanticipated explosion of PHE. Abundant ministerial regulations and policy directives have been continuously enacted for the private sector in support to the PHE Act. Essential policies and laws affecting PHEs concern important issues such as quality assurance and accreditation, launch of new academic programs, modification of existing programs, faculty qualifications, student loans, financial management, institutional operation, etc.

While public universities had emerged fundamentally to train university graduates as civil servants, PHEs emerged mostly to absorb abundant demands for higher education. The PHE enrollment share rose from 6 to 19 percent between 1972 and 2001 and the PHE share of institutions jumped from 35 to 68.0 percent. Nevertheless, PHE enrollment share dropped to 14 percent by 2003 and 10 percent in 2007, leaving Thailand as an EA case of an unusually small PHE share. This decline results from several factors including public expansion and privatization as well as declining youth population. Nonetheless, Thai PHE remains vibrant and its internal diversity holds in tack in student composition, quality, ownership, and orientations. In institutional numbers the largest subsector is demand-absorbing, comprising over 40 small institutions, and the smallest subsector is semi-elite, with only 5 institutions. However, the semi-elite subsector holds approximately 40 percent while the demand-absorbing one holds 57 percent (perhaps 7 percent being serious demand-absorbing) and religious-/ cultural-oriented (3 percent).

B. Regional PHE Emergence

Much of PHE growth and ultimately size and shape is a function of government policy. Later and repeatedly, we will see that government policies on public HE strongly condition PHE growth and size, whether intentionally or not. We also see how government "policy" that conditions growth is sometimes little more than allowing private actors to make their own policies.

In the past, however, government policy usually was virtually determinative, sometimes explicitly so, other times de facto: no PHE allowed.²² This was common in HE in most (non-US) regions at some point. Today such policy is very rare. It is marginalized to a handful of countries globally and in

EA. Thus, at some point in country after country, government made a crucial, usually dramatic, PHE policy decision: PHE allowed.

To put the eventual arrival of EA PHE into context it is important to emphasize that HE overall usually came relatively late, partly because of comparatively low development levels. Thus, strong, venerable, large public sectors long antedating PHE were rarely reality at the time EA government would sanction PHE. This shorter gap makes for differences from what has transpired in Europe or Latin America—certainly in terms of public HE as a lobby, with status and quality advantages. Malaysia, not a unified country until 1963, had powerful PHE growth within a couple of decades. Thailand's first modern public university did not emerge until 1916 and by 1969 PHE was launched. Indonesia's modern PHE traces to 1920 and the Bandung Institute of Technology as Dutch colonizers left little HE; there were only two universities in 1950, followed soon by a public wave and then a surge of private professional schools (Sukamoto 2002; Toisuta 1987; UNESCO 2006). Even Japan began modern HE only in the late 19th century, with the Meiji Restoration, followed within few decades by PHE, accounting for half the HE enrollment by 1930, before the post-WWII private laissez-faire surge (Geiger 1986b), while post-war South Korea had great overlap in its private and public sectoral growth (Lee 1987).²³ In Cambodia, the Royal University of Phnom Penh was officially opened in 1960, as the first public university and maintained a public monopoly for over 35 years until Norton University was officially opened as the first PHEI (PHE institution).²⁴ As for Lao PDR, as late as 1996 post-secondary meant 37 public institutions, ten of which offered “higher education.” In 1996 a prime ministerial decree amalgamated the 10 institutions into the National University of Laos. PHEIs started from a prime ministerial decree in 1995 to increase the number of institutions year by year, and now 83 private colleges have been registered (Xaysomphou 2008).

As has been common globally, PHE in EA often had precursors, some preceding development of modern public sectors. Commonly both regionally and globally, these were often religiously affiliated. In South Korea Christian missionary institutions emerged in the nineteenth century and some such secondary schools were then upgraded to junior colleges and then four-year institutions (Lee 1987). Another type of precursor is found where countries sequentially have had, proscribed, and then re-allowed PHE. China had pre-revolutionary private institutions, before Communism banned PHE. The same is true of Vietnam.²⁵ Pakistan's PHE boom since the 1980s erupted a decade after that country's ban on PHE (World Bank 2006).

Nonetheless, some of the small and least developed EA countries have come only very recently to PHE. This is the case for several of what might be loosely be termed post-Communist systems, post-Communist in the Chinese rather than East European case. After the Chinese PHE breakthrough in the early 1980s, Cambodia, Lao PDR, Mongolia, and Vietnam have followed suit. Not until 1997 did a Cambodian PHEI achieve official recognition (Ford 2006). Within a few years after its first private university, 1993, Vietnam had 17, along with 5 private colleges (Loc 2002). As in Vietnam, the sudden PHE growth has been part of an overall explosion in HE enrollment, the cohort enrollment jumping from 4 to 16 percent just between 1995 and 2005. On the much higher economic development end, Singapore is also a PHE latecomer. The Singapore Management University was created in 2000, with public funds, but in 2005 was turned into a private university, followed by many private institutions. Malaysia had no PHEI until 1992 with the number skyrocketing from 156 to 632 private institutions in 2000.²⁶

Ambiguities undermine clear views of PHE emergence. Which precursors were truly “HE?” What is the private-public distinction where Malaysian HE organizations are linked to government, Chinese to government subsidiaries, or Indonesian to political parties? (Sirat 2006) On the other hand, we can add clarity to our analysis of PHE by dissecting it into its major types. We do this in the ensuing sections and then refer back to them in the subsequent discussions of finance, regulations, and policy options. Our principal PHE types are demand-absorbing, semi-elite (or high status), and religious and other identity institutions, as discussed in Table 2.

Table 2: PHE Types and Their Characteristics

PHE Type	Typical Characteristics
Semi-Elite (and perhaps Elite at the extreme)	<ul style="list-style-type: none"> - High academic and other quality and status - Socially advantaged, with high tuition - Depoliticized & economically oriented - International profile & Western-oriented - Selective in admissions policy - Serious attention to teaching - Among leading institutions nationally - High in privateness (finance, governance, and functions)
Religious and Other Identity Institutions	<ul style="list-style-type: none"> - Founded, owned, and partly sponsored by a religious or other community organization - To protect and promote group identity - Can overlap with other PHE types, including semi-elite - More religious emphasis than in other HE but often dilution over time - Religious emphasis highest in top echelons, weaker among students & faculty
Demand-Absorbing	<ul style="list-style-type: none"> - Emerges to absorb the rising demand for higher education as demand > supply and government does not finance huge expansion - Comparatively low quality and status - (Even more than other private types) focus on low-cost & high-demand fields (e.g., business administration, law, IT) - But range from “garage” institutions to “serious demanding-absorbing” with bona fide teaching & training for certain labor market fields and with legitimacy - (Largest concentration of for-profits are demand-absorbing, garage or serious, though some for-profits may approach semi-elite)

C. Demand-Absorbing Type: Numerical Dominance

Within the most widely used categorization of PHE, the “demand-absorbing” type is easily the largest in EA (Levy 2008c, 2009). What happens is that demand for HE exceeds existing supply. The demand became powerful in EA with the post-war economic development and middle class growth; demand appeared all the more explosive as it came into the historic context of such low HE cohort enrollment. In reality, the EA demand-absorption usually occurs in *both* sectors but especially the private one. As in most of the world the demand-absorbing sub-sector is the largest PHE sub-sector but this too is especially sharp in EA. The demand-absorbing sub-sector is also the fastest-growing sub-sector.

Demand-absorbing is also the basic type and dynamic for forms of PHE labeled by some other characteristic. We will consider for-profits especially in the regulation section later in the paper. Off-shore or cross-border operations often involve running units in less-developed countries, as when developed countries are in Malaysia or now when Malaysian institutions operate in Thailand and Vietnam (UNESCO 2006). As in Indonesia, so many PHEIs are “specialized schools.” The Thai case shows a powerful correlation between family-owned PHEIs and demand-absorbing (Praphamontripong 2010).²⁷ Much of Chinese PHE involves institutions for adult studies, part-time status, and “self-study” to prepare for a national exam. Most of Chinese PHE is pre-bachelor level. Though many Chinese PHEIs carry “university” in their name, there are officially no private universities (Yan forthcoming). Globally, the private share is usually higher than the public among “non-university” than university enrollment. Figures 2A-2B and 3A-3B provide data for each of the three EA countries on which we have data for PHE shares and public shares between university and non-university sectors.

Figure 2A: University vs. Non-University PHE Enrollment Year 2000

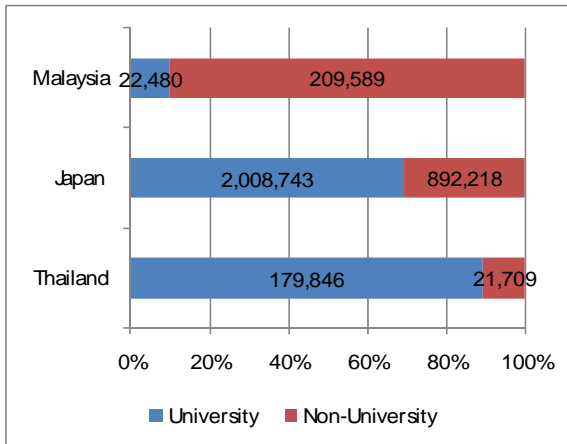
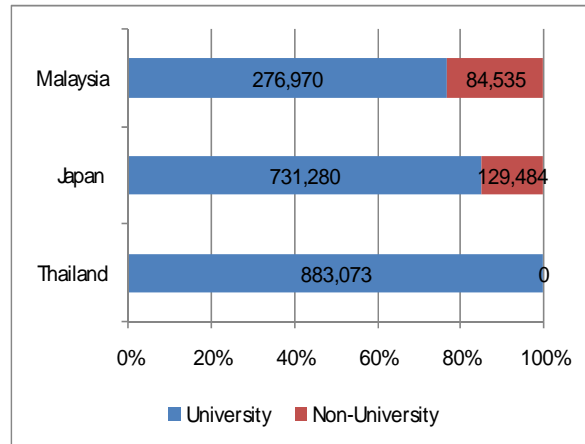


Figure 2B: University vs. Non-University Public HE Enrollment Year 2000



Source: PROPHE National Data, available [online] at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

Figure 3A: Number of Private Universities and Non-Universities Year 2000

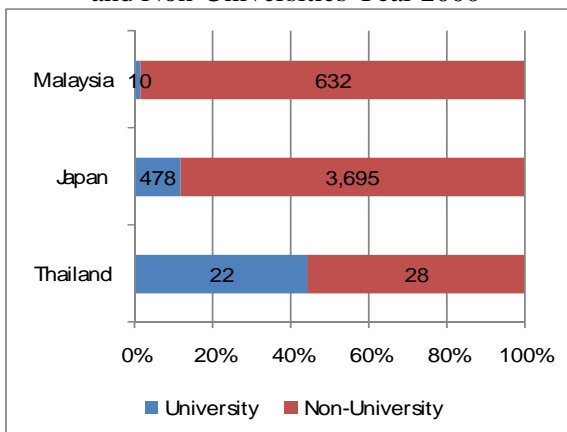
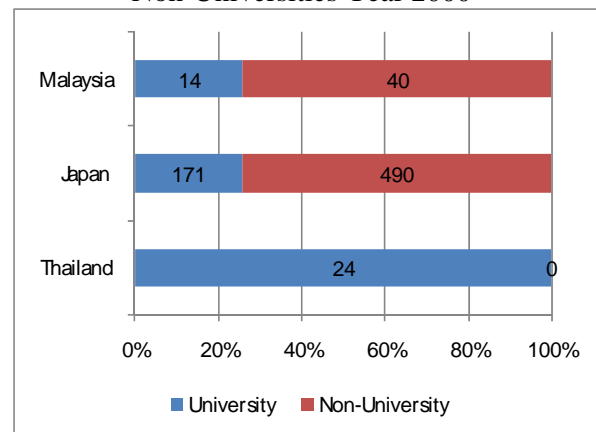


Figure 3B: Number of Public Universities and Non-Universities Year 2000



Source: PROPHE National Data, available [online] at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

For these three countries the data are mixed. Malaysia is a clear example where PHE shares in both enrollment and institutional number are dwarfed by the non-university subsector. Japan and Thailand also have considerable shares of PHEIs in the non-university subsector yet their enrollment shares are heavily in the university subsector. When compared to the public HE Malaysia again shows a clear dichotomy in HE enrollment where the private sector dominates the non-university subsector while the public sector dominates the university subsector. When considering number of institutions, both private and public sectors in Malaysia and Japan are overwhelmingly concentrated in the non-university subsector while those in Thailand concentrate in the university subsector. But PHE is always more on the non-university side than public HE is.

Elsewhere, PHE shares are larger in institutions than in enrollments (for both non-university and university subsectors). Given the reality that much of PHE is often borderline HE and certainly lower HE—globally but starkly in EA, with its demand-absorbing concentration—one could regard PHE enrollment shares as a little misleadingly high. But the basic point here is that so many types of PHE called by different names are essentially demand-absorbing and thus part of by far the largest PHE sub-sector in EA.

We noted above the brevity of the EA time gap between public and private HE emergence, but within PHE the early emergence of the demand-absorbing type is striking. In Latin America PHE growth tended to come first as a religious response to public sector secularization and then as an elite response to a massifying and socio-economically more open public sector (Levy 1986). In EA, post-war development strategy prioritized rural, primary, and then secondary education over HE in the public sector. When it came to HE growth the prime vehicle in several large EA nations would be PHE. Cummings (1997) refers to a “Japanese model,” emulated by South Korea and Taiwan and then later by Thailand, Malaysia, Singapore, and Indonesia. The Philippines also left HE to the private sector (Tan forthcoming). Until the late 1950s these policy choices—prioritizing lower education and leaving HE mostly to the non-subsidized private sector—have been repeatedly praised by development banks and economists and other scholars as equitable and efficient; in Latin America, by contrast, the ample middle-class clamored for free and rather open, non-selective, public HE and wielded considerable political influence under moderately open regimes (Castro and Levy 2000).²⁸ What has less often been noted is that the enrollment dependence on PHE meant demand-absorbing PHE right from the start (and ever since). When we analyze EA government development policy and policy choices regarding PHE, we perforce deal heavily with the demand-absorbing reality.

D. Demand-Absorption: Fields of Study and the Labor Market

Among characteristics of demand-absorbing institutions let us choose fields of study as illustrative of functioning and directly pertinent to concerns of the labor market. The fields predominating in EA’s private growth echo those found globally in PHE and especially in the demand-absorbing sub-sector (Levy 1986). Crucial is that the fields are inexpensive to offer, often in rented buildings or other venues with very limited infrastructure, generally with part-time instruction by practitioners paid by the course. There is increasing room

for more expensive fields, as with engineering and information technology in the Philippines (Valisno 2002). A key in such cases is that the labor market appears to reward students in these higher tuition fields, but, again, inexpensive fields are what most characterize the demand-absorbing growth.

