

role in promoting significant changes in policy, the most notable being in funding. There has been an increase in federal expenditures for higher education throughout the 1990s (not including unreported expenditures by state governments and the private sector). Federal expenditures have probably reached a ceiling at around 0.65 percent of GDP and will likely not continue growing in the future, which will set the stage for greater demands for private expenditures in both public and private establishments.

Evaluation—another federal program—is now widespread, but often poorly designed or focused and underutilized in decision making. Many procedures have been put in place, although most of them involve assessing the productivity of academics; rarely is the effectiveness of teaching actually assessed. Outcomes assessment is still on the drawing board, although professional certifying examinations are being designed for graduates in a number of professional fields.

The federal policy for evaluation and increased, but conditional, funding has had an impact on management cultures and structures in many public and private universities. Efficiency, professional information management, and inputs from evaluation systems are all buzzwords in higher education management today. However, there is considerable evidence that some distortions have emerged, in that the administrative superstructures of universities are becoming overdeveloped (and perhaps even more inefficient), while intermediate management is mostly formal and lacking real influence over academic work; at the same time, academic organization in the basic work units continues to be atomized and uncoordinated.

Curriculum reform was on the agenda, and many institutions have reported changes in their curricular offerings. But upon closer examination, greater institutional diversification and reports of curriculum reforms do not appear to have led to modifications in the old paradigm of specialized undergraduate instruction leading to professional degrees with no lateral exits, credit transfers, or more general programs allowed. Very little is being done in the way of flexible course offerings, interdisciplinary and problem-oriented programs, and the development of basic skills.

Persisting Problems with Equity

As a recent OECD report on Mexican higher education points out, elite training is doing fine. The offspring of the upper classes have fled to the private sector and are doing what they want and doing it successfully. The same is true for graduate programs and research: the upper reaches of the system are prospering and improving their quality and diversity. The problem continues to be at the middle and lower levels, in the programs offered to poor students, working-class, part-time students, and many secondary school leavers in provinces with no high-quality tertiary-level offerings. Thus, the average level of quality of Mexican higher education is still in question. A crucial issue facing Mexican higher education is whether the means will be found to extend higher-level instruction of quality beyond the elites to the masses. ■

Editor's Note: This article was written before the April 1999 UNAM student strike in response to the introduction of proposed student fees.

Second-Generation Reforms in Chile

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Chile has recently committed U.S.\$241 million over the next five years to launch its second wave of higher education reforms in two decades. The new policy package, supported by the World Bank, builds upon the reforms of the early 1980s, furthering transformations that proved successful, fixing what failed to achieve its intended results, and adding new dimensions to the reform effort. This case of second-wave reforms, unique in Latin America, can provide something of the benefit of hindsight to countries in the region now embarking on first-generation transformations.

What I call here first-generation reforms are those crystallized in the “Washington consensus” of the multilateral donor institutions, and advocated by reformers everywhere in Latin America.¹ The reform program includes:

- cost recovery in public universities through tuition fees and diversification of funding sources (presently, most Latin American public universities are free to everyone, regardless of socioeconomic status);
- government funding sensitive to institutional performance;
- rewards for good faculty performance and disincentives against mediocre work, as opposed to the seniority-based rule of *homologación* or *isonomía*, prevalent in the region's public institutions, which requires everybody to be paid the same regardless of academic productivity;
- evaluation systems aimed at fostering accountability and improving quality;
- strengthening of vocational training;
- institutional diversification (i.e., diverse types of institutions serving different educational missions); and
- privatization, both in the sense of allowing for private

provision of postsecondary education, and of increasing private-sector contributions to higher education funding.

Nowhere in Latin America has this reform agenda been more thoroughly implemented than in Chile.² In fact, Chilean reforms of the early 1980s predate the “Washington consensus” by a good decade, and have substantially contributed to giving form and a veneer of plausibility to the reform program for the rest of the region. Starting in 1981, Chile privatized its higher education, in both senses of the word: in 1996 there were 242 private and 25 public institutions, with private enrollments at 63 percent of the total, and only one-third of the budgets of public institutions came from government appropriations.³ New legislation allowed postsecondary education to diversify into three tiers (universities, professional institutes, and technical training centers) and stimulated the growth of the vocational training sector, so that by 1996 one-third of all postsecondary students were attending nonuniversity technical or professional programs. The government has experimented with performance- and contract-based funding, and it lets universities regulate personnel issues (within the limits of the civil service nature of jobs in public institutions). While public university tuition levels match those of private institutions, financial aid is available in the form of scholarships and loans. Finally, an accreditation system was established in 1990.

The challenge for second-generation reforms is to define a new concept of autonomy adequate to deal with the requirements of accountability championed by the state and the struggle for survival imposed by the market.

After almost two decades of reform, Chilean higher education scores high relative to Latin America in efficiency, coverage, overall quality of teaching, research productivity, institutional diversification, and evaluation. However, despite successes in many areas, some difficulties remain, and the first wave of reforms has added some others of its own.

Vocational education is one of the major problems not satisfactorily addressed by the reforms of the 1980s. While private provision caused the number of programs and students to soar, the government neglected to regulate this sector and to invest in it, leaving its development entirely to the dynamics of the market. As a result, quality became a serious concern, and a regressive pattern evolved in which public funding and financial aid are available to universities and their middle-class students but not to vocational

training schools and their lower-class clientele. The new reform effort will tackle both problems by making public funding available and setting up accreditation mechanisms for quality control and improvement.

