

The English language also helps to ensure American academic dominance. English is the world language of science and scholarship, and English is increasingly the language of instruction overseas. While there is a market for education in English in many countries, there is no market in America for education in other languages.

Entering the U.S. higher education market would be very expensive for foreign providers. Local institutions generally have good facilities, and foreign schools would need to make major investments in facilities, marketing, staffing, and the like. Few local institutions in the United States would see an advantage in partnering with foreign schools to set up joint programs. The Open University, a highly respected British institution using distance technologies and related nontraditional instructional techniques recently entered the U.S. higher education market—despite major investment it failed and has closed its American operations. This is an example of the problems of successfully entering the U.S. market.

A Free Market That Is Not Free

For these and other reasons it is unlikely the foreign providers will be successful in the United States. Thus, the further opening of higher education markets worldwide will help U.S. institutions without any reciprocal direct benefit to other countries. American institutions already have advantages in overseas markets, advantages that further liberalization will only reinforce. Other countries should not make the mistake of thinking that by legislating free trade in education through GATS they would get into the U.S. market. The only outcome will be to permit increasingly aggressive American educational providers greater access to foreign markets.

Big Designs in England: New Labour Offers a New Round of Higher Education Reforms

John Aubrey Douglass

John Douglass is a senior research fellow at the Center for Studies in Higher Education, University of California, Berkeley, and recently was a visiting fellow at the Oxford Centre for Higher Education Policy Studies, New College, University of Oxford.

Last January the Labour government under Prime Minister Tony Blair issued a significant white paper outlining potentially sweeping changes in how British universi-

ties might be funded and regulated. If embraced by lawmakers, this treatise will mark a continuation of waves of reform that have induced major paradigm shifts and experiments in system building since World War II.

Reforms in the 1960s created a binary structure of universities and polytechnics, built upon the premise of a reformed secondary school system and the proliferation of further education colleges—essentially vocational institutions with a university preparatory function. For over 20 years this model gave a sense of order and was part and parcel of a drive by government ministers to elevate the role of higher education in British life.

By 1992, all English higher education institutions were given the title of research universities.

By the late 1980s, with the rise of Thatcherism, however, a series of changes collapsed this binary vision. By 1992, all English higher education institutions were given the title of research universities. Thatcher and her successor, John Major, also launched the beginning of the end of rather liberal allocations of public funds for university building and created an array of bureaucratic accountability models focused on research and teaching quality. Perhaps, most importantly, this era marked the end of a consensual and collaborative relationship between the national government and the higher education community.

The Promise of New Labour

With the election of “New Labour” in 1997, many within England’s higher education sector pined for a major shift away from the Thatcher model. They had tired of growing enrollments, shrinking budgets on a per student basis, and the growing structure of burdensome accountability reviews.

Yet the arrival of New Labour under Blair did not result in a challenge to the Thatcher model. Indeed, the 1997 Dearing Report, a commissioned study under John Major’s government, cited the need for financial stability and increasing access. While enrollments in England had exploded between 1989 and 1997, public funding per student declined by some 36 percent. To ease the financial crisis, the Dearing Report argued for the introduction of a tuition fee of £1,000 per year at all higher education institutions in England (approximately \$1,580 in today’s dollars). To the surprise of many, the Labour government embraced this quick-fix source of additional funding for higher education in 1998.

Enter the new white paper offered by the Department for Education and Skills and largely shaped by its new secretary, Charles Clarke. The Labour government previously set a goal of increasing access to higher education to 50 percent of the 18-to-30-year-old population by 2010 (a curious age cohort and one not used previously by the OECD, for example). New Labour clearly sees the higher education sector as not sufficiently concerned with expanding access, parochial in its interests, and for the most part staunchly against any and all necessary reforms.

Yet Blair and others are also deeply enamored of the glow of the knowledge economy, by higher education's essential role for economic competitiveness, and its centrality for expanding social economic mobility and further eroding England's class structure.

The Shape of the New White Paper

The white paper, entitled "The Future of Higher Education," offers a number of new initiatives, most falling into two general categories. The first is a desire both to increase funding and to diversify the sources. This plan includes a substantial promised boost in funds—6 percent increases per year over the next three years for both teaching and research—representing a total three-year commitment of £2.3 billion (or approximately \$3.6 billion). But like other recommendations in the white paper, the devil is in the details on how these funds will be distributed.

To some degree, the promise of increased funding is a sweetener to induce acceptance of a more controversial proposal. The white paper offers a daring plan: by 2006, fees may be set by each institution, but capped at a maximum of £3,000. Furthermore, borrowing from the Australian experiment in fees, students would not pay this fee upfront. Rather, they would pay through the national tax system at an interest rate pegged to inflation, and repayment would begin only after graduates achieved an annual income of £15,000.

The white paper, entitled "The Future of Higher Education," offers a number of new initiatives, most falling into two general categories.

In Australia this policy has led to a problematic scenario: the promise of a new infusion of funding but the reality of a continued decline in public funding. Labour, however, has promised to expand funding from

government coffers, *and* to provide all fee-derived funds up-front—to pay the fee for the student and then to take on the burden of collecting at a later date. The white paper also promises a scheme to boost university endowments, including offering matching funding for any new funds raised by an institution.