In regard to the labor market, the distinction between diploma mills and serious demanding-absorbing institutions is crucial. The former take in mostly the students least prepared for HE and provide them with little help or direction. The best of the latter, in contrast, vigorously orient themselves to the labor market, including tracking job demand signals, providing ample counseling, engaging in joint initiatives with local businesses, and seeking feedback on job placements. Unfortunately for analysis data on job placements are scarce and problematic but, as the Chinese case shows, the major efforts can be documented (Cao 2007). It is fair to say that serious demand-absorbing institutions make one of PHE's major contributions to the labor market. Of course semi-elite and some other PHE status institutions have a higher share of their graduates in the most desired private-sector jobs, but taking into account the background of entering students the value added may be especially prized at the serious demand-absorbing institutions. A similar observation is valid regarding how serious demand-absorbing institutions often press into fields more expensive to offer, as long as the labor market shows demand; again, they do not match semi-elite institutions but they far surpass degree mills. At the same time we should not lose sight of the important contribution of HE to the public-sector labor market, including to significant positions in the government bureaucracy; this contribution comes mostly through the public universities. There is a contrast, far from total, of PHE for the private labor market, public HE for the public labor market.²⁹

Given that the demand-absorbing subsector is gigantic and diverse, we can broadly differentiate its institutions into those having problematic characteristics and poor quality and reputation (“garage”) and those (“serious”) showing perseverance in job training. Characteristics of serious-demand-absorbing institutions include: responsiveness to changing demands in the labor market, sometimes through innovative efforts, attraction of non-traditional students, effectiveness in management, entrepreneurial orientation, and a pursuit of legitimacy. Garage demand-absorbing institutions, in contrast, typically have characteristics such as concern for financial gain, often through quantity, focus on short-cycle labor market, emphasizing low-cost fields, all this through often shoddy means with inferior resources, lack of transparency, and

overall low quality. Box 6 exemplifies a relationship between serious-demand-absorbing PHEIs and the labor market in China and Thailand.

Box 6: Serious-Demand-Absorbing PHEIs and the Labor Market in China and Thailand

China. A number of serious-demand-absorbing PHEIs in China are accredited technical and vocational colleges that have made major efforts investing in infrastructure and equipment, enhancing curricula, establishing useful niche programs, and building bridges between graduates and employers (Cao 2007). Serious demand-absorbers include Huanghe Science and Technology College of Henan Province (HHSTU), Xi'an Fanyi (Transition) College of Shaan Xi Province (XFU), and Shanghai Gench College (GENCH). Founded in 1984, HHSTU focuses on engineering and health science with over 200 million Yuan in investment (<http://www.hhstu.edu.cn/>). XFU, founded in 1987, features a renowned pedagogy called "Program + Foreign Language" intensively training its students with their chosen foreign languages, mainly English (<http://www.xfuedu.org/newssite/>). While both HHSTU and XFU were founded by local public college professors, GENCH was established by a successful public company. The parent company invested 600 million Yuan for infrastructure, equipment, and library resources and another 30 million Yuan for laboratories and student practical skills training. GENCH utilizes its parent company business and it partners with over 100 enterprises for student practical training and job seeking.

Thailand. EA's singular country investigation of serious-demand-absorbing institutions finds that Thailand has some 5 serious-demand-absorbing institutions, flanked by 47 other demand-absorbers, with respective shares of roughly 7 percent and 50 percent of the total PHE enrollment (Praphamontripong 2010). Similar to China, several serious-demand-absorbing PHEIs in Thailand are fast-growing and successful specialized private institutions. Mahanakorn University of Technology (MUT) and Dusit Thani College (DTC) represent strong serious-demand-absorbing characteristics of trio-relationships among the institutions, owners, and their niche markets. Founded in 1996 and owned by the Royal Princess (Public) Co., Ltd. (Dusit Hotels & Resorts and Princess Hotels), DTC trains professionals in the fields of hotel management and catering to later on serve its parent company and neighboring hotel companies domestically and internationally. Likewise, MUT, established in 1990, is specialized in professional training and even applied research in engineering, science, and IT. MUT's owner is a group of former renowned professors of a prestigious public university that is itself influential in the Thai engineering and computer technology industries. MUT also partners with various government agencies.

Notwithstanding the broadening labor market profile of serious demand-absorbing institutions, the field of study orientation of demand-absorbers overall is narrow and inexpensive to offer. This is a global reality but since this sub-sector is so numerically dominant in EA, the reality is also a PHE reality, though diluted in other sub-sectors. The quintessential demand-absorbing field is business administration, with related studies in management, tourism, and the like. China's Beijing City College (formerly Haidian Zoudu University), a serious institution, lists economics and management, international studies, electronics, real estate, environmental engineering, upholstery, Chinese medicine, gardening, cooking, and nutrition and throughout emphasizes practical job training. In its "people-founded" private institutions, Vietnam had 39 percent of enrollment in business and management, followed by 13, 12, 10, and 7 respectively in computer science, technology, humanities, and law (Loc 2002). Mongolian PHE moved mostly into fields such as business management, social sciences, and traditional medicine. Philippine PHE is heavily in business administration whereas the public sector concentrates in education and teacher training (LaRocque 2002). In Thailand, most demand-absorbing PHEIs also follow the same line in business administration and some low-cost programs such as accounting, law and humanities (Praphamontripong 2008). In 2000, Japanese PHEIs had 71 percent of enrollment in soft-sciences fields including business administration, social sciences, law, humanities and education.³⁰ Although there is some difference between low-level and serious demand-absorbers in what fields are offered, the main difference are in how and how well they are offered, with what labor market results.

Market considerations largely explain the urban concentration of demand-absorbing and other PHE. There has to be an adequate supply of professors and of course of students (able to pay). On both fronts this includes many part-timers, often working elsewhere, so there must be local employment. As in China, the part-timer professors often come from local public institutions. Following the global pattern, initial and then subsequent PHE growth has come largely in cities and more developed provinces. Seventeen of Vietnam's first 22 private universities and colleges emerged Ho Chi Minh City and Hanoi (Loc 2002). Pakistan's boom since the mid 1990s concentrated more than 80 percent of enrollment in just two provinces (World Bank 2006).³¹

What do fields of study tell us about the intriguing question of privates serving as models for publics? For one thing, publics do often enter fields where PHE has concentrated. Moreover, as in Eastern Europe, Latin America, and Africa, public institutions are often pulled by competition with private

institutions or by student demand into such fields, fields they sometimes had resisted or deprecated as sub-university. But the shares of these fields generally remain much higher in the private than public sectors, for in the latter they join a greater breadth of other fields. Most notably in its demand-absorbing sector, PHE is much more characterized by a *narrow* range of fields, particularly within individual institutions. In any event, a shift in public sector fields can also arise from dynamics other than following PHEI leadership, such as the partial privatization of public universities and the broader privatization in the economy.

A policy case can be made that the extant private-public division is rational. The highly subsidized public sector undertakes the great bulk of the capital intensive fields producing public goods, leaving other fields to PHE, notably demand-absorbing PHE, where consumers bear the individual cost with a view toward adequate private rates of return (James 1987). PHE is a crucial funnel for the private labor market, public HE more for the public labor market. For the most part, governments did not plan this division; it has happened more through market forces. At least two policy implications are possible: one is that salutary outcomes may come in the absence of government steering and another is doubt about the appropriateness of pushing similar policies for both sectors. On the other hand, we will later see how the PHE demand-absorbing surge has generated great concern over quality and transparency.

E. Semi-Elite PHE Institutions

Compared to other regions, EA PHE is much less a function of types of PHE other than demand-absorbing. There is arguably no elite PHE. This is an unexceptional reality, as elite PHE is quite uncommon outside the US.³²

However, like much of the world, EA shows a rise in “semi-elite” private universities (Levy 2008b). These institutions, while not world-class in rankings or research, are high status institutions within their countries. They often compete with good public universities below the academic peak. They also sometimes compete with top-tier public universities in certain niche fields, above all business. They may also compete with the elite public universities in attractiveness to top entering students for their claim of paying more serious attention to teaching, while lacking the research capacity of top public universities.³³

We have already noted the typically greater breadth of fields of study in semi-elite over demand-absorbing institutions, even though even the semi-elite institutions are mostly in inexpensive fields. We have also noted the higher level labor market attainments for the semi-elite institutions. Indeed the semi-elite institutions can offer tough labor market competition to the public institutions and, being entrepreneurial, can take the lead in innovative fields and fashion innovative partnerships and other ties with the business world, both nationally and internationally. As is Malaysia, students have been happy where PHEIs have pioneered in job-relevant fields, especially English, not otherwise available and some reports indicate a private edge in job placement (Orbeta Jr. 2008; Yilmaz forthcoming).

Without insisting here on the semi-elite label, we insist that there are academically leading PHEIs in EA, towering above most of the private sector and sometimes even most of the public sector, though almost never matching the public-sector pinnacle. Leading the way for EA PHE is South Korea, which has equal representation of private and public in the top ten ranked and has a strong presence in research and the sciences. Japan's private sector is academically led by Waseda and Keio. The Philippines has its Ateneo de Manila, La Salle, and Santo Tomas (LaRocque 2002), Indonesia Santa Dharma, Malaysia some foreign branches such as Monash, Vietnam the Phang Dong university. Thailand appears to be a regional exception in having as much as 40 percent of PHE enrollment in the semi-elite sub-sector; the 5 semi-elite universities are individually much larger than the country's demand-absorbing institutions (Praphamontripong 2010). They aim to produce graduates for the business and technologically related industries networking with them. All Thai semi-elite universities are comprehensive in their programs offered but originally emphasizing business-related fields according to their business elite founders. Such semi-elite examples notwithstanding, there is a considerable private-public gap on average in conventional academic quality in EA. But, coupled with reality of poor quality in much of public HE, the leading PHEIs underscore the range of quality intra-sectorally.

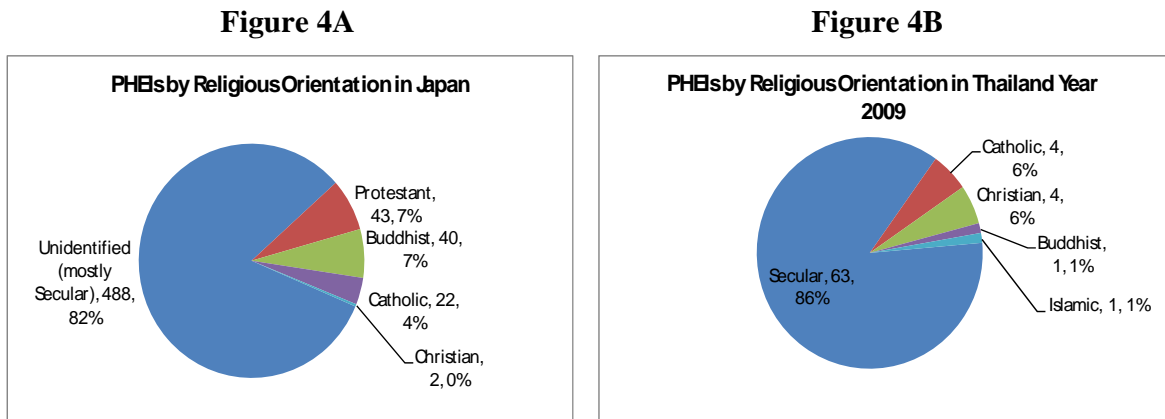
In contrast to EA, South Asian PHE semi-elite or leading PHEIs are prominent enough to sit atop their HE systems or at least share with public universities the apex in some fields and activities. Examples include India's Birla Institute of Technology and Science, the North-South University in Bangladesh (Hopper 1998) and the Aga Khan and Lahore University of Management Sciences (which started as a small management college) in Pakistan, and even some universities in Sri Lanka and Nepal (Agarwal 2008;

World Bank 2006). Such reality in South Asia points to a major pre-requisite so prominent in Latin America and Africa to have semi-elite leadership: a view of public deterioration or poor performance, sometimes through political conflict or inefficiency (Levy 1986; Otieno and Levy 2007). Such public problems have been comparatively limited in much of EA (though there is some in countries such as Indonesia and the Philippines). Where the public sector suffers, semi-elite may have opportunities to compete at the pinnacle, notably so regarding the labor market.

F. Religious and Other Identity Institutions

Much longer roots are found in religious institutions. The enormous variation across countries is evident here. Chinese law prohibits any religious education. That is a great rarity in EA and, among countries that allow PHE, globally. Catholic institutions are part of PHE reality in the Philippines, South Korea, and Japan, and increasingly in Indonesia but with few in Thailand and Taiwan, and none in Hong Kong, Malaysia, and Singapore (Gonzales 1996). Japan and Thailand show diversity within the religious sub-sector, as seen in Figure 4A and 4B. Japan's data are for universities whereas Thailand's include all PHEIs; also, the comparisons are in regard to number of PHEIs, not enrollment shares.³⁴

Figure 4A-4B: PHEIs by Religious Orientation in Japan and Thailand



As in other parts of the world and as is often the case for nonprofit private institutions, religious institutions may pioneer. Asia's oldest university is the Philippines' Catholic University, which became Pontifical in 1902.³⁵ Indonesia's first private university was the Universitas Islam Indonesia

(Sukamoto 2002). South Korea's Yonsei University and Sogang University emerged early as well. Yonsei, a Christian private research university, was established in 1885 whereas Sogang, a Catholic research university, was founded in 1960. In Thailand, most Christian and Catholic PHEs are old whereas Islam, Buddhist, and cultural institutions are recent (Praphamontripong 2010).

However, echoing the Latin American case, Catholic PHE can become diluted. Among the members of the 1992-formed Association of South Eastern and East Asian Catholic Universities, most other than in the Philippines have majority non-Catholic staff and students (Ross 1995). Sometimes Protestant PHE has taken up some of the religious slack but the big contrast to Latin America, instead showing more parallel to Africa, is the presence of Islamic institutions. Yet here there is a twist: only some EA Islamic universities are private. Indonesian Islamic institutions are divided into private and public, with few observers aware of the distinction. Fifteen percent of the country's enrollment is in Islamic institutions (Buchori and Malik 2004). The Malay International Islamic University, which aspires to be a world leader, is public. The phenomenon of public Islamic institutions is naturally most known in the Middle East. At any rate, the Islamic social resurgence gives potential for further Islamic PHE in EA. Still, it is non-sectarian institutions that have most surged in EA; they comprise over 70 percent of Philippine PHE institutions (LaRocque 2002).

Sometimes overlapping with religion is ethnically-based PHE. This may come from private voluntary action to protect or promote group identity. More of a push dynamic occurs where the public sector restricts access for a minority group. In Malaysia the enrollment in PHE is mostly Chinese and other non-Muslim (and 79 percent of private secondary school students are ethnic Chinese, 7 percent Indian, and just 8 percent Bumiputera), whereas most of the public HE enrollment is Bumiputera, given preferential policies for the Bumiputera population (Lee 1999). Indonesia has also seen public ethnic quotas. Another defensive reaction comes when other ethnic groups have created their own universities, as with Christian and Muslim groups in India leading to Hindi PHEs. Along the ethnic continuum, Thailand shows several cultural-oriented PHEs emerging in the late 1990s, e.g., Arsom Silp Institute and the Thai-Nichi Institute of Technology. They focus on particular values, such as artistic and cultural development as well as languages (English and Japanese).

A different variant of group distinctiveness is found in private colleges for women. EA may have the largest global concentrations of such colleges. As in Japan and Korea these too can be institutions of social traditionalism (Purcell, Helms, and Rumbley 2005). Indeed, most of Japanese junior college institutions are women's.³⁶ However, there are examples of women's colleges in the public sector, as in Pakistan's Women's University.

Many dynamics of EA growth echo those found in other regions. Most important is the numerical weight of demand-absorbing PHE. But in EA that weight is especially strong and has come usually from near the inception of PHE. There is thus a disproportionately low share of other PHE types. This mix has ramifications seen below in finance and regulation.

Notwithstanding that EA PHE is mostly demand-absorbing there is in fact a variety of PHE types. Added to the reality that even demand-absorbing is not a homogeneous grouping, there is reason to be wary of one-size-fits-all government policy for PHE. Yet to try to tailor multiple policies for each different type of PHE is excessive, complex, and difficult to implement.

G. Government Policy on Growth and Size

As noted above, the EA educational development strategy often postponed large HE growth overall and then funneled it preferentially to the private sector (after a policy decision to allow a private sector to exist). In no other region have governments' private sector preferences been as palpable or explicit, at least until Middle Eastern governments have pushed for PHE creation in the new century. To be sure, EA governments have sometimes been caught unaware by PHE growth and been wary of it, but less so than in other regions (Levy 2006). EA is where the government has been most directly responsible for PHE growth.³⁷ Therefore, even if one argued for more pro-private policy in other regions it would not necessarily follow that the same should hold for EA.