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Most of current initiatives, however, endeavor to correct problems raised by the previous reform itself. Cost recovery has put great pressure on public universities to survive in a competitive market environment, eroding their capacity to capitalize and produce scholarship in fields unattractive to private customers. Differentiation has widened the variation in quality standards across institutions in ways that defeat the streamlining powers of the accreditation system. There is very little systemwide coordination across the three types of institutions and within them. Finally, the system is plagued with market failures—the full array of them, in textbook-like purity and abundance, from externalities to information asymmetries—which are bad enough in a system of mixed state and market regulation, but outright devastating in the Chilean context of an absentee state.

Proposed remedial measures include:

- strengthening public funding for the improvement of teaching, research, and training of researchers, via competitive mechanisms and contracts;
- complementing the current institutional accreditation system with a national program evaluation scheme; and
- improving the capacity of public agencies to coordinate the higher education system.

The unifying motive behind the new batch of reforms appears to be reclaiming a role for the state in the regulation of the higher education system, after the disorderly retreat of the 1980s. The market will remain the main mechanism for coordination, but the government will assume a much more active role in ensuring the production of public goods, setting standards for quality and monitoring their application, disseminating information, defining priorities for the allocation of funds, and ensuring that institutional commitments are honored. In a word, the state will do more to assure the accountability of the system and its component institutions to their various constituencies.

In pursuing this course, Chile will not only alter the trajectory of the reforms of the 1980s, but will continue to steer away from the legacy of an earlier reform that started in 1918 in Cordoba, Argentina, and later spread to the rest of Latin America, disseminating the fateful principles and practices of cogovernance and autonomy. According to the

first, governance was to be shared in equal parts by students, faculty, and alumni (later administrators) in everything from the election of the rector and other authorities to the minutia of day-to-day administration—a concoction that ended up generating participatory institutional deadlock. Autonomy called for complete freedom from governmental intervention in university affairs, together with full public funding, a formula that succeeded in ensuring university self-determination at the cost of turning them into solipsistic institutions isolated from external constituencies and accountable only to themselves.

Cogovernance was wiped off the Chilean institutional landscape in 1973 by the military dictatorship, and it has not been reintroduced since the redemocratization of the country in 1990. There is a wide consensus that everybody is better off without it. The traditional concept of autonomy, on the other hand, was shattered—first, by military inter-

vention, and, second, by overexposure to the market. The challenge for second-generation reforms is to define a new concept of autonomy adequate to deal with the requirements of accountability championed by the state and the struggle for survival imposed by the market. ■

Notes

1. Inter-American Development Bank (IDB), *Higher Education in Latin America and the Caribbean: A Strategy Paper*. No. EDU-101 (Washington, D.C.: IDB, 1997); World Bank, *Higher Education: The Lessons of Experience* (Washington, D.C.: World Bank, 1994).
2. José Joaquín Brunner and Guillermo Briones, “Higher Education in Chile: Effects of the 1980 Reform,” in *Higher Education Reform in Chile, Brazil and Venezuela: Toward a Redefinition of the Role of the State*, ed. Laurence Wolff and Douglas Albrecht (Washington, D.C.: World Bank, 1992).
3. Corporación de promoción (CPU), *Informe sobre la educación superior en Chile, 1996* (Santiago: CPU, 1996).

Postponing Reform: Achievements and Shortcomings of Higher Education in Venezuela

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Over the past 40 years, Venezuela has built up a large and diverse system of higher education. Starting in the 1960s, the rapid expansion of the lower levels of education soon produced an ever increasing demand for higher education, creating the opportunity for the proliferation of institutions and programs. Both public and private sectors played important roles in this expansion. Today, 650,000 students—in a country with slightly over 20 million people—are enrolled in 114 institutions, 53 of them private.

In the process, the higher education system in Venezuela contributed to the consolidation of a professional middle class, developed a limited number of world-class research centers and graduate programs, and created a wide variety of tertiary-level study options. Diversification was a key feature of the system’s development: 25 percent of students are currently enrolled in nonuniversity institutions, and in contrast to the typical situation in other Latin American countries, private nonuniversity institutions have grown alongside a strong public sector that also offers short career-oriented study opportunities. A national admissions test was developed in the early 1970s and has been implemented consistently ever since.

Yet, for all its achievements, criticism and pressure for reform have been mounting over the past decade. Some of

the problems are shared by other education systems in the region, the most critical being the failure to adapt financing and management arrangements to the massive scale that the system has acquired. This is probably the most critical issue as far as public universities are concerned. Free tuition reigns as the norm in all public universities, which are typically large and dominate the system in terms of enrollments. Given the severe equity and quality shortcomings at the primary and secondary levels, a substantial proportion of students entering public higher education—anywhere between 25 to 75 percent, depending on the public institution—come from families able to pay for at least a fraction of the cost of their higher education. This makes free tuition a highly inequitable subsidy; it is clearly also a highly inefficient one, preventing substantial cost recovery and leaving public institutions dependent on the public purse for almost all of their resources.

Another central issue has to do with the regulatory and governance structure of the system of higher education. The system is under the authority of the National Council of Universities (CNU), presided over by the minister of education, although the minister is clearly outnumbered by all the public university rectors and professorial and student representatives that are permanent members. Private universities and other institutions also have limited representation. The council is the body with the power to allocate funds among public universities and to make or change the rules that govern such allocations, as well as regulations affecting the system as a whole. In practice, the composition of the council means that it sets and enforces policy for the very same institutions that have a majority representation on it, a fact that has almost without exception resulted in gridlock and extreme aversion to fundamental reforms. Thus, each year, institutions allocate available public resources according to past patterns,