

**Abstract**

In a growing number of countries, the private higher education sector is increasingly diverse and influential. This has not always been the case—public (state) financing and control over higher education was, with some notable exceptions, the global norm. The appropriate balance between state and nonstate participation, including funding and number of institutions, is rooted in the historical context of higher education development in each particular country, shaped by its current needs and resources.

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## Private vs. Public Funding for Higher Education

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**I**n the current global context of mass higher education, and with more than 250 million students in 30,000 institutions worldwide (and with severe financial and other pressures), private (nonstate) involvement in higher education is universal. Indeed, in a growing number of countries, private enrollments dominate, and the private higher education sector is increasingly diverse and influential. This has not always been the case. With some notable exceptions, public (state) financing and control over higher education was the global norm.

The shift from public to private funding did not come without controversy, and in many countries, the debate continues. Some, a dwindling minority, argue that only the state can provide the scope and breadth of higher education, and that research is necessarily a responsibility of the government. The private sector, many argue, will necessarily serve the “lowest common denominator” and focus on its own interest rather than the public good. Yet, financial necessity has led to a dramatic expansion of both nonprofit and for-profit private higher education worldwide. Latin America, once dominated by public universities, has now a majority of private enrollments. Similarly, in many Asian countries, the private sector dominates, and in such places as Japan, the Philippines, South Korea, and Taiwan, it always has.

To reflect on the dramatic rise of nonstate higher education and to highlight the public–private debates, UNESCO’s Global Education Monitoring Report is devoting its [2021 issue](#) to this theme. The Center for International Higher Education at Boston College was asked to provide a perspective on the state–nonstate debate. As part of our work, we asked five colleagues to contribute with short national cases. The articles in this issue, focusing on Argentina, Egypt, Germany, Romania, and Vietnam reflect differing perspectives and experiences, but confirm that the debate is a common one across different contexts.

### A Public or Private Good

A prominent question often referred to in the debate regarding the involvement of nonstate actors in higher education is whether higher education is a public or private good. While many have made cases for both sides, no one, to the best of our knowledge, has yet made a compelling argument that higher education should be considered an exclusively private matter in which broader society or the state would have no role. Meanwhile, the reverse argument that higher education should be completely in the public

domain and fully funded by the state is just as implausible. This is the reality around the world, as also highlighted in the cases under consideration.

State and nonstate components of higher education are intermingled. One common aspect of this reality is the way resources transcend boundaries between the two domains. Public institutions receive funding from various nonstate sources, including private companies, foundations, philanthropic individual donors, alumni, etc. They also increasingly tend to outsource operational and administrative activities to private entities. Conversely, private (nonstate) institutions often enjoy various kinds of support from the state. Private institutions can commonly compete for publicly funded research grants and contracts. In many countries, they enjoy benefits in the form of tax exemption and availability of loans with favorable terms (this is generally limited to nonprofit private institutions). In some exceptional cases, such as Chile, certain private institutions are entitled to receive direct government funding. Private institutions also indirectly benefit from public resources through student loan and financial aid programs.

This generally reflects the difficulty in making a clear distinction between the state and nonstate domains in higher education. This is illustrated in the case of Romania, where public universities have dual track options (free and tuition fee-based access), while tuition at private institutions is recognized as less restrictive and is even lower in some cases than that of public institutions. A caveat that often comes with such a scenario is, of course, the issue of quality. In cases in which private institutions assume the role of absorbing demand, they are frequently criticized for the low quality of the education that they offer. However, as illustrated in the cases of Argentina and Romania (and many other countries), low quality is not limited to private institutions. In the absence of sufficient investment and strong quality assurance mechanisms, public institutions are equally vulnerable.

### **An Appropriate Balance between State and Nonstate Participation**

The case studies illustrate that the appropriate balance between state and nonstate participation, including in terms of funding and number of institutions, is rooted in the historical context of higher education development in the particular country, as it is shaped by its current needs and resources. The trend is that at least some publicly funded flagship and specialized institutions, with the role of generating research and graduates that support the entire higher education sector, coexist with private institutions—although worldwide, the research university sector is largely dominated by public institutions.

In countries like Vietnam, private provision of education has been fundamentally contradictory to state ideology. Hence, the involvement of nonstate actors in higher education has gone through a gradual development, from raising much skepticism to playing an increasingly important role in the postsecondary environment. Similarly, in Argentina, the debate about nonstate actors in higher education has evolved from direct opposition to a discussion about what their roles should be. In Egypt, where higher education is predominantly public, private institutions are seen as key players in improving quality and internationalization. In Germany, another largely public system, the overall discussion remains low key, as private institutions are neither seen as a threat nor as a competition to the public sector.

In general, the debate about state and nonstate actors in higher education does not aim at exclusivity. There are pros and cons on both sides, and with its distinct characteristics and functions, each contributes to adapting the whole higher education system to the diverse needs of society. The relative positions of public and private institutions vary according to context, evolving along with overall environmental requirements.

The current global environment, affected by the pandemic, economic crisis, climate change, geopolitical tensions, etc., has implications on the role of higher education in general, and that of nonstate actors within it. Both public and private institutions will continue to face financial constraints following reallocations of public resources. Quality and access, particularly in low- and middle-income countries, will suffer considerably. Meanwhile, broader challenges such as the environment and public health, are likely to generate more collaboration between state and nonstate actors, increasing the latter's role in higher education and research. ▲

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