Although EA government policy has been mostly pro-private as far as enrollment expansion, this reality should be kept in perspective. EA government often allows or actually promotes public expansion, even unprecedented mass public expansion. The point is that government generally restricts that expansion to far under the soaring demand. Governments (and often development banks) routinely speak of the objective lack of public funds

but the policy line blurs between what is impossible and what is undesirable. Some countries allow more public expansion than do others. Within the same country, policies shift under consecutive governments. So how much to expand the public sector is a policy *choice* and one that affects private growth.

One basic policy argument against relying on the private sector for mass expansion is that education is a public good and responsibility. Other arguments echo the common critiques of demand-absorbing PHE with regard to quality, fraud, profits, transparency, and inequity. On the other side, the main argument for relying on the private sector for mass expansion is that it is financially feasible, thus making rapidly expanding access a reality rather than just a proclamation. The charges against demand-absorbing PHE are countered with proposals to improve matters and by charges against public demand-absorption. Also, mass expansion through PHE can protect the academic integrity of public universities.

EA government promotion following the demand-absorbing logic of encouraging more private supply to meet soaring demand can be illustrated in many countries. This includes even Thailand (Kulachol 1995), where the present and even the historic peak private shares are strikingly low for the region. Private demand-absorption has been clearer in connection to lax regulatory growth policy in the Philippines and Indonesia. The Philippine 1987 constitution gives exemption from all taxes for schools that are not for profit; this is a more extensive tax exemption than previously existed. Vietnam had the access concern coupled with concern to provide skilled workers for the market economy, and stressed vocational skills. It set a goal of HE being 40 percent private by 2020, though its earlier goal of 30 percent by 2010 stalled (World Bank 2009c).

China illustrates pertinent caveats but within a government pro-PHE promotional stance, as presented in Box 7. As in Vietnam, wariness about things “private” in the social sphere, has led to waffling terms like non-public, minban, people-run, and social forces run; “private” has sometimes implied “for profit,” generating government restrictions. Threats and ambiguities, also in provincial and local government policies, have reflected ambivalence and kept a cloud over PHEIs. But ever since Deng Xiaoping’s “walk with two legs” policy, government has been mostly promotional of the private sector. By 1994 it officially “encouraged” private growth, a stance reinforced in 1999. Government has set goals for growing private shares, invited money from

abroad and Hong Kong, granted visibly legitimizing meetings, and is presently working on a long-term plan for PHE.³⁸

Box 7: China's PHE Growth

Precursors:

- 2500 year history of private education
- Until 20th century most education was private
- At time of Communist revolution >40% of PHEs were private
- Many were Christian or women's colleges
- Some old institutions re-emerged in the Explosion

Explosion:

- Since 1978 or early 1980s
- Especially in big cities, where wealth accumulating, and public HEIs make for a supply of professors and administrators, even partnerships
- Reflecting changed economic model and emerging middle class with ability and willingness to pay for their HE
- And new zeal to make money (by students, families, institutional entrepreneurs, facilitating government officials)
- surge of typical global PHE fields and demands of new market economy, e.g., finance, accounting (Cao 2007)
- Demand also fueled by quest for social legitimacy
- Demand far outstrips extant public supply
- Even more demand-absorbing than in global PHE
- Some elite private schools aspire to build HE counterparts and extend their change
- Varied and evolving partnerships between private colleges and public universities

Promotional Government Policy:

- Contributing to many scholars' prediction of 40 percent private share by 2020
- Invitation for foreign investment
- Long-term plan for PHE

Sources: Cao (2007); Deng (1997); Lin (1999).

Malaysia's pro-private policy in the new century is striking as it comes against 1970s policy of "constraint" and then 1980s-1990s policy of "controlled development" (Lee 1999). The typical access without public money motivation became coupled with a desire to cut the brain drain of domestic students going overseas and instead to attract thousands of foreign students to Malaysia, and

specifically to Malaysian PHEIs. Capital outflows should give way to attraction of foreign currency. Malaysia aspires to be a “regional hub” (and this includes, back to the religious/ethnic axis, for Middle Eastern Muslims), emphasizing PHE. Singapore is on the same regional hub road, also looking to its PHE in its new “liberalization” policy. More longstanding, back to the 1980s, have been “twinning” and related policies that have brought foreign institutions to Malaysia or sent Malaysian students abroad for part of their studies, though much of the thrust is now to avoid study abroad as too expensive (Mei 2002). This is not to say that the government is joyfully pro-private. On the contrary it maintains a notable arms distance and does not involve PHE in policy planning.

But the Thai case presents some doubt about how much government not only talks the talk but walks the walk (Praphamontripong 2010), though the Thai case is partly aberrant for its low and recently fallen share of PHE. Unlike some neighbors the Thai government does not proclaim goals for PHE shares. To be sure, like neighbors, it is attracted to expanded enrollment without assuming expanded cost burden. Yet regulations remain quite restrictive. Meanwhile, government itself is often internally divided and, importantly, it is the CHE (Commission on Higher Education) that largely determines policy.³⁹ Sometimes headed by ex-presidents of public universities, the CHE not only is tough on PHEIs but often has trouble controlling public universities, including as they move into areas where PHE tries to shore itself up, such as marketable fields, short courses, and branch campuses. PHE shares do not rise easily in the absence of public policy limits on public expansion.

In any event, policy is of course not just government policy. Although governments have mostly assumed more directive stances than in other regions, “policy” is made by millions of families, students, organizations, and entrepreneurs. Their policies have made for huge PHE growth, bringing the region to its imposing PHE size.

Table 3: Public Policies Relevant to PHE Growth & Size*

Country	Policy	Years	Impact on PHE]**	Policy Particulars
EA countries (Japan, South Korea, Taiwan)	"Japanese model"	Post-war	Growth (+)	Policies and funds emphasize lower education expansion, leaving HE expansion mostly to the private sector.
EA countries (Indonesia, Malaysia, Singapore, Thailand)	"Japanese model"	Subsequent decades	Growth (+)	Policies and funds emphasize lower education expansion, leaving HE expansion mostly to the private sector.
EA countries	Public massification	Various	Growth (-)	Promoting large public expansion.
China	Centralized command economics	1950s-70s	Growth (-)	Banning PHEIs.
	"Walk with two legs" policy	1980s-	Growth (+)	<ul style="list-style-type: none"> • Allowing and then promoting PHE; inviting foreign investment, e.g., Hong Kong. • Law for private education. • Enlarging PHE sector by creating a new type—affiliated colleges. • Long-term plan for PHE.
	Minban education promotion act	2002	Growth (+)	The law says the government supports and encourages PHE growth and that private and public schools have the same status by statute.
Lao PDR	Prime Ministerial Decree	1995	Growth (+)	Legalizing PHE provision.
Malaysia	Policy of "constraint"	1970s	Growth (-)	PHEIs not allowed to confer degrees.
	Policy of "controlled development"	1980s-1990s	Growth (+)	Inviting foreign institutions to partner with PHEIs.
	Policy of upgrading PHEIs	2000s	Growth (+)	Upgrading private colleges to university colleges.
Philippines	Constitutional Amendment	1987	Growth (+)	Giving exemption from all taxes for not-for-profit schools.
Singapore	Liberalization policy	2000s	Growth (+)	
Thailand	PHE Act	1969	Growth (+)	Legalizing PHE provision.
	Public expansion	2000s	Growth (-)	Uplifting Rajabhat & Rajamangkla institutes to become universities.
	Privatization of public sector	2000s	Growth (-)	Transforming public universities into more autonomous ones with privateness and competitiveness.
Vietnam	Centralized command economics	1975-1990s	Growth (-)	Extending to unified country the ban on PHEIs, and turning PHEIs into public.
	Higher Education Goal 2020	2000s	Growth (+)	Set goal of HE being 40% private by 2020 (for vocational skills for the market economy).

* The matrix is illustrative and listing a policy under one country does not imply the lack of such policy in other countries.

** Note that the policies promoting PHE growth are intended to do so whereas most policies undermining PHE size are not directed at so doing.

H. Decline amid Strong Growth

Policy to date, however, is no guarantee of future policy. Few imagine a stifling or reversal of private growth—but few had earlier imagined the intensity of private growth. PHE decline in absolute enrollment is still a rarity globally, but Japan is a current example. Rare but not nearly so rare are declines in the PHE/total HE share, including in EA, and often tied to public policy choices.⁴⁰

See Box 8 on dynamics of PHE decline. Most of those dynamics cast doubt on the future of EA PHE—which in turn casts further doubt on the idea that further PHE proportional growth is the naturally preferred public policy. For example, if demographics jeopardize the medium-run trends for HE enrollment, then many PHEIs could face a difficult time. As experience from Japan (Kinmonth 2005; Yonezawa and Kim 2008) to Eastern Europe indicates, an overall downturn in enrollment likely threatens weak PHEIs, the preferred choice for few students and so dependent upon tuition alone. Many Indonesian PHEIs presently face enrollment problems (Moeliodihardjo 2009). Country experts from Japan to Thailand believe that many PHEIs will have to merge.

Box 8: PHE Decline Factors

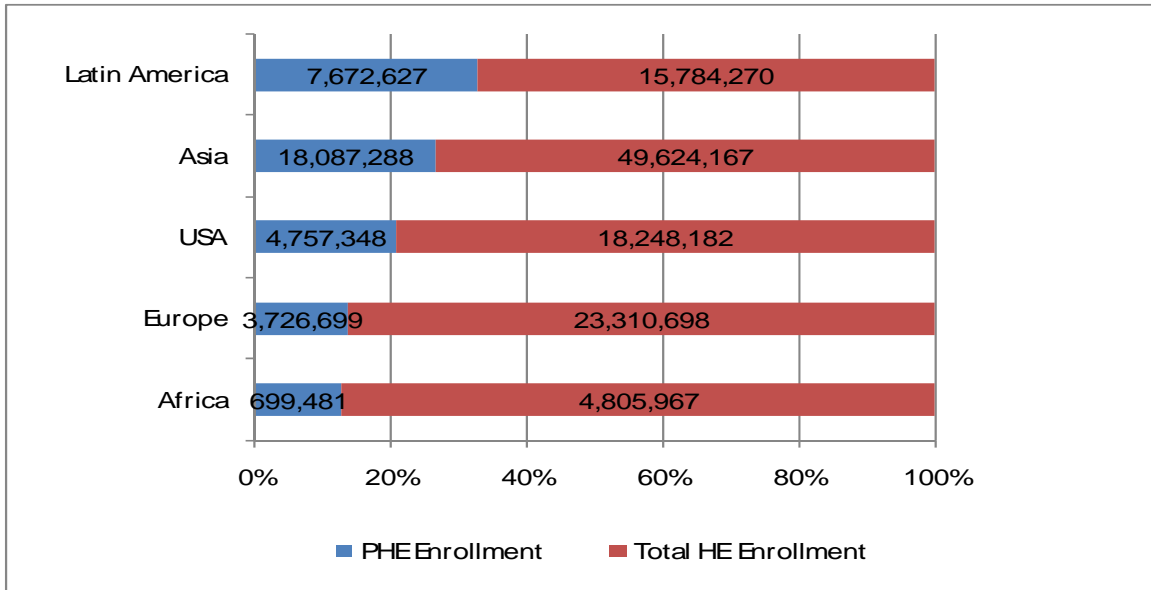
1. Demographic:
 - a. Mostly developed world (e.g., Europe).
 - b. EA: Japan (decline of #s more than PHE shares), South Korea.
 - c. Supply exceeds demand and many PHEs are not preferred choices.
 - d. Public places compete to maintain their enrollment, e.g., South Korea (Chon-Hong 2002).
 - e. Small, weak PHEs vulnerable to harsher market and/or government closings.
2. Antagonistic Public Policy:
 - a. Historical extreme cases of close private sectors (Communist but also Pakistan and Turkey).
 - b. “Delayed regulation” or any harsh regulations on PHE.
3. Public Policy to Expand Public Sector:
 - a. Much of EA & world continue with major public growth, especially where HE cohort rate is still low.
 - b. Accommodation of rising demand for low-cost HE policies, sometimes locally.
 - c. Public sector non-university differentiation (e.g., Malaysian public colleges for lower & middle income students).
 - d. Key to Thai PHE fall 19-10% 1998-2007 (Praphamontripong 2010); and Philippines 85 to 66% 1991-2003 (LaRocque 2002), after leading the world at 92% in 1970 (Geiger 1986b).
 - e. (Or at least policy to help public sector hangs onto its enrollment number while HE overall may shrink).
4. Partial Privatization of Public Sector:
 - a. Including public “corporatization” in many EA countries.
 - b. Publics compete more on PHE’s market turf, search for private money, marketable fields of study.
 - c. (Although privatization can aid PHE growth by reducing the inter-sectoral “tuition gap”).

I. PHE Size

Table 1, near the beginning of the paper, shows the great size of EA PHE. Its PHE share of enrollment—38.6 percent—lags only Latin America region-wide. In Figure 5, Latin America’s private share is 48.6 percent, Asia’s (including not only EA countries) 36.4 percent, the U.S.’s 26.2 percent, Europe’s 16.0 percent, and Africa’s 14.6 percent. Our EA calculation is based

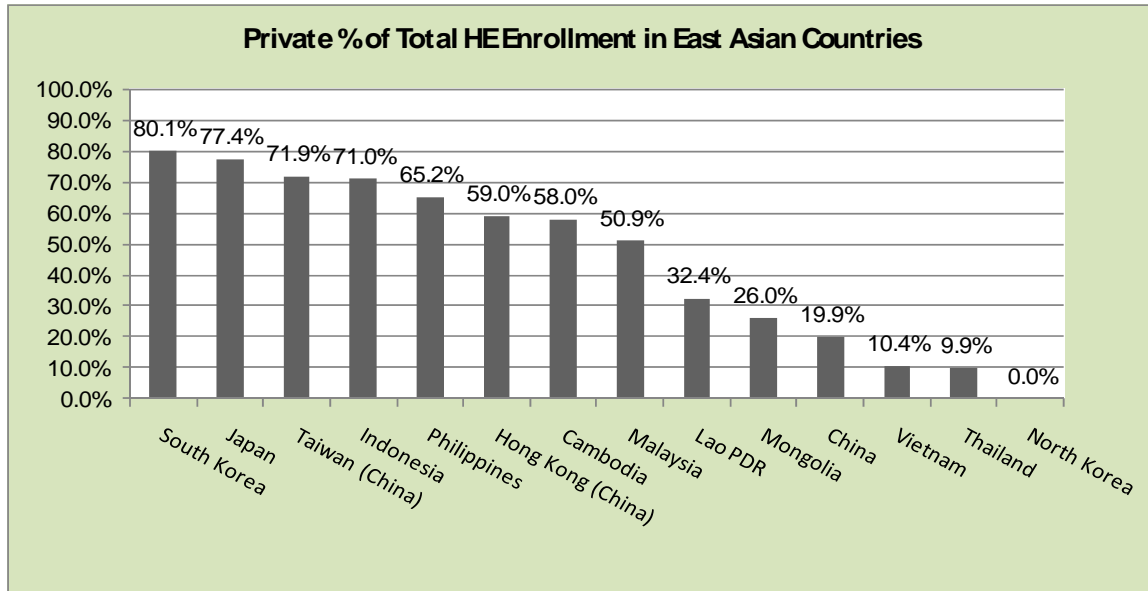
on eleven countries with private and total enrollment. Hold China (and its fast growing PHE) aside and the EA PHE share would be an astonishing 47.8 percent. Asia overall has the highest raw enrollment for both HE and PHE enrollment; indeed, both are more than double any other region's.