A second major component of the white paper is a continued reliance on an accountability bureaucracy and incentive funding to expand access to underserved populations. Indeed, the government now desires a new regulatory agency under a sort of "czar for access." The new "independent access regulator" will require all universities to submit "access agreements." At least as indicated by policy administrators in the ministry, funding incentives will be tied to attracting students from "nontraditional backgrounds"—which is also code for saying there will be penalties for low institutional performance.

A second major component of the white paper is a continued reliance on an accountability bureaucracy and incentive funding to expand access to underserved populations.

Within this mix are not only universities but also the vast network of further education colleges that are explicitly asked to bear the largest burden in increasing enrollments by offering a growing number of higher education courses and a relatively new, largely terminal, and mostly vocational two-year higher education degree: the new "foundation degree."

Another Agenda?

What is missing in this expansive proposal? Perhaps most apparent is any overt discussion of the need for more formal mission differentiation among higher education institutions. Rather, the white paper recommends increased research funding to "top" departments and institutions and makes a vague reference to restricting the title of "university," in what is clearly an opening move regarding mission differentiation.

Can the United Kingdom afford some 110 research universities, all competing for the same pound? The bulk of the higher education sector thinks it can—and has inherent interests to keep it that way. But Clarke clearly thinks this current paradigm spreads too little money among too many institutions, resulting in unacceptable levels of mediocrity.

Governments generally favor differentiation because it promises cost containment and a coherent strategy for building high-quality institutions. But clearly the English higher education sector remains largely antagonistic to this agenda. The prospect of the fee structure alone creates great uncertainty for a majority of England's higher education institutions over what to charge. Many oppose the proposal, including a substantial and vocal portion of Blair's cabinet, some of whom have offered blustery threats of resignation if the scheme is adopted.

And in this tension lies the rub. A major and vocal opponent of the fee scheme is the chancellor of the exchequer, Gordon Brown. In the realm of parliamentary politics, Brown is an appointment of Blair's and is also a political rival with substantial powers regarding budgeting. Add to this the instability of Blair's government with the onset of war with Iraq (at least at the time of this writing) and it becomes clear that the fate of the white paper is uncertain.

China's New Private Education Law

Fengqiao Yan and Daniel C. Levy

Fengqiao Yan is associate professor at the Graduate School of Education, Peking University, Beijing, China and a PROPHE collaborating scholar. E-mail: fqyan@gse.pku.edu.cn. Daniel C. Levy is SUNY Distinguished Professor, State University of New York at Albany, and PROPHE director. E-mail: Dlevy@uamail.albany.edu.

IHE devotes a column in each issue to a contribution from PROPHE, the Program for Research on Private Higher Education, headquartered at the University at Albany. PROPHE and the CIHE are partners in a cooperative effort supported by the Ford Foundation to build and disseminate information about private higher education globally. See <http://www.albany.edu/~prophe>.

The private education law, promulgated on December 28, 2002, is China's first national legislation on private education. The law covers all educational levels, although we are focusing on the three articles (16, 53, and 55) that cover higher education. The law's main thrust concerning higher education is to provide a legal framework to facilitate private growth and initiate a longer process to accredit, merge, dismantle, and change institutions at that level.

Notwithstanding the centralism of Chinese national politics, the evolution of this law has been remarkably meandering. As opposed to having a clear blueprint from which to work, the government has generally reacted to

society- and market-driven growth. Private higher education has emerged and evolved in the absence of a clear legal framework. However startling this development may seem for China, the phenomenon of the rapid expansion of private higher education, followed by a delay in establishing a legal framework, has become a common occurrence internationally in recent decades.

China's initial legal recognition of private education, in the 1982 constitution, was vague in encouraging not just state but "other entities." Though private education was allowed for the first time in 30 years, the constitution left it vulnerable to ambiguities and threats. This contributed to bureaucratic misconduct, lawsuits, and a yearning for greater clarity or support. For example, private institutions have complained that government agencies are levying fees arbitrarily. Students have been demanding the same discounts in transportation fares that their public counterparts receive and reimbursement of tuition fees if their institutions go bankrupt.

Debate over the proposed law was vigorous, pitting proponents of private higher education against opponents of the private sector. In a scenario seen elsewhere in the developing world, the growth of the private sector involves colleges that are seen as academically inferior to the public universities clashing with the established traditions and standards of the public universities. Private institutions are criticized for focusing on profits and showing little concern for quality. Arguments in support of the private sector center on economic freedom, property rights, competition, choice, and access.

Government positions have varied within different local, provincial, and national contexts. The generally supportive national posture toward privatization stems from the belief that China needs to expand enrollments rapidly yet not at public expense—a common reason for government support of private growth in Asia and beyond.

China's private sector is both decentralized and localized. When China adopted its higher education expansion policy in 1999, the central government delegated the accrediting authority of non-degree-granting institutions to the provincial governments. This change has helped to elevate many institutions that previously provided only "self-study programs" to prepare students for the national examinations. These programs are situated outside the category of accredited degree programs.

As of 2002, only 4 private colleges had been authorized to award the bachelor's degree and 129 a "sub-bachelor's" degree. The more than 1,200 other private colleges lacked official government authorization and were only allowed to offer self-study programs. All told, the private sector