

public or private sources, and self-funded. The movement of professors, scholars, and experts can be through teaching and research activities, technical assistance and consulting assignments, sabbaticals, seminars, and other professional development activities. These types of initiatives can be self- or institution funded, based on exchange agreements, involve contracts and fee-for-service, or are supported by public and private funding. This category includes a broader range of cross-border activities than Modes 2 and 4.

Model 2: providers. The key factor in this category is that the institution or provider moves to have physical or virtual presence in the receiving country. The so-called foreign or international provider has academic responsibility for the program and awards a foreign degree. The provider may or may not have an academic or financial partner in the receiving country. Branch campuses, stand-alone foreign institutions, and some franchise models are examples. The providers can include private and public, for-profit or nonprofit educational institutions, organizations, and also companies listed in the Global Education Index developed by the Observatory on Borderless Higher Education.

Model 3: programs. The program, not the student, moves in this category. The delivery of the program is done through a linkage or partnership arrangement between international or foreign and domestic providers. The credit or award is normally granted by the receiving partner or country and in some cases this could involve a joint or double degree. (If a foreign degree is involved then model 2 is applicable.) All types of institutions, organizations, and companies could be involved in a variety of partnership arrangements that can be commercial or noncommercial in nature.

Model 4: projects and services. There are a wide range of education-related projects and services that need to be considered when analyzing cross-border education and that are not included in the trade modes. Such projects could include a diversity of non-award-based activities such as joint curriculum development, research, benchmarking, technical assistance, e-learning platforms, professional development, and other capacity-building initiatives especially in the information technology area. Award or credit-based programs are not included in this category. The projects and services could be undertaken as part of development aid projects, academic linkages, and commercial contracts. All types of education institutions, organizations, and companies are included.

This framework is a “work in progress.” It is purposely generic in order to be relevant to many different countries, jurisdictions, cultures, and education systems and to include the diversity of cross-border activities and providers. The categories will have to be porous as not all new developments fit neatly into four conceptual groups. Ideally, the framework will be used as an alternative to the trade modes and will help the education sector to (1) analyze policy implications for issues such as quality assurance, funding, equity of access, accreditation, and recognition of credentials at the national and international levels; (2) study the relationship of cross-border education with trade agreements and trade policy; (3) examine the different and common trends and issues within and among categories; (4) determine the major actors and stakeholders and level of provision within each category; and (5) help to ensure that the international dimension of postsecondary education, specifically cross-border, is not conceptualized only as a commercial activity. ■

Why the United States Will Not Be a Market for Foreign Higher Education Products: A Case Against GATS

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The United States will not be a major export market for higher education products and services from other countries. Rather, the United States is a major exporter of education—from standardized tests such as the Graduate Record Exam to U.S.-style management education—and it benefits tremendously from the 547,000 students from other countries attending higher education institutions in the United States. It is estimated that foreign students contribute \$11 billion to the U.S. economy—making higher education the nation’s fifth-largest service export. Worldwide, the OECD estimates that the market for educational services exceeds \$30 billion, very likely an underestimation. Free trade advocates and the for-profit education sector in the United States, along with similar groups in some other rich countries, have been advocating that the world education market be opened up completely and regulated by the new General Agreement on Trade in Services (GATS) of the World Trade Organization. GATS would guarantee

that markets in educational services (including offering postsecondary degrees and certificates, testing and evaluation, on-line educational programs, and many others), be open to exporters and importers without much restriction among the countries signing on to the protocols. The details are now being debated within the WTO.

It is worth looking realistically at the prospects for educational “free trade.” The fact is that the United States will remain a major beneficiary, and that, even with completely open markets, providers in other countries would have little scope to make major inroads into the huge U.S. postsecondary education market. The argument here is that furthering opening the world market for educational products and services will benefit the United States by facilitating making exports while other countries will continue to have little potential for penetrating the well-developed and very complex American education market. The United States has a huge educational advantage at the postsecondary level. Not only is it by far the largest academic system in the world, but it is widely perceived as being the best. It is highly unusual for a country to claim both the mass market and the elite market, but in higher education this is the case. Further, the United States has advantages not only in its traditional colleges and universities but also in the ancillary education markets such as testing, specialized training, the control of knowledge networks (such as Lexus-Nexus), and others.

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Elements of Advantage

The American higher education system is not only large, it is also diverse and efficient. There are educational providers serving every type and level of study—from prestigious research-based graduate schools to community colleges. Specialized trade schools provide training to meet specific needs, from computer technicians to architectural design. Few niche markets exist in the United States for foreign institutions to serve. Further, with few exceptions, there is no shortage of places in the American system for students. While the competition is fierce for the top undergraduate colleges and universities, and for admission to the best medical, law, and business schools, qualified students can gain admission to an institution in their field of interest—even if not

necessarily at top-ranked institutions. Interestingly, in those few fields where capacity is limited in the United States, such as medical education, Americans who cannot gain entry at home go abroad to study. Foreign medical schools have not, however, entered the U.S. market. It is unlikely that foreign providers will be able to succeed in penetrating this large and diverse educational market.

Most American academic institutions, public and private, are dependent on enrollments to survive and prosper, and thus they have learned how to locate students.

Despite domestic criticism of the inefficiency of American academe, in fact U.S. colleges and universities are both efficient and market-savvy. They tend to be nimble in figuring out their niche in the system and in offering programs that will appeal to their particular audience. When interests shift, so, too, do institutional priorities. Most American academic institutions, public and private, are dependent on enrollments to survive and prosper, and thus they have learned how to locate students. The academic system is so diversified that institutions exist in specific markets—Harvard does not compete with the University of Massachusetts and could be described as bring in a different universe from Lesley University, which is located just across the street in Cambridge. Foreign institutions would have a very difficult time operating in this diverse system, particularly given the challenge of adjusting to the constantly changing educational marketplace.

Americans happily buy automobiles made in other countries, but they do not like foreign educational products. While most of the half million foreign students in the United States are studying for degrees, few of the 143,000 American students who go overseas are studying for degrees—they typically spend a semester or even less abroad. Foreign universities would not find a receptive audience among American students. They would have to demonstrate they offer a quality product like Honda or a prestigious name brand like BMW. The fact is that American academic institutions *are* the name brands worldwide. Not since Americans went to Germany more than a century ago to study for the doctorate, before the Ph.D. was offered in the United States, have Americans been lured abroad.

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

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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.