Figure 5: PHE Enrollment Share by Region



Source: PROPHE International Databases. A few countries outside the shown regions are omitted.

Figure 6: Private Percentage of Total Higher Education Enrollment in East Asian Countries



Source: PROPHE International Databases.

Figure 6 shows that there is great variation in PHE shares within EA, basically from 10 to 80 percent. *But variation does not offset the reality that most EA nations have quite large PHE shares.* Only two countries have less than 19 percent, whereas three have between 19 and 57 percent—and then six have greater than 57 percent. Thailand and Vietnam are in the low group, China, Lao PDR, and Malaysia in the mid-group, and Cambodia, Hong Kong, Indonesia, Japan, the Philippines, and South Korea are in the high group. North Korea (and perhaps Myanmar),⁴¹ Mongolia, and Taiwan would be respectively in the low, middle, and high groups but are not included in our count since we lack enrollment numbers. Singapore is also omitted as PHE creation is too recent for data.

It is instructive to look at a listing of EA countries with early PHE sectors (Indonesia, Japan, Korea), middle (Thailand), and late (China and Southeast Asia) (Nizam 2006). The large PHE shares of the early group contrast sharply with the more modest shares in the late group. Backed by our analysis of growth, this could well suggest that the regional PHE share will expand further. In any event, the PHE leadership of the early countries has probably stimulated and legitimized large PHE elsewhere in the region.

The rest of Asia (outside EA) also sees PHE growth and already some impressive shares but also countries that lag.⁴² India's 30 percent share comes in such a large system (though backward in cohort enrollment rate) that its PHE is second to only the US in absolute size. Pakistan's PHE share jumped from 8 to 46 percent between 1991 and 2008. Bangladesh has vibrant PHE. Sri Lankan PHE has emerged since the 1990s (LaRocque 2000; World Bank 2009a). Afghanistani PHE has only recently been authorized, Nepal's is only an incipient sector, and Bhutan has no PHE (Agarwal 2008). In Central Asia, Kazakhstan has 46.5 percent but some countries have zero.

PHE percentages would be higher, as they are in all regions, if we went by number of institutions instead of number of enrollments (Levy 1992). As was shown in Table 1, EA countries with high private shares of total HEI include Malaysia (97.0 percent), Indonesia 95.5, Japan 89.6, Philippines 89.5, South Korea 87.0 percent, Taiwan 65.8, and Cambodia 64.5. Put another way many PHEIs are small, many very small. Especially in EA this relates to the preponderance of demand-absorbing PHE over religious and semi-elite sub-sectors.⁴³ Institutional smallness has implications for quality and regulatory policy.

III. FINANCE

A. Private Income: Type and Extent

The EA region basically follows the global rule: PHE is overwhelmingly funded through tuition. If anything, tuition dependence is especially marked in EA because PHE is concentrated in the demand-absorbing form, which, almost everywhere, is tuition dependent. There is not much point, then, in plucking datum after datum from country reports, as in 85 percent for the Philippines or 82 percent for Vietnam (Valisno 2002; World Bank 2008). Even developed Japan, even for just its universities (private) gets some 70 percent of its income from tuition (Yonezawa and Baba 1998). Inconsistency cross-nationally characterizes what specifically is referred to by such figures; for example, whether “tuition” signifies “tuition and fees.” Probably EA’S tuition share accounts for over 90 percent of operating costs, sometimes nearly the full load.

What are the non-tuition sources of PHE income and then what are some policy implications? Exceptions tie back to types of PHE. Religious institutions may get funding from sponsoring or ownership organizations. They often get donated services. Or EA academic intellectuals, sometimes retired from the public university, may donate or at least provide considerable time and effort. Some financial philanthropy is also found. But, as in almost the whole of the non-U.S. world, philanthropy is limited. And not just for HE (Baron 1991). Obstacles include a lack of supportive tax and other incentives, to be considered below on regulation, and lack of tradition. But wealth accumulation in EA certainly has led to important examples of philanthropy to PHE, as in the Philippines (LaRocque 2002) and one can look hopefully to considerable expansion. The Bjarnason et al. UNESCO report (2009) finds an “emerging” philanthropic trend and cites an encouraging path where Singapore’s government matches private donations to HE.

Philanthropy can come from entrepreneurs but the bulk of entrepreneurs’ funding is not philanthropic. It is more on the order of investment. As in Japan, entrepreneurs can have “sponsored” universities just as religious organizations have. In Japan’s 1960s PHE boom private banks played a large role; additionally, some families have used gains from their lower education enterprises to donate to education corporations (Yonezawa and Baba 1998), and

China too is spawning “education groups” that span all age levels. China also has exemplified entrepreneurial money and activity by learned society and professors. In some cases, PHEIs have earned some income through consultancies, as in Cambodia (Chet 2006). Malaysian business expanded its role in the 1990, including opening their own institutions or buying ones set up by public university professor-entrepreneurs in the 1980s (Mei 2002). Some PHEIs elsewhere run for-profit enterprises.

Another non-government source is funding from abroad. There is great variety of arrangements. In Vietnam PHE started with foreign money, domestic business following. Some Indonesian PHEIs maintain helpful ties with Dutch institutions (Bastiaens 2009). Malaysia’s “twinning” setups became substantial in a short time (Lee 2004). Crucial is government permitting various sorts of foreign financial (and other) participation, for both sectors. The Chinese government has been wary of any ownership but has encouraged financial contributions. India, which is politically divided on such matters, appears in 2009 to have taken a strong turn to openness. In terms of exchanges and finance, foreign involvement is much more extensive with EA’s semi-elite than demand-absorbing PHEIs.

Again let us take the Chinese case. China shows most of these private financial sources, in fact often in public as well as private universities. There is pre-revolution precedent, as with overseas Chinese financing Xiamen University in 1921 (Deng 1997). In recent times, overseas Chinese have financed undertakings often in their home towns. So have domestic entrepreneurs and enterprises, often in college and university real estate and renting of buildings. There are many family-owned institutions. Ambiguous and evolving government rules have provided leeway. Though official policy blocks profit-making institutions, investors are entitled to “reasonable” returns and there is considerable reinvestment to broaden or improve institutions (LaRocque and Jacobsen 2001). Academics retired from public universities (and the law mandates retirement at a young age) have been crucial in opening and running Chinese PHEIs. “Education groups” have plowed gains into the opening of private institutions at different levels.

Alternative (non-tuition) private funding in EA, as elsewhere, is more common in semi-elite and religious/cultural sub-sectors. Thai religious-oriented PHEIs, for example, receive financial support from international religious organizations whereas semi-elite and serious-demand-absorbing PHEIs receive large funding from philanthropy and business corporations. Thai semi-elites

have their own endowment and self-generated income as well (Praphamontripong 2010). This is further reason for public policy to encourage a variety of non-tuition funding. It can help diversify the private sector and build a broader financial base, a more secure and flexible base, from which welcome innovation can spring.

B. Public Policy Debate about Government Regulations on PHE Finance

For all the promise of alternative funding, tuition will remain the main income source for all types of EA PHE, and the overwhelming source for most PHEIs. As tuition is the lifeline, public policy should be very restrained in setting regulatory limits on it. Controlling tuition levels can be a body blow to private autonomy and private financial viability both. Quite overlapping logic applies to restraint on imposing caps on enrollment at PHEIs, as exist in Taiwan”

The temptations to impose tuition limits can be great politically. Many officials do not like PHE or may respond to citizens or public sector institutions that look down upon PHE or are hostile to it. Or they may respond to parents of PHE students. There is a notion of what is “too high” on equity grounds, especially given that PHE is more often than not a second choice and lower status than public universities. There is then the stark inequity that students from the most privileged backgrounds, often through elite private secondary schools, are best equipped to gain entry to the preferred public universities, where they pay relatively little, while less privileged students wind up in PHE.⁴⁴

On the other hand, there are counter considerations on equity. Tuition tends to range widely in PHE, sometimes from under a thousand to over ten thousand USD, and overwhelmingly the higher status and quality institutions are at the upper end. As at Atma Jaya University, this is sometimes the case in Indonesia (Sukamoto 2002) and in comparing universities to junior colleges in Japan.⁴⁵ As already noted, the upper-end institutions more often place graduates into upper levels in the labor market, which justifies rather high tuitions. Moreover, tuitions sometime vary significantly by field of study. In Japan and the Philippines (where PHEIs basically set their own tuition) some high-end institutions offer scholarships to the needy (LaRocque 2002), but that is not a

good rationale for government forcing institutions to do so; if there is sufficient government concern, government itself can provide loans and scholarships. On the other hand, government student assistance widely available to HE students does open a reasonable case for government to place caps on PHEI tuition. In any event, in the end it is not equity that is the most powerful argument against imposed tuition caps; the most powerful argument is the autonomy of PHEIs to compete in a marketplace. And one market rationale against caps is that evidence from countries such as China shows a high willingness to pay even when disgruntled.

C. Lack of Government Subsidies to Institutions: Reality and Debate

“Sector neutrality” is a policy often advocated in World Bank and other reports. In finance it could promote institutional recurrent subsidization of PHE more on the order of the subsidization of public HE. Among the prominent arguments are fairness to the private sector, expansion of PHE, improvement of PHE, increased inter-sectoral competition, and general views that HE provides externalities and therefore merits public subsidies (Chapman and Drysdale 2008). Also prominent is the classic private-public argument that a vulnerable (sometimes declining) private sector can lead to a proportional shift that burdens the public sector in responsibilities and added cost.

Empirical reality should not encourage proponents. Most of the movement toward neutrality, intentionally or not, has resulted from policies of financially privatizing the public sector. But in terms of government-funded PHE, precedent is meager both in and beyond the region. Rare global examples have included Chile in the mid-twentieth century, Belgium, the Netherlands, and “private” colleges affiliated with India’s public universities.⁴⁶

Short of sector neutrality based on basic government funding of PHE, the reality is that any major public subsidy of PHEIs is rare. Compared to public policy in regulations, there is strikingly little international variation on this financial policy (Levy forthcoming-b; Pachuashvili 2009). Of course EA is strikingly low in public recurrent dollars for HE overall, except for Hong Kong and Singapore (Postiglione and Mak 1997). China’s 2002 law reiterated that government has no obligation to fund PHE. Less than 10 percent of Indonesia’s government HE money goes to PHE, though there is some government influence and pay to roughly 10 percent of professors as civil servants (Buchori

and Malik 2004; Moeliodihardjo 2009; Postiglione and Mak 1997; Sukamoto 2002).

Japan is often taken as a benchmark in the advocacy of EA government subsidies to PHEIs. But this is misleading. True, an important promotional fund was established in the 1970s and by 1979 public subsidy accounted for 29.5 percent of private university operational expenditures. But as public subsidies have often been only steady since, the share of private university income from that fund is now only 10.5 percent. This is despite the fact that total private university expenditures roughly equal total public university expenditures.⁴⁷ And were we to take not just universities but PHE overall, the share of income from government subsidy would go far under 10 percent. Nor does South Korea offer a model for public subsidization of PHE. Less than 2 percent of PHE income derives from government, and even the elite universities get little (Postiglione and Mak 1997). South Korea epitomizes EA's pattern of large PHE sectors with only small government funding.⁴⁸

The particular lack of direct EA government subsidy to PHE is partly related to the numerical weight of the demand-absorbing sub-sector. Such sub-sectors are globally the least likely to get such subsidies. Similarly, the recency of most EA PHE plays a role as, internationally, older PHEIs are more likely to get government funding. On the other hand, the comparative recency of EA public universities can represent a weakness in lobbying against aid to PHE.

How much PHE has solicited or will solicit regular government institutional funding is unclear. How unified such solicitation would be is also unclear and can vary by PHE sub-sector. Some PHEIs fear that such subsidization would encourage more government regulation. Other PHEIs may see such subsidization as a matter of survival or at least of improvement. Malaysian PHE has increased its solicitation of public funds (Yilmaz forthcoming).

D. Other Realities and Policy Options for Government Financing: Students

The lack of direct government subsidies to PHEIs is of course not proof that the lack is good policy yet it does suggest the unlikelihood of fundamentally changed policy. More common in practice and apparently

offering much potential are alternative forms of government funding. All the pro-institutional subsidization arguments listed above can be invoked in favor of government indirect subsidies, including sustaining or enhancing private and overall HE size and quality. But indirect funding offers advantages. Funds can be targeted rather than spread across institutions. This can allow government flexibility to choose, to play in a market-oriented system, provide incentives, and pursue its goals in targeted ways. It is not obligated to fund institutional activities outside its priorities or to fund across the entire sector. In turn, the private sector can get financial help without the jeopardy associated with direct government funding of institutions. Discretionary government funds are consistent with notions of institutional differentiation, choice, and competition. They are also consistent with preserving the government's preferential treatment of public over private through recurrent institutional subsidization. Of course there is always the arguably legitimate case that any public money to private institutions may be depriving public institutions of money that should go preferentially to them.

The obvious leader in national (and even state) government indirect funding of PHE, indeed HE overall, is the U.S. Indeed, the U.S. national government is sector neutral in its funding. The two huge national funding streams are student assistance, justified mostly on access and equity grounds, and competitive research awards. Increasingly, these dual approaches resonate favorably in international policy circles.

A leading idea is assistance to students. These can be given as loans, and there is some preference for income-contingent loans (Chapman and Drysdale 2008). Much has been written about the case for loans, promoted by the IFC and the World Bank, about the attendant problems, and the increasing prevalence globally.⁴⁹ The international agencies generally favor the loans being available to students in either sector (Sosale 1999), though sometimes opposition blocks such funding to PHE.

It is important that loans go to students in both sectors. Where political reality excludes the private sector, policy can settle for “getting the foot in the door” and building acceptance for subsequent private inclusion. Given that tuition is usually low or absent at public institutions, a sector-neutral policy can be de facto markedly supportive of the private sector. Rationales for students loans for PHE students are multiple and strong: growth by making demand for HE financially viable, equity if means-tested and perhaps with scholarships for the most needy, protection from the sort of government control that may

accompany direct subsidies to PHEIs, student choice and mobility, and stimulus to competition among HEI to attract (now-funded) students in a more vibrant marketplace. All these rationales have long operated in the US for both national and some state loan programs, as well as institutional ones. Australia should soon be making loans available to domestic students in private institutions, which should relieve some of the heavy dependency on foreign students. Additionally, government could give aid to students in priority development fields.

In contrast, the case against loans is weak—except on feasibility grounds. In addition to the political resistance, there are problems of income reporting (often problematic in developing countries), aversion by non-privileged students and families to taking on debt, and corruption and inefficiency at government or private lending agencies. A major overarching question for those who in principle favor loans is a country's capacity to run a program (Chapman 2005).

Notwithstanding obstacles, support and programs are growing in EA and for including PHE (Wongsothorn and Yibing 1995). Malaysia has such loans (Lee 2004; World Bank 2007). The Philippines has too, targeting the needy and under-represented ethnic groups (UNESCO 2006; Valisno 2002). Thailand, in partnership with the World Bank had one of the major programs in the region. Thailand has gone far enough that much of its PHEIs could be called “government-dependent,” given that student loans are their major income source (Ziderman 2003, 2006). Demand-absorbing Thai PHEIs rely on student loans the most because they need to keep fees reasonably affordable and they tend to enroll poorer students than those at the semi-elite privates (or public institutions). Semi-elite universities bank upon student loans the least among PHEIs as they charge very high tuition and fees and enroll students with privileged backgrounds. They also get other sources of income. Political commitment influences the stability of PHEIs and their income from student loans; Chapman (2005) notes that the Thai HE system had been weakened at some points by government's lack of commitment to financial support and funding reforms. Until recently China did not permit private students to access government loans but that it does now is a significant change. Experience in South Asia is mixed.⁵⁰

E. Non-Student Realities and Policy Options for Government Financing

The other big U.S. national government expenditure that is sector blind is of course competitive research funding. The rationales are powerful in promoting national development, intra and inter-sectoral competition, quality, and productivity, all without PHE institutional autonomy too much at risk.

Even eligibility for student assistance can be restricted to accredited institutions, but when it comes to supporting research, quality naturally becomes paramount. Researchers at semi-elite and venerable religious universities are the most likely to be appropriate recipients, which is not to say that most even full-time faculty there are worthy targets.⁵¹ A World Bank paper reports a few Vietnamese private universities engaged in some research (World Bank 2009b). Very little research, or at least good research is done at most demand-absorbing institutions (private or public). As in Japan, semi-elite universities include legitimate academic fields. In South Korea, greater than half the pertinent government money goes to the top ten of the 124 privates (Lee 1998). South Asia provides other examples.⁵²

Governments can also help on the physical side. This often involves donations of land or buildings, as with Chinese local governments (though PHEIs sometimes have feared consequences for their autonomy), and with Japanese support in the 1980s for new PHEIs, especially in the countryside.⁵³ Sometimes governments give for construction, infrastructure (Dai 2006), or other capital costs (World Bank 2002). Such contributions are often to crank up a private sector or, given EA's plunge into massive demand-absorbing enrollment, to help provide minimal facilities. These too are all ways of helping PHE without the commitment or risks of recurrent subsidies.

Further on the side of indirect assistance are a variety of favorable tax policies. These remain too few, too sporadic, in the region, as in most of the world. The case for such policies is strong, notwithstanding the usual problems of political opposition or shortage of technical ability to implement. Indeed the case is often strong for nonprofit organizations beyond HE as well. Moreover, within HE more favorable tax policy makes sense for not only private but public institutions as well. On the one side there can be exemptions or partial exemptions from certain taxes; on the other side there can be tax breaks for individuals and businesses to donate, in turn giving a desirable boost to philanthropy. Lao PDR has moved to some favorable income tax policies and Pakistan has moved favorably as well (UNESCO 2006; World Bank 2006), but Thailand is among lagging countries (Kulachol 1995).⁵⁴ Apparently more than in some other regions, very wealthy EA business individuals have taken active

interest, as with the Limkokwing University of Creative Technology in Malaysia. In South Asia both the Aga Khan and North-South University are prominent examples of philanthropy for PHE.

Additionally, just as we saw in regard to policies on private growth, so with finance, government has a major influence on PHE through its public sector policies. Just as restrictive public enrollment helps private growth, so high public tuition helps. The “tuition gap” is crucial. It appears two facts are salient about the gap in EA. One is that it is large and significant, as it is globally. The other, however, is that it is limited by the fact that public sector tuition is much more common than elsewhere. Japan’s gap is about 2 or 2.5:1, Thailand’s and Vietnam’s close to that, China’s private RMB cost of 8 to 13 thousand RMBs has contrasted with 2 to 6 for public counterparts, and even the Philippines’ top public universities charge much lower than PHE does. As the Malaysian case shows, however, huge variation may exist within the private sector, from distance education to medicine (Yilmaz forthcoming).⁵⁵

So those (including some governments) who want higher PHE enrollment shares can favor raising public tuitions as well as restricting public enrollment. But of course many other considerations must go into setting public tuition. Moreover, we should not skip by the policy reality illustrated here by tuition: that a private sector that largely makes its own institutional policies may pioneer in matters that then can be partly (and appropriately) emulated in public institutions.⁵⁶

A dramatic financial privatization relevant to the two-sector distinction occurs when public institutions add paying students alongside their no tuition students (or high paying alongside the low paying). One finds the practice in parts of Eastern Europe and Africa and, in South Asia, in Pakistan and Sri Lanka, as well as in Australia.⁵⁷ Policy arguments in favor include how the public sector benefits in income and access. But the flip side is the undermining of PHE in income and size, including the loss of well-prepared students. Moreover, in China the new practice ran into criticism from professors about the difficulty and inequality of the arrangement.

Table 4: “Private” Students alongside Public University Counterparts

Advantages	Problems
<ul style="list-style-type: none"> • Brings more privateness into public institutions. 	<ul style="list-style-type: none"> • New public option can undermine demand for PHEI, including semi-elite places.
<ul style="list-style-type: none"> • Stimulates inter-sectoral competition (Otieno and Levy 2007). 	<ul style="list-style-type: none"> • Diminishes distinctiveness of PHE.
<ul style="list-style-type: none"> • Helps legitimize PHE practices. 	<ul style="list-style-type: none"> • Inequity of high and low paying students sitting together for the same services.
<ul style="list-style-type: none"> • Access for non-peak students socio-economically. 	<ul style="list-style-type: none"> • The more privileged students tend to gain low-cost access, based on their higher academic scores.

A related practice occurs where public universities “parent” institutions run private affiliates and students pay more at the affiliates, often providing a fresh revenue stream for the public institution. This is of course a kind of PPP (private-public partnership), a relationship considered below when we deal with for-profits.

By very loose definition a PPP need not even be planned or formalized. A major example of this, long seen commonly in Latin America (Levy 1986) and now increasingly elsewhere is the PHE hiring of public university professors who get their main salary and benefits from their public institution. Though the most common form is the full-time professor from the public sector being hired by the course at private institutions, various mixes exist. They are a kind of public subsidy, however unintentionally, for PHE. This appears very common in EA, as in Indonesia. In China, the PHE use has been facilitated by “slack” where public professors had good benefits and often did not do much research. Public universities internationally have sometimes tried to crackdown on “moonlighting” but sometimes the difficult alternative is to compensate their professors better.

Thailand is an interesting case of multiple forms of indirect public funding of PHEIs (see Box 9). Semi-elite and even serious-demand-absorbing PHEIs compete for government’s research fund whereas demand-absorbing ones take government student loans the most. For in-kind soft loans, semi-elite

and large demand-absorbing PHEIs rarely take such opportunities while small demand-absorbing ones do desire to but fear the detailed regulations attached throughout the loan process. Indeed, most Thai PHEIs, regardless of type, feel more comfortable relying on their own private investments than on government money in general, despite crying for more government support. This may suggest the advisability of some de-regulation concerning the use of such funds.

Box 9: Thai Government's Indirect Subsidy to PHEIs

1. Government student loans (Student Loans Funds: SLF & Income Contingent Loans: ICL).
2. Government's "in-kind" soft loans (for faculty development, infra-structure, laboratory equipment purchasing).
3. Tax exemptions (import tax, duty stamp, land transfer tax).
4. Research fund.

Two final observations can close our section on government financial policy. One concerns the overwhelming private-public distinction. Notwithstanding EA's partial privatization of public institutions, and its comparative frequency of public sector tuition, government remains the dominant financer of the public sector. By contrast, and notwithstanding rising indirect public forms of assisting PHE, the finance of PHE is quite dominantly private. Second, the still limited nature of indirect public funds leaves much space for expansion on this front.

Table 5: Finance Policies and Sources*

Country	Subject/ Approach	Year	Significance of the Policy/ Approach
East Asia (All countries)	Tuition and fees		The overwhelming source for almost all PHEIs, especially demand-absorbing.
East Asia	Government subsidies		Typical is a lack of public subsidies to PHEIs.
China	Entrepreneurial money & activity		<ul style="list-style-type: none"> • Funding from overseas Chinese & domestic businesses; much initiative by professors & administrators from public universities. • Family-owned and social group undertakings. • Initiatives from public universities for affiliated colleges. • Partnerships between foreign institutions and Chinese (public or) private institutions for joint institutions.
	Law concerning PHE	2002	Underscores that government has no obligation to fund PHE.
	Student loans		Recent change allows government loans for students in private institutions.
	Revenue from diverse sources	2007	Revenues from tuition & fees, donations, loans, and governmental aid are not part of founders' investment and thus belong to the institutions, not individuals (No. 25 Act, Ministry of Education, 2/3/2007 released 2/10/2009).
China (Some local governments)	Physical support		Donations of land or buildings. The 2002 Promotion Act encourages local government to help PHEIs with inactive national assets, financial entities use loans, and government appropriates land as for public usage.
Indonesia	Foreign funding		Much for semi-elite subsector.
Japan	Philanthropy/ Private firm's investment	1960s	A boom of private banks investing in PHE & establishment of universities and junior colleges by industries as well as religious organizations and families.
	Government funding	1975-	Promotion and Mutual Aid Corporation for Private Schools of Japan to improve quality and breadth of institutions; share accounted for has diminished.
	Private-public partnership	1980s	Local governments provided funding for campus land and facilities for new PHEIs, especially in the countryside, where markets were not sufficiently attractive to private actors.

* The matrix is illustrative and listing a policy under one country does not imply the lack of such policy in other countries.

Table 5: Finance Policies and Sources* (Continued)

Country	Subject/ Approach	Year	Significance of the Policy/ Approach
Lao PDR	Income tax policies		Favorable to PHEIs.
Malaysia	Corporate owned institutions	1990s	Business firms opening their own institutions or buying institutions set up by individual proprietors.
	Foreign branch campuses / twinning policies	1990s	<ul style="list-style-type: none"> • Foreign funding for PHEIs. • Government permits various sorts of foreign financial & other participation for both HE sectors. • Prominence in private semi-elite.
	Attract foreign students	1990s-2000s	Government pushes HE to be a regional hub with large foreign student body paying tuition.
	Student loans	1990s-2000s	Students enrolled in accredited programs in PHEIs are entitled to apply for government student loans
Philippines	Subsidies		Lack of subsidies to institutions.
	Student loans		Targeting the needy and under-represented ethnic groups.
Thailand	Religious role		Financial support from international and domestic religious organizations, notably for religious PHEIs.
	Other private non-tuition income		Philanthropy, business corporations, endowments, & self-generated income. Such diversification notable for semi-elite subsector.
	Student Loans Funds (SLF) & Income Contingent Loans (ICL)	1998, 2004	<ul style="list-style-type: none"> • SLF are mostly for needy students, often in demand-absorbing subsector. • ICL are mostly for students in particular fields of study and amount of funds varies depending on those fields.
Vietnam	Foreign funding		Much for semi-elite subsector.

* The matrix is illustrative and listing a policy under one country does not imply the lack of such policy in other countries.

Table 6: Lessons & Policy Options on Finance

Issues	Lessons	Policy Options
Tuition	<ul style="list-style-type: none"> • PHE finance can be influenced (intentionally or not) by public sector policies such as restrictive public enrollment and increased public tuition. • Tuition gap is crucial between private and public HEIs. • Imposing tuition caps on PHEIs can undermine autonomy, financial viability, and ability to compete in a marketplace. 	<ul style="list-style-type: none"> • Government can make the impact on PHE one element in its deliberations over public expansion. • Government can make impact on PHE one element in its policies on public tuition levels. • Avoid tuition caps or be very restrained with them.
Various sources of private non-tuition	<p>There appears to be more room for financial diversification modes in religious/ cultural institutions, even serious-demand-absorbing institutions, and especially semi-elite ones.</p>	<ul style="list-style-type: none"> • The government should consider various policy options to encourage a variety of non-tuition funding. • It can exclude any particular modality it strongly opposes (e.g., for-profit chains) and explicitly encourage modalities it most favors.
Philanthropic funding	<p>It is difficult to develop a widespread philanthropic norm but there is some growth (e.g., Philippines, Singapore), especially for semi-elites institutions.</p>	<p>Public policy can encourage philanthropic funding to PHEIs (and public HE) via tax exemptions on private donations/ gifts.</p>
Entrepreneurial funding	<p>Especially semi-elite and some serious-demand-absorbing institutions appear to have various entrepreneurial income sources, e.g., sponsored universities, donations to education corporations, education groups, consultancies, for-profit enterprises, etc.</p>	<p>Government policy may encourage entrepreneurial funding for PHE (and public HE) via tax incentives.</p>
For-profit sector	<p>The for-profit/ non-profit boundary proves difficult to identify or enforce. Many EA countries have viable for-profit sectors that are legal.</p>	<p>The government can consider legalization of a for-profit sector where presently not legal (even if flourishing de facto).</p>

Table 6: Lessons & Policy Options on Finance (Continued)

Issues	Lessons	Policy Options
Foreign funding	PHEIs and foreign actors have discovered a variety of arrangements for foreign funding (e.g., PPPs, branch campuses, “twinning”).	<ul style="list-style-type: none"> • Government may permit various sorts of foreign financial participation for both private and public sectors.
Direct government funding	There is a lack of direct government-funded PHEIs (whether government cannot afford it or does not choose to) and how much PHE solicits government institutional funding is unclear and can vary by PHE types.	<ul style="list-style-type: none"> • Government can continue to avoid “policy neutral” subsidization of PHE and public HE. • Nonetheless, government can consider limited direct subsidization (e.g., much less than to public HE and for only a minority share of PHEI income) by special criteria (e.g., to keep good but financially jeopardized PHEIs afloat or for only accredited PHEIs). • Government can also donate of land and buildings as well as provide support for construction or other capital costs.
Various indirect government funding	<ul style="list-style-type: none"> • There are various kinds of government indirect subsidies to PHEIs, e.g., student loans, research funds, infrastructure support and tax exemptions. 	<ul style="list-style-type: none"> • A range of government indirect finance to PHEIs allows government flexibility to choose, provide incentives and pursue its goals in targeted ways consistent with institutional differentiation, choice, and competition. • For indirect government funding policy can be largely “sector neutral.”
Government indirect funding via shared faculty	Unintentional public subsidy for PHE appears through PHEIs hiring of full-time public university professors for part-time teaching in their institutions.	Government can encourage PPPs by legalizing shared faculty resources between PHEIs and public HEIs.
Government student loans	It is often difficult to develop a national student loans policy yet such policy is growing in EA (and beyond).	<ul style="list-style-type: none"> • Student loan programs can be greatly expanded for access, capacity, and equity. • Some student loans may be targeted to the needy and to under-represented ethnic groups, or to students in priority

IV. REGULATION

A. Our Approach

We will outline a basic case for, *and especially a basic case against*, extensive regulation of EA PHE. The account does not pretend to give equal time and space to each side of the policy argument. Nor is there consensus on what constitutes “extensive.” Certainly, there must be regulation, in many cases increased regulation. But this is already the tendency and is generally taken as a good thing. A reasoned case for caution is often absent.⁵⁸

We will then apply basic points in one specific policy area—for-profits. To tackle for-profits is to tackle what is often taken as a very vulnerable chunk of PHE, much intertwined with negative views of fraud and quality, and thus a logical candidate for extensive regulation. Under finance we already considered the matter of tuition ceilings (and similarly the matter of enrollment caps). Other issues for regulation, apt in general for PHE overall, including in EA, include rules for use of public professors in PHEIs, curriculum, degree-granting, licensing, examinations, and so forth. In the ensuing sub-sections, we *tie some generic considerations about regulation to particular realities of EA PHE*.

B. Extent of Regulation

A handicap in looking toward where countries should go is lack of knowledge about where they are. Information is ad hoc, not systematic, words carry different meanings, and codified rules do not provide a sure guide to practice on the ground. One thing seems sure: PHE itself tends to find extant regulation heavy, too heavy.⁵⁹ Unfair—especially in contrast to the subsidized public sector—inhibiting, and inappropriate are among their common characterizations. Almost as sure is that critics of PHE find extant regulation too limited, although it is unclear if this critique is as strong in EA as in other regions. Permissive, coddling, and ineffective are common characterizations by critics favoring increased regulation.

Probably each of the characterizations is true in places, how often we do not know. Cambodia, Malaysia, and Thailand are among nations with Acts to

regulate PHE (UNESCO 2006). Malaysia (Lee 2004; UNESCO 2006) and the Philippines (Geiger 1986b; Irizarry-Guzman 1999) have often been cited for tight controls but Malaysia in regard to *both* sectors. Striking is where specific regulations are tougher on privates than on publics, as in opening new programs, sometimes because only the publics have legal autonomy; this is widely seen beyond EA as well (Levy 1986). Another striking phenomenon is where regulations are ample even though government gives no ongoing subsidies to PHEIs, as has been reported for the Philippines and Thailand (Gonzalez 1987; Praphamontripong 2010).

On the other hand, Cai and Yan (2009) conclude that Chinese regulation is not extensive and instead allows for ample competition. Sukamoto (2002) on Indonesia is among those who finds autonomy from government high in practice, despite rules (with autonomy more restricted by institutions' own foundations). Projects with the World Bank pushed greater autonomy from government and further autonomy was proclaimed in 2009 (Bastiaens 2009; Moeliodihardjo 2009). However, Lee (1997) finds for South Korea that beyond the formal rules PHEIs listen to government "suggestions." Even in Malaysia's rather restrictive environment private institutions have more autonomy than their public counterparts when it comes to finance (Yilmaz forthcoming), though the reality seems different in Thailand.

C. Need for Regulation

Nothing elaborated here equates to a blanket case against regulation. As in other fields, the practical issues are how much and what forms of regulation. In HE and PHE overviews have been formulated (Fielden and LaRocque 2008). Different contexts, and changing realities, call for varied approaches to regulation. Moreover, many values as well as political pressures are involved. And as we just saw, it is difficult to know even if EA regulation is ample or weak, say in comparison to what it is in other regions or fields.

A case for increased regulation has been obvious in "delayed regulation" (Levy 2006). This regulation has often been a quite warranted reaction to a near laissez-faire approach that allowed fraud, lack of information, and egregiously low quality in new private sectors. These are matters for which governments have natural responsibilities even in market systems—in fact to protect and enhance market systems. Thus, even leading promoters of PHE have seen fit to extol government regulatory roles in transparency (LaRocque 2008).

Less than in Latin America, Africa, and Eastern Europe has government in EA been caught by surprise by sudden PHE growth, from near zero in Africa and Eastern Europe (Levy 2006). But the delayed regulation phenomenon is important in EA too where governments and publics had not been prepared for the magnitude or troubling characteristics of the private surge. It was after such a surge in the 1960s and early 1970s that Japan increased its regulation. Vietnam had very little regulation until 2000 (Loc 2002; World Bank 2009c). Singapore initially rejected an accreditation role, instead trusting more to the market, but changed course when abuses were evident (UNESCO 2006). Malaysia added amendments in 2003 to curb its enthusiasm. Similar waves have occurred in leading Indian states (Jacobsen and LaRocque 2000; Levy 2008a).⁶⁰

One understands an argument that regulations be clear. The argument is limited by the reality that EA PHE has probably benefited—including grown and innovated with flexibility—in the midst of ambiguous regulatory frameworks, as in China in the 1990s. But China also shows the large problems that result from lack of the rule of reliable law. PHEIs may then run scared or not run at all.

D. Need to Limit Regulation

Several *general* concepts are worth keeping in mind as to why EA regulation for PHE usually should be restrained:

1. EA has apparently benefited greatly from PHE, not blocked by heavier regulation.
2. Countries' PHE is internally diverse so it is not suited to one-size-fits-all regulations. Yet setting different policies for different PHEIs is easier said than done, given political pressures for equitable treatment, and practical problems of identifying what institutions are doing what at what performance level.
3. Limited regulation seems consistent with official EA goals, notably on access without dependence on public funds, but also on flexibility and innovation.
4. A limited approach is also consistent with official EA doctrines on HE and on broader political-economic orientations: autonomy for institutions to compete in a vibrant marketplace, coupled with accountability to varied

stakeholders, including but not restricted to government. The hierarchical governance of EA PHEIs would seem to lend itself to such approaches.

5. Such considerations in turn argue for caution about common calls for a consistent overall plan or for strong top-down command or active government roles in “balancing” interests of actors or casting all toward “national unity.” (UNESCO 2006).
6. As de-regulation is proclaimed for EA public HE, there must be a high threshold to justify tighter regulation of the private sector.
7. Regulation is rarely the objective process recommended in policy reports but always a political process; arguments for increased regulation often blithely ignore this reality.
8. Where possible, market incentives should be used in government policy as in encouraging innovation, access, and quality assurance (World Bank 2002).
9. Many EA PHEIs already—without coercive regulation—voluntarily emulate good practices, whether from other PHEIs, public HEI, or private businesses (Cai and Yan 2009). Significant is the PHEI employment especially of public university professors, carriers of norms.⁶¹
10. Many PHEIs improve themselves greatly where unencumbered by heavy regulation.

Related to several of these concepts is the point that heavy regulation can undermine the better PHEIs. The idea of different policies for different PHE types again runs into practical difficulties of discriminating. Detailed regulatory distinctions for different PHEIs are mostly infeasible, though we argue for incentives based on concrete performance.

It is not only EA’s leading PHEIs that could be undermined by heavy regulation. In fact, these are sometimes strong enough to be rather secure in the face of regulation. Instead, particular concern might focus on the serious demand-absorbing institutions. To be sure, the greatest concern over fraud and quality concerns diploma mill institutions.⁶² Demand-absorbing sectors are often known to critics by their most egregious (and far too common) examples, but serious demand-absorbers are increasingly significant vehicles for worthwhile PHE expansion. They supply many of the examples of institutions improving themselves by professional management, reinvesting their funds, broadening their offerings, surveying markets, and so forth, as with China’s Social University and Yellow River University of Science and Technology (Lin 1999).

However often PHEIs achieve good or even distinguished quality, a major danger in regulating for quality, as is the case well beyond EA alone, is the mandating of norms or standards found at leading public universities. A partial list of common examples includes percentage of full-time faculty, or of faculty with PhDs, number of publications, faculty per student ratios, campuses, land size per enrollment, or minimum number of fields of study. Of course, some such demanding standards may be reasonable for PHEIs that choose to compete for accreditation or special government funding. But a likely result of across-the-board high standards is to condemn, inhibit, and frustrate many PHEIs, as the regulations are too demanding or inappropriate for PHEI missions and abilities. Also, sometimes ratios interpreted as evidence of low quality can additionally be gauges of high efficiency.

Without reaching an academic pinnacle, some Malaysian PHEIs have done well with the labor market and professional licenses. At the same time, Malaysia's low demand-absorbing quality may be less a matter of bad policy than of lack of funds (Tan 2003). Malaysia also illustrates two other common PHE complaints in the region and globally about the accreditation process: high cost and low speed (World Bank 2007).

Similar problems and PHE complaints characterize other regulations on what institutions can do programmatically. Examples include approval of new fields of study or changes in curriculum. Even valid complaints along these lines do not of course mean there should be fewer regulations but they do underscore the need for reasonably appropriate and efficient regulations. This is particularly important now regarding accreditation as accreditation is growing rapidly.

Among other areas sensitive to regulate are internal governance and cultural practice. One's norms about "democratic" participation by faculty and others, including on institutional boards, can clash with the essence of tight hierarchy linked to the autonomy of a PHEI and its ability efficiently to offer distinctive choice and targeted accountability. It is not that the norms are "wrong" but that there should be great restraint in mandating them for PHE. The same holds for policies regarding ethnic groups, religion, or language, where arguably Malaysian policy has over-stepped, as considered above, though quotas have diminished since 2002 (Yilmaz forthcoming).

E. The Case of For-Profit PHEs: Extent

For-profit HE is growing globally. It is easily the fastest growing chunk of U.S. HE, moving closer and closer to a tenth of overall HE enrollment—which could mean a third of PHE overall, though concentrated in non-bachelor programs (Zumeta forthcoming). For-profit HE takes many different forms. Common, as in EA, is the usually small proprietary or family-run operation, but there are large institutions, company-run HE, and international chains (Kinser and Levy 2005). However, the chains, led by Laureate and Apollo, have not penetrated EA like they have Latin America but there are growing examples, e.g., the INTI University College in Malaysia is Laureate. On the other hand, the for-profit Limkokwing University of Creative Technology, based in Malaysia, bills itself as the “world’s most globalized university” with its presence in Cambodia, China, Indonesia, and several non-EA countries. And in the aggregate, at least the legal for-profit sector appears more widespread in Asia than in other regions. Elsewhere it is much more usual that for-profit is proscribed. In Europe and Latin America there is the much longer, deeper notion that HE is inherently public.

Most of the world’s functionally for-profit HE is legally non-profit. It is functionally for-profit by giving extravagant perks to family members or other favored employees, or devising cunning schemes for a non-profit to own and profitably rent buildings and land. As long as there is no formal distribution of declared profits to owners or shareholders, the institution can be juridically non-profit. How EA stands versus other regions in the prevalence of functional for-profits is difficult to know. On the one hand, EA is high in the demand-absorbing share of PHE. On the other hand, EA houses much activity inside legally for-profit institutions.

Further ambiguity arises in what is counted as HE. China insists on the non-profit label for education institutions but allows the for-profit form for training institutions. Like India it simultaneously denounces “excess gains” but welcomes “investors.” Clearly, for-profit is more common in Indonesian, Malaysian, and Singaporean non-degree, specialized diploma programs than in degree programs (González 1999). Additionally, great ambiguity comes in those countries where the law does not explicitly say whether for-profit HE is legal or not. Most of the ambiguities and difficulties we have listed are in fact rather general in the treatment of non-profits in EA (Silk 1999) and beyond.

Several EA countries have had major for-profit HE. The Philippines has long had a major share of its HE in for-profits, perhaps a majority, including a few large and many small institutions (Geiger 1986b; James 1991). Those that were stock institutions as of 1982 could retain that form but no new institutions could be created in that form. In Malaysia, some 90 percent of PHEIs are reportedly for-profit, as is a majority of enrollment (World Bank 2007). Indonesia has been another EA country with a major for-profit presence (Cowen and Papenfuss 1999).⁶³ How to regard and treat for-profits is an issue in China today.

F. How Much to Regulate For-Profits?

Much of the case for regulation of EA for-profits—if they are to be permitted at all—harks back to general arguments for some regulation of EA PHE and to appropriate responsibilities of government regarding transparency in competitive systems, as well as justifications for “delayed regulation.” For-profits are charged with improperly mixing finance and education, low quality, or fraud. Even if disposed to move cautiously in regard to the first two charges, one can endorse the fraud rationale for action. This is a matter of transparency and fairness, as well as efficient markets. The Chinese case seems sadly to exemplify practices such as large sums paid on various pretexts to non-contributing cronies, student admission without secondary degrees, admission through bribery, and programs that are not nearly as advertised. But to regulate well against such practices is not easy and should not be undermined by excess regulation on practices that are simply not liked.⁶⁴ One person’s “vulgar commercialism” (Wongsothorn and Yibing 1995), (p. 18) can be another person’s legitimate pursuit.

In this connection it is helpful to remember that so recently PHE generally was widely considered illicit or inappropriate. A common view was that HE should be public. Now PHE holds a third of global enrollment and a higher and rising share in EA. In some sense, for-profit HE is the “new PHE,” a contemporary target of vituperative denunciation as an illegitimate form (not that PHE overall has been freed from that attack). Obviously, some countries that dropped their proscription of PHE have not allowed for-profits.

Restraint in regulation can stem from recognition of the ways in which for-profits serve overall policy goals for HE and PHE. This is an application on for-profits related to our above list of conceptual points of restraint on

regulating PHE generally. Crucial is expansion of revenue, including revenue diversity, and with this expansion, expansion of access. Additionally, for-profits bring tax revenue, as for local governments in China. On a different plane, cracking down on for-profits can be tricky while simultaneously encouraging massive business activities at public universities, as with China's two most prestigious universities, Tsinghua and Peking.

Revenue enhancement is a good example of where there is only a thin line between goals and practical necessities. EA governments proclaim the need for HE expansion through rising PHE shares. Yet heavy regulation on for-profits could endanger many. This is particularly serious because EA is a region with already a large share of for-profits within its PHE. Moreover, while some for-profits could perish, others would surely shift to formal non-profit status, without shifting much in real behavior, bringing increased deception and decreased tax revenues. It is worth considering the Brazilian case. Known for decades as having Latin America's largest PHE share and largest concentration of legally non-profit but functionally for-profit institutions, Brazil in the mid-1990s made the practical decision that it could not control "non-profit" well through regulation, and figuring it might as well gain tax revenue, allowed legal for-profit status. Today 19 percent of Brazil's HE enrollment is in for-profits, easily the highest in the Americas.

Having a vibrant for-profit sector does not preclude preserving a vibrant non-profit sector, including government tax benefits or access to special construction or research funds not available to for-profits. Governments that provide assistance to students in both public and private sectors can decide if private should in that setting include for-profits; the US appears exceptional in allowing such assistance to students in (accredited) for-profit institutions. Similarly, governments could choose to treat foreign for-profit providers largely like domestic ones or differently. It can be desirable to have regulatory distinctions between mere licensing, required to operate, and more stringent standards for accreditation, which could provide access to competitive funds. The same principle on rules and standards can be applied regarding "universities" versus "colleges." Earning of autonomy is another option (Cummings 1997). Some tailoring is possible in regulation for EA PHEIs.

As for PHE generally but more so, the very nature of activities in for-profits in EA and beyond tends to reinforce the case for restrained regulation. The concentration in demand-absorption, practical job-oriented training, and non-university endeavors lends itself to the marketplace and controls through

competition. Some argue that such activities lend themselves well to stock-market listings, with a trust in greater transparency and abundance of information. Regardless, a related policy noted above is treatment of for-profits under commercial codes rather than education law.

Additionally, for-profits often and increasingly appear in EA and elsewhere in private-public partnerships. Very briefly considered above in regard to finance, the PPP term often loosely refers to any cooperative endeavor involving a public actor, usually government, and any private one. Common PPP usage in HE refers to ties between universities and private enterprises (Bjarnason et al. 2009). PPPs are strongly pushed in HE by the International Finance Corporation and the World Bank (Education Team 2008).

Here, however, we refer only to formal ties between PHEI and public HEI and, in particular, where the former is a college—for-profit or non-profit—and the latter is a public university. This is the case for almost all the Chinese examples, though sometimes the college is public. Unlike the Chinese case, Malaysia has had partnerships often between foreign universities and one or more Malaysian college. In South Asia Pakistan, India, Nepal, and Bangladesh are among those showing public university/private college agreements, including where the college does not offer its own degree (Agarwal 2008).

Whether the partner college is for-profit or non-profit, there can be reason to limit government regulation. For one thing, the public university itself can be a kind of regulator, setting rules and standards, with its own reputation on the line. The university's main interest is usually in increased revenues, enrollments, and perhaps introduction of entrepreneurial activities. In turn the college may gain legitimacy, quality assurance, and access to campus facilities and professionals (Levy 2007). However, even if both parties benefit, the partnership can be rife with ambiguities, mistrust, deception, and complaints (especially from the college). The entire panoply of PPP pluses and problems is presently on display in China.⁶⁵

Table 7: Government Regulations *

Country	Policy/ Approach	Year	Significance of the Policy/ Approach
Cambodia	PHE Act		Act to regulate PHE
China	Regulation (overall)		<ul style="list-style-type: none"> • Not extensive & allows for ample competition. • Variability by province & time period.
	Accreditation		Enhances autonomy & legitimacy (as well as quality), though most PHEIs have not earned (620 have versus 866 not).
	Ambiguous for-profit		For-profit institutions not allowed in HE but “reasonable returns allowed” and investment encouraged; for-profits allowed in training institutions.
	PPPs		Mostly public university and private college, former playing some “regulatory” role over later, e.g., quality assurance.
	Governance		The Private Education Law requires a Board of Trustees for every private institution; stipulates that it consist of five people at least and that the institution’s legal identity be with the chairman of the board of the institution’s president.
Indonesia	Rules (overall)		Notwithstanding regulations, high autonomy from government in practice.
	For-profit		Explicitly permitted & extensive.
Malaysia	PHE Act	1996	Regulates PHE (tight control).
	Policy on ethnic groups, religion, language	1970-2003	Quotas for the majority population for public HE contribute to minorities heavily populating PHE.
	For-profit	1980s-2000s	Explicitly permitted & extensive.
	PPP	1990s-2000s	Mostly foreign universities and domestic colleges, the former playing some “regulatory” role over latter, e.g., quality assurance.
	Quality Assurance	Late 1990s	PHEIs have to obtain accreditation from the National Board of Accreditation prior to offering their programs; public universities have to carry out regular academic audits on their educational programs.
Philippines	PHE Act		Act to regulate PHE (comparatively restrictive)
	For-profit	1982	Explicitly permitted & extensive.
South Korea	Government Suggestions		PHEIs pay attention to government suggestions
Thailand	PHE Act	1969	Act to regulate PHE (comparatively restrictive)
	Ministerial regulations		Regulations and guidelines supported the PHE Act for procedural implementation of PHEIs (comparatively restrictive and detailed)
	Ambiguous for-profit		For-profit institutions not allowed in HE but “30 percent of returns allowed” for licensees and investment encouraged.
	Quality Assurance & Accreditation	2000	PHEIs must be externally assessed and accredited by the Office for National Education Standards and Quality Assessment every 5 years. PHEIs and public universities use a similar set of standards.

* The matrix is illustrative and listing a policy under one country does not imply the lack of such policy in other countries.

Table 8: Lessons & Policy Options on Regulation

Issues	Lessons	Policy Options
Establishment of regulatory framework	Need for regulations replacing semi-laissez setting of PHE emergence and ensuing rapid growth and wild institutional proliferation.	Government can increase regulation (often “delayed regulation”) so that it fulfills its fundamental responsibilities to protect consumers in market systems.
Differential policy by level of institution	Some countries in EA and beyond have established different regulations on different types of PHEIs.	<ul style="list-style-type: none"> • Consider greater or lesser regulations for merely licensed institutions and for accredited ones. • Similar gradations in regulations can be set for “universities” and “colleges”. • Other distinctions can come between PHEIs that receive some public finance and those that do not and some regulations can be contingent on whether particular PHEIs enter government financial incentive programs.
Diversity of regulations	PHE diversity is ample and thus makes one-size-fits-all regulations infeasible or undesirable. But setting different policies for different PHEIs is itself infeasible or problematic.	While detailed regulatory distinctions for different PHEIs are mostly infeasible, government may consider incentives based on concrete performance as alternatives.
For-profits: benefits	Feasible and indeed unusually common in EA; integral to access and adds to diversity and finance.	Such benefits thereby suggest restraint in regulation. If the market is reasonably transparent and effective, government can regulate as much as it regulates other businesses.
For-profits: constraints	Adverse public opinion; concern over quality and an illegitimate mix of finance and education and fraud.	<ul style="list-style-type: none"> • Where for-profits have not been allowed, governments can experiment with them (as Japan is now doing). • Governments providing student aid (and other indirect aid) to both the private sector can decide if eligible privates should include for-profits.

Table 8: Lessons & Policy Options on Regulation (Continued)

Issues	Lessons	Policy Options
Shared faculty	Idealized rules have little impact in reversing PHEIs use of public university professors as it is a matter of PHEIs necessity and professors' incentives.	<ul style="list-style-type: none"> • Government may leave most rule-making to the public universities and the PHEIs, especially when they have PPPs. • Government may encourage or help its public institutions to provide more pay and benefits to worthy public professors, where feasible.
Regulations on curriculum, degree-granting, licensing, examinations, etc.	PHE are often compelled to follow public sector standards and norms (even in the absence of government subsidies) in regard to academic affairs, thereby limiting institutional diversity among themselves and from the public ones.	<ul style="list-style-type: none"> • Some inter-sectoral homogeneity is warranted for QA and transparency but some inter-sectoral distinctions should be valued and protected for autonomy, choice, competition, and accountability to varied stakeholders.
Specific policy for identity PHEIs	Policies regarding ethnic groups, religion, language, or other internal governance and cultural practice may intrude on the autonomy of PHEIs.	Regulation relevant to internal governance and cultural practice needs to be sensitive and not to trample unduly over institutional missions.
PPPs	Formal ties between PHEIs and public HEIs have shown the ability to benefit both parties though tensions are common.	<ul style="list-style-type: none"> • Government may limit regulation insofar as the public university itself already plays a role of regulator. • Government may not require PPPs but can provide to establish them in particular circumstances.

V. CONCLUSION

A. Summary

The first feature that strikes us about EA PHE is its size. In raw enrollment it is more than twice any other region and the 38.6 percent PHE share is larger than that in all regions except Latin America. PHE shares are much higher still if we measure by institutional rather than enrollment numbers, which is to say that many PHEIs are quite small. PHE also concentrates in non-universities. Moreover, strong PHE growth continues across a wide range of EA countries in terms of level of development and political regime type. Only a very few EA countries, with small HE systems, now have no PHE. PHE growth is an integral part of broader market and privatization tendencies in the region's political economy.

PHE growth has been a product of both multifaceted private initiatives and facilitative government policy. The post-war “Japanese model,” emulated widely throughout EA, directed public funds preferentially to lower levels of education, postponing massive HE and then leaving it mostly to the non-subsidized private sector. The relatively late development of EA public HE was followed relatively quickly by major growth of the private sector, so that the public sector lacked the long-standing dominance (even monopoly) seen in Europe or Latin America. China and several other countries that eventually moved away from public monopoly still have great room for expansion of the private share, just as the least developed countries have great room for both private and public expansion. However, several other EA HE systems have recently shown private decline, rarely in absolute enrollment terms (e.g., Japan) but not so rarely in proportional terms (e.g., Indonesia, Thailand); the diminished private share is often the result of massive public expansion or elevation to “HE” of existing institutions or of demographic stagnation (e.g., Japan and the Republic of Korea).

A crucial feature of EA PHE is that, even more than in other regions, it is overwhelmingly in the demand-absorbing sub-sector. This has implications for further growth, finance, regulations—and quality. Equally crucial is to appreciate the range of demand-absorbers from garage institutions of very low quality and sometimes fraud all the way up to serious demand-absorbing

institutions that make laudable efforts and score successes, particularly in labor-market orientation.

But there is further substantial variation within PHE. At the top in terms of the labor market, academic quality, and professional management are semi-elite institutions. Even though almost no PHEI vies with the public elite universities, this next tier is impressive and growing, with some record and much potential for providing models not only for serious demand-absorbing institutions but also for public ones in attracting diversified private income, introducing labor market pertinent fields, being entrepreneurial, and vigorously establishing a variety of international ties and agreements. Moreover, some religious and other group identity institutions are themselves semi-elite or at least share some salient characteristics. A degree of stagnation or decline in religious orientation (e.g., Catholic) is offset by diversification, including with Islamic institutions. In many ways, the PHE sector continues to demonstrate vibrancy.

The significant variation of sub-types within EA plays itself out on the financial front. Granted, tuition is king for almost all PHE in EA. That is indeed common for PHE globally. EA is somewhat unusual in that public institutions often charge tuition; though that fact limits the public-private “tuition gap,” the gap is usually at least 2.5 to 1 on average (much higher when it comes to the semi-elite sub-sector).

Tuition-dependence in EA varies from nearly 100 percent in many demand-absorbers to simply the largest single source for many semi-elite and identity institutions. EA’s semi-elite institutions, which tend to have the highest tuition, also show the greatest presence of business funding, while the religious institutions of course show the greatest religious philanthropy, including from abroad. Together, in fact, these two sets of PHEIs lead the way in foreign finance. Serious demand-absorbers include the better family-owned institutions, with family financial contributions. But all this variation in private financial diversification remains too limited and countries must look to enhance the still too meager realities of philanthropy and business-PHE linkages. In fact, these are and can become even further outposts where PHE initiatives can translate into financial stimuli for some public HE, including through competitive pressures.

As is the reality globally, the viability and expansion of EA non-tuition private funding depends greatly on public policy. Tax incentives are prominent

examples—and again show where good policies for PHE may be good for public HE as well. Openness to foreign and for-profit actors offers a parallel set of facilitative actions. Even on tuition, government policy is important. All other things equal, the higher the public sector tuition, the smaller the inter-sectoral tuition gap and thus the more favorable the prospects for PHE. And very directly crucial is that government not place inappropriate caps on PHE tuition.

Financial diversification—both in present reality and in policy opportunities—is also very much about public funding. To be sure, the general rule in EA is a lack of government direct, annual subsidization of PHEIs. In no case is there or has there ever been anything approaching sector neutrality in such funding. However, this still leaves room for policy consideration of limited direct subsidization based on certain rationales (to save jeopardized PHEIs or enhance opportunities for improvements such as broadening program offerings or research).

But the major reality and appropriate opportunities for further public funding come in indirect, targeted assistance. In fact, here is that rare arena in which this paper does advocate something approaching sector neutrality. Peer-reviewed competition for research funds is a prominent possibility, with some precedent already. Most important is a student-loan program that is open to PHE as well as public HE students, a reality that is expanding in the region and could use ample growth. Unlike most government funding for PHE student loans would greatly benefit a large share of PHEIs, or at least accredited ones if government chooses to make that restriction.

The extent and shape of regulation has varied across country and time. In many places, a near *laissez-faire* government approach to PHE yielded to “delayed regulation.” PHE complaints about excessive regulation often cite the following: regulation in the absence of government finance, more demanding rules than public autonomous counterparts face on certain matters, and onerous delays and costs in program requirements or accreditation. In any event, much of the valid case against excessive regulation follows general arguments (beyond HE). Excesses may ensure *de facto* evasion or may bring deleterious consequences for freedom, autonomy, innovation, choice, competition, and diversification. On the other hand, much of the general case in favor of some regulation and often of increased regulation, also plays out in EA PHE. Government has both right and responsibility to ensure a more transparent market and protection of an otherwise hapless citizenry. Problems are most

egregious among the garage sort of demand-absorbing PHEIs, and they involve levels of quality below any reasonably acceptable level.

Moreover, legitimate governments have latitude to make policy favorable to their ends. There is no solely objective answer to matters such as whether governments should finance PHE or even allow it or, if they allow it, whether to include for-profits. To state matters provocatively, governments and societies have a right to make “wrong” decisions. At the same time, however, a reasonable hope is that our expanding knowledge of experiences within and beyond EA—and of associated benefits and problems—will enlighten policymaking.

The variation in EA policy across countries to date and in arguments about policy is illustrated by for-profits. The extent of legal for-profits is clearly much greater in EA than in other regions. In some countries it accounts for the majority of PHE, though in others it is proscribed. There has been a rising presence of partnerships between for-profit colleges (as well as nonprofit ones) and public universities. Yet, as in other regions, legal proscription leaves ample room for de facto functioning with disguised profits. The de facto point in turn becomes a major policy argument for legalization. Other rationales include expanding the private financial contribution, utilizing the discipline of the business marketplace, and bringing further diversity within PHE. But opposing rationales are evident where for-profits are associated with the garage phenomenon, which might be greater with many of the family-owned operations than with the large international chains.

On the other hand, a remarkable finding, given the enormous differences across EA countries in so many respects (histories, development levels, political systems, religion, ethnicity and other identities) is that a formidable litany of PHE characteristics is common regionally. These include the almost uniform presence of some PHE, at least a spurt of major PHE growth, the small average size of PHEI, the numerical dominance of the demand-absorbing sub-sector, the dominance of tuition in PHE revenue, the lack of major direct institutional government funding to PHE, PHEI internal governance hierarchy, and the concentration on a set of fields inexpensive to offer. Many of these tendencies are in fact seen in PHE globally whereas some are particularly stark in EA.

B. Assessment and Policy

Policy has been considered throughout the paper and highlighted in several tables. By and large, the paper has taken a net favorable view of PHE's contributions. PHE has brought huge benefits in access to HE. It is nearly impossible to think of EA HE without a very large private sector. Any policy move to drastically shrink the sector could well be cataclysmic.

PHE has also contributed, though more sporadically, to other common goals of EA society and government as well as agencies like the World Bank. Taking the example of differentiation, we can cite institutional differentiation (including non-university HE), financial differentiation (including both foreign and domestic private sources), and differentiation in functions and performance (including labor-market orientation). The better institutions (semi-elite, identity, and even serious demand-absorbing) of course make larger contributions than most PHEIs do to choice, competition, and even quality. Notwithstanding the finding that academic quality is higher on the average in the public than in the private sector, it is not over-statement to say that the leading PHEIs have sometimes been models for other PHEIs and public institutions. Examples include innovative fields of study, labor-market orientations, consumer voice, and points of efficiency and decisive management. These leading PHEIs also sometimes legitimize practices and policies that many reformers advocate for HE overall, whether or not most public universities are keen to follow (e.g., higher tuition).

But what is best about PHE is usually not typical in PHE. The paper has found many problems with PHE performance. Often the problems lie in what PHE usually *does not do or have*: very high academic quality, ample research, scholarly graduate education, full-time teaching staffs, an attractive mix of full-time and part-time students, an ample range of offerings, fields of study costly to offer, diverse funding sources, and ample facilities and resources. These examples are valid for most of the sector and certainly for the large majority of PHEIs, demand-absorbing. Moreover, where PHE does operate it often does so at low levels of performance, with low and sometimes with abysmal quality, and with a lack of transparency, sometimes with excess attention to profit over education. The distinction between garage and serious demand-absorbing is crucial for our assessment and for public policy. For the garage institutions, it is difficult to identify substantial benefits to HE and society other than access.

But intra-sectoral variation is also large within the public sector and average public HEIs are far from distinguished; many are really “public demand-absorbers.” To find a public quality edge on average should not reinforce stereotypes about EA public institutions almost always being superior to private ones.

The paper has not only assessed PHE contributions and problems from policies in effect, but has identified and considered policy options for the future. In so doing and making recommendations the paper has also taken positions largely favorable to PHE. But usually it has done so with qualifications and cautions.

First, on size and growth, the paper has applauded and promoted policies favorable to PHE expansion. But it recognizes that there is no “best size” and that PHE net expansion is not always warranted. If it is warranted for regions with much less than 40 percent PHE shares, is it also regionally warranted for EA? If it is good where the PHE country share is 10 percent, is it also necessarily warranted when it is over 70 percent? PHE share should not be an end in itself but instead should be dependent on how well it can serve worthy goals of access, differentiation, choice, quality, and national development. With that in mind it may not be sound public policy to support growth in PHE size even where it could be very desirable to incentivize growth in certain types of PHE, remembering that most PHEIs are quite limited in quality and scope.

Although not as frequently as increased PHE size, another common policy point advocated in World Bank and other reports is “sector neutrality” (Or, in modified form, sectoral neutrality except that PHE might continue to be mostly private in finance). Our report is mostly unfriendly to the idea of policy neutrality. Advocates generally seem to miss or fail to appreciate adequately the value of inter-sectoral distinction. If we value much in what PHE provides, why push through similar treatment that it becomes more like the public sector? If one size fits all is often bad policy for PHE, given intra-sectorally varied realities, it seems worse policy inter-sectorally. The finding of this report, in fact, speaks to huge (not complete) private-public distinctions. These are stark in finance, governance, functions, goals, and relationships with society.

In reality, most of the private-public blurring seen in EA is not the result of changes in PHE nearly as much as of the partial privatization of public HE. That privatization, though noted, was not the subject of this paper. Thus, the paper’s wariness of sector neutral policy mostly concerns proposals to change

the private sector. However, even this report is favorable to much greater sector neutrality when it comes to one arena: indirect government financing (as opposed to direct institutional subsidies), along with incentives for diversification in private income.

The paper's attention to policy has included much about what actual policies have been in EA. Benefits, opportunities, constraints, and problems have been identified and then speculated about for future policy options. Among the many options, some clearly are framed as recommendations. Against that background we choose to finish by reiterating basic cautions about public policy for PHE. Of course we have already just noted the need for caution in two popular proposals in international documents, favoring increased PHE size and sector neutrality. In fact, on sector neutrality the paper assumed not just a skeptical but mostly a negative position.

More generally, we have argued against notions of there usually being best policy or "best practice."⁶⁶ That rejection is not uniform and certainly does not mean that all policy options are equally valid. Reserve is also warranted since all we may know are realities to date and likely or possible effects of policy change. Additionally, it has been crucial to emphasize the wide variation in EA private sectors, across different types of PHEIs. To think too often of a best policy for the entire sector (let alone all of HE) can be hubris, though this point allows that some policies can be valid largely across the board. Furthermore, country variation in EA is immense in general and for HE and PHE in particular. What one sees as appropriate in one place may be quite inappropriate elsewhere.⁶⁷

Most of the report's policy options and recommendations involve extension, sometimes quite significant extension, of actual policies and realities that seem to produce benefits that outstrip problems. The benefits have often come from public policy but they have also commonly come from multitudinous private actions that were not centrally planned. Making policy for PHE is about a lot more than stating what are in effect goals, aspirations, and principles.

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ENDNOTES

¹ Data on Cambodian PHEIs and enrolment from the World Bank. http://siteresources.worldbank.org/EDUCATION/Resources/278200-1121703274255/1439264-1193249163062/Cambodia_CountrySummary.pdf. Data on private university and enrolment from “Cambodia” in Higher Education in South-East Asia (Bangkok, Thailand: UNESCO Asia).

² Department of Development and Planning, Ministry of Education, Essential Statistics of Education in China, May 2009. Government does not list any of the private HEIs as universities, even if they call themselves that. In 2008 there were 1506 private HEIs, of which 866 were only self-study, not for granting diplomas or degrees. Admission to diploma and degree granting private institutions was 1,346,311, with enrollment at 4,013,010. Data contributed by Prof. Fengqiao Yan.

³ Hong Kong is part of China but we give its data separately. Data from University Grants Committee, Hong Kong, contributed through Kai-ming Cheng. Publicly funded institutions offer self-financed programs, and private student enrolment refers here to student enrolment in these programs, as well as in private institutions; this is different from how self-financed students in public institutions are counted by us in European and African countries. Furthermore, the UGC data do not categorize by private-public as much as privately financed and publicly financed, with presumably some threshold to be called one or the other. On the number of HEIs, two small colleges with enrolment of 66 in total are not included.

⁴ World Bank, Higher Education Sector Assessment, March 2009. When the report lists the number of Indonesian HEI, it shows the public’s 131 as 46 universities, 5 institutes, 26 polytechnics, 1 school, and 52 Islamic institutions; for the private sector it shows 2766 total, including 372 universities, 42 institutes, 118 polytechnics, 985 other, and 1249 schools, so private constitutes 95.5% of institutions. When the report shows enrolment, it gives public as 978,739 and private as 2,392,417 for a private share of 71.0%. But these enrollment figures leave aside the following, which are not shown with private-public identification: Islamic

institutions (506,247 enrolments), service institutions (47,253), and the open university (450,649), putting the country's total enrolment at 4,375,305. If we take the Islamic and Open universities as public and the Service institutions as private (1249 of 1250 are listed as private), then the private share of total enrolment would be 55.8%. But that is less than the figure in the table and Dr. Arif Maftuhin notes that some Islamic institutions are legally private, others legally public.

⁵ See PROPHE's Japanese case online at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

⁶ On Lao PDR, the conference of "The Proceedings of Regional Seminar on Higher Education in Southeast Asian Countries: A Current Update" in Bangkok, Thailand on Sept 29, 2005.

⁷ "Proceedings", 2005. Also see PROPHE's Malaysian case online at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

⁸ Mongolian Statistical Yearbook.

⁹ Myanmar's data on enrollment is from UNESCO Institute for Statistics <http://stats.uis.unesco.org/>. Lall (2008) reports there is no PHE, though there are private centers in market fields. Also see Khin (2005).

¹⁰ PROPHE knowledge that there is no private higher education in North Korea.

¹¹ On the Philippines, "Proceedings," 2005.

¹² Data of 2006 from OECD Complete databases: <http://stats.oecd.org>. Data of 2004 from PROPHE single country case for South Korea. <http://www.albany.edu/dept/eaps/prophe/data/national.html>. Data of 2002 from Seung-Bo Kim and Sunwoong Kim. Private Universities in South Korea. International Higher Education, Fall 2004.

¹³ The Ministry of Education, Taiwan Website: Statistics & Research/ Summary of Statistics (2003-2004): <http://140.111.1.22/english/en05/other/yr04.htm>.

¹⁴ Office of Higher Education Commission, Thai Ministry of Education. <http://www.mua.go.th>.

¹⁵ Ministry of Education and Training of Vietnam, Statistical data: www.edu.net.vn.

¹⁶ The term privatization is used widely in EA and global public HE, sometimes with reference to finance, sometimes to management (Wongsothorn and Yibing 1995). "Corporatization" became popular in many EA countries, as with the National University of Singapore. But the policy does not seem to have attracted much business funding in Malaysia

(Yilmaz forthcoming). On Japan, Yonezawa (Deng 1997; 2000) notes that it is unclear if public universities now own their assets .

¹⁷ Other papers in the Flagship project rarely refer to PHE. References to suggest public HE and the use of “private” often refer to business.

¹⁸ Regional Fact Sheet from the World Development Indicators 2009, available [online] at http://siteresources.worldbank.org/DATASTATISTICS/Resources/eap_wdi.pdf. The table shows East Asia & Pacific, Europe & Central Asia, Latin America & Caribbean, Middle East & North Africa, South Asia as well as Sub-Saharan Africa.

¹⁹ See Gross Domestic Expenditure on R&D (GERD), available [online] at: <http://stats.uis.unesco.org/unesco>.

²⁰ As the author of perhaps the only published piece on PHE regionally writes: “it would be practically impossible to make generalizations given extreme disparities,” (Umakoshi 2004), p. 33.

²¹ According to *the World Bank’s South Asia: Data, Projects, and Research*, South Asian countries include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, available [online] at: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,pagePK:158889~piPK:146815~theSitePK:223547,00.html>.

²² In some countries, as still in Greece today, PHE can operate de facto, without state recognition of degrees.

²³ The Philippines is exceptional for its early PHE origins. In South Asia, Bangladesh opened PHE 20 years after national independence.

²⁴ Royal University of Phnom Penh was closed under the Pol Pot regime during 1975 to 1979, and re-opened in 1980. Apart from public and private HEIs, there are also “quasi-public HEIs”. The first institution of this kind was the National University of Management officially established in 1983 and transformed to quasi-public in 2004. Sources are from the Cambodian Ministry of Education, Youth, and Sport available [online] at http://www.moeys.gov.kh/old_moeys.gov/en/.

²⁵ As of 1975, when all North Vietnamese HE institutions were public, 11 of South Vietnam’s 18 were private, but after unification all would be public. Now Vietnam has a large private sector (Phuong 2006).

²⁶ *Context for the National Data: Malaysia*, PROPHE’s National Data on Private Higher Education, available [online] at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

²⁷ On the other hand, the Republic of Korea case shows that family industrial groups can have a major role (Umakoshi 2004).

²⁸ Brazil was the marked exception, showing more the EA route of massifying mostly through the private sector, with selectivity holding sway in many public universities, but this is not to say that it also emulated the EA priority on primary and secondary public education.

²⁹ This distinctive private vs. public funneling to the labor market was found for Latin America but then noting that over time leading PHEI penetrated the public labor market, even in high positions (Levy 1986).

³⁰ Data on PHE in Japan at PROPHE's National Data on Private Higher Education, available [online] at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

³¹ But PHE can be spread widely: only two of the Philippines' 16 provinces have public majority enrollment whereas almost all have at least 2:1 PHE majorities (Valisno 2002).

³² A volume pondering the prospects for "world-class" universities in Asia and Latin America has little to say about PHE (Altbach and Balán 2007).

³³ Evidence on Thailand as well as Mexico and Poland (Levy 2008b) suggests this teaching claim is made. But for Japan Akiyoshi Yonezawa (personal correspondence) says that the leading private universities are handicapped by lack of money, as they get little from government and try to keep tuition low to attract good students; however, active alumni associations are major recruiters for leading private universities.

³⁴ Japan's religious diversity is different. Among its 595 private universities over 100 can be so far identified by type of religious orientation, including 43 Protestant, 40 Buddhist, 22 Catholic, and 2 Christian but such labeling should be taken warily.

³⁵ History of The University of Santo Tomas, available [online] at: http://www.ust.edu.ph/index.php?option=com_content&task=view&id=102&Itemid=58.

³⁶ In 2000, 89.6 percent of junior college students were female. See *Data on Private Higher Education in Japan*, PROPHE's National Data on Private Higher Education, available [online] at <http://www.albany.edu/dept/eaps/prophe/data/national.html>.

³⁷ In very recent years, where the Middle East has become the last region into PHE, the government role in planning and favoring has far outstripped that in any other region.

³⁸ Where "private" has a negative connotation among citizens, government may tread cautiously but market ideology has been ascendant in China. In India, socialist ideology has been deep-seated, leaving government split (Gupta, Levy, and Powar 2008), but the 2009 elections may bring more pro-private policy.

³⁹ In Japan, the ministry of education is often “pro-public” while the Prime Minister’s office is more responsive to private sectors (Yonezawa 1998).

⁴⁰ On the general dynamics of PHE decline, with global examples, see Levy (forthcoming-a); for analysis of an EA case, see (Praphamontripong 2010).

⁴¹ Data on Myanmar are scarce and not reliable but could fractionally lower the EA and total Asia private percentage.

⁴² See *PROPHE’s Country Data Summary*, International Databases, available [online] at: <http://www.albany.edu/dept/eaps/prophe/data/international.html>.

⁴³ Loc (2002) notes that two Vietnamese private universities have more than 10,000 enrollments each, reminding us that private HEI can be large.

⁴⁴ Indonesia exemplified this double inequity (Buchori and Malik 2004), but it is found widely in EA as well as in places like Brazil where demand-absorption is mostly through PHE.

⁴⁵ But it appears that tuitions do not vary so greatly among Malaysian types of PHEI, as Mei (2002) reports averages of 12 thousand for private universities, 13 in private colleges, and 18 in twinning programs.

⁴⁶ Some European institutions may be considered either legally private or “government-dependent,” the latter term better describing their financial reality and commonly used by European agencies. Chile, India, and the Netherlands have all seen a new wave of financially private HE, further undermining any sense of sector neutrality or sameness (Geiger 1986a; Gupta, Levy, and Powar 2008; Levy 1982).

⁴⁷ See Yonezawa and Baba (1998); Kitamura (2001); Research Institute for Higher Education, Hiroshima University, “*Statistics of Japanese Higher Education*”, available [online] at: http://en.rihe.hiroshima-u.ac.jp/data_category.php.

⁴⁸ Agarwal (2008) identifies Nepal as a case where there is public money, sometimes greater than for public universities; this unusual policy seems related to the unusual reality of high private quality as at Kathmandu University.

⁴⁹ See *The International Comparative Higher Education Finance and Accessibility Project (ICHEFAP)*, University at Buffalo, SUNY, available [online] at <http://gse.buffalo.edu/org/IntHigherEdFinance/>; IFC Finances Market Study to Develop Student Loan Facility for Higher Education in Pakistan, International Finance Corporation, available [online] at <http://www.ifc.org/ifcext/pressroom/ifcpressroom.nsf/PressRelease?openform&5374BC94076D769D8525719D00456B59>.

⁵⁰ On India's program and difficulties, see Jacobsen and LaRocque (2000) with a more encouraging picture reported for Pakistan and Sri Lanka (LaRocque 2008).

⁵¹ According to Wu (forthcoming), some Chinese private institutions make a significant contribution in technical and industrial research.

⁵² All the government money to PHEIs is to higher quality institutions (LaRocque 2008). Pakistani PHEIs get state R&D funds, in contrast to recurrent funds, but have to meet criteria including having at least 70% full-time faculty, nonprofit status, ownership of land, having a campus, and providing funds to needy students (World Bank 2006).

⁵³ Local governments provided funding for campus land and facilities for new PHEIs and let private educational corporations run a university/college. It was a Japanese style private-public partnership. The local government help fit the national ministry's policy of dispersing PHEIs' geographical locations outside of Tokyo. A more vigorous government subsidy for start-up is seen where the Ivory Coast gives aid to attract students initially.

⁵⁴ Vietnam (World Bank 2009c) is helping by disseminating information on market opportunities and monies to expand certain fields, if the PHEIs are nonprofit and not just about individual job training.

⁵⁵ The Chinese tuition gap may be effectively higher insofar as many PHEIs require substantial down payments (Gallagher and al 2009; Glewwe and Patrinos 1998; LaRocque 2002). Malaysia's private-public cost gap is somewhat more than 2:1 in total costs but greater than 10:1 in tuition alone (World Bank 2007).

⁵⁶ World Development Indicators 2009 shows EA country figures from just 4 to 84 as private shares of tertiary education cost. The 4 is for Malaysia (and seems too low), the 84 for Korea, with Indonesia and Japan at 54 (see Regional Fact Sheet, World Development Indicators 2009, available [online] at http://siteresources.worldbank.org/DATASTATISTICS/Resources/eap_wdi.pdf).

⁵⁷ For example on Uganda see Court (1999).

⁵⁸ This is not to say that regulation is unconstrained but the constraints appear to stem mostly from practical realities.

⁵⁹ On the other hand, many PHEI welcome regulations for bringing legitimacy, and formidable PHEI find regulations often easy to meet, thus providing evidence of their superiority.

⁶⁰ A historical example, 1920s, as in Deng (1997), was Chinese regulation following "benevolent neglect" (p. 42).

⁶¹ Japan and other EA private sectors also have their own inter-institutional voluntary associations to set some guidelines and coordinate.

⁶² For a definition and proposals on how to regulate diploma mills, see UNESCO-CHEA (2009).

⁶³ Pakistan's PHEI are mostly for-profit, some stock-based (World Bank 2006) and Kazakhstan's PHE has been called all for-profit (Tran 2000).

⁶⁴ Where for-profit has very negative connotations for public opinion, so much as to undermine PHE overall, reasonable policy could sacrifice the for-profits. On the other hand, one could argue that allowing for-profits can further the legitimacy of non-profit PHE.

⁶⁵ For example, students at a private college affiliated to Zhengzhou University, after paying 5 times what their university counterparts do, claim they were not given the promised university title.

⁶⁶ Some of this paper's favorable findings and policy options relate to practice common in the US (e.g., indirect financing of PHE, lack of extensive central regulation). But we must remember that the US is a very atypical country when it comes to HE, so caution is warranted in emulation.

⁶⁷ An important policy-relevant suggestion is that much more data be gathered on PHE. The scattered nature of things is partly a consequence of rapid, largely unplanned growth and proliferation. Information gathering and dissemination can be a worthy task for government but also for private associations and regional agencies such as UNESCO and the Asian Development Bank. Such data would be crucial for benchmarking that might be undertaken.