

science and technology fields. Concerned by the limited capacity of the Chilean industry to innovate, the government is promoting the creation of joint research programs between universities and industry while increasing support for basic science. This promising new environment could greatly benefit UC by making additional funds available to recruit new faculty with research potential and to improve laboratories and other facilities.

Another crucial goal for UC is to expand and to improve the quality of its graduate programs. Chile urgently needs more PhDs. Compared with Brazil, Mexico, or Argentina, the number of doctoral degrees granted annually by Chilean universities is dismal. For example, in 2004 only 240 PhD degrees were granted throughout the entire country. For this reason, over the last five years UC has made the creation of new doctoral programs a top priority, expanding the number of doctoral students from 270 to 550. For the first time, in 2004, UC granted more than 50 PhD degrees, a number that is likely to increase again in the present year. Ideally, UC would like to graduate over 200 students per year from its doctoral programs by 2015.

REVENUES AND FUNDING

The effort to become a world-class university is expensive. UC is not a rich university and it is located in a country with a per capita GNP below US\$7,000. Despite these handicaps, funding should not be an insurmountable obstacle. This year its "consolidated" budget, including the various businesses and investments controlled by the university, amounted to US\$500 million. This is a rather modest quantity compared with the budget of most US research universities, but it should increase substantially in the future. The Chilean economy has been growing at a healthy pace for nearly two decades, and the prospects for the future are good. Universities have greatly benefited from this positive economic development. Thanks to higher tuition fees, greater government subsidies, and a substantial increase in the government's ability to supply competitive grants, UC has doubled its revenues in less than one decade.

UC's endowment is still minute compared to that of US private research universities. Currently valued at approximately US\$200 million, including the assets of a TV network owned and operated by the university, this endowment would have to grow considerably to generate a significant quantity of additional revenues. Presently, many of UC's assets, which are mostly tied up in unproductive real estate, are being reinvested for that purpose.

CONCLUSION

Transforming a private research university located in Latin America into a world-class university is a challenging but fascinating task. Regardless of the final outcome, the year 2038 should find UC in a much-better standing than what its normal pace of development would have enabled it to achieve.

UC's effort is taking place in the best context that a Latin American country presently can offer to a research university. Chile is becoming an island of social and economic progress in a region rocked by tension generated by the lackluster performance of its political leadership and disenchantment over inequitable economic reforms. The Chilean dream of reaching a more advanced stage of development has never been so close to realization, and a research university such as UC could be instrumental to help to make that dream come true. ■

The Gray Zones of Higher Education in the United States

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In any society, there are many types of morally questionable behavior that are not prohibited by law. At the margins of almost all major institutions lie "gray zones"—that is, areas where the moral quality of certain behaviors and practices are ambiguous. There is an important interaction between the individual stakeholders in gray zones, the quality of the given institution and all those who come into contact with it. The stakeholders of gray zones usually try to avoid confrontations with opposing parties but are always interested in normalizing or legitimizing their values, operations, and individual actions. Gray zones often change when they become contested. In some cases, the ambiguous behavior becomes legalized and, in other cases, outlawed. In almost all cases, the outcomes of these contests have an important impact on the broader society.

INVESTIGATIONS INTO FOR-PROFIT EDUCATION

One gray zone in the United States that has been increasingly contested by students, politicians, and journalists in recent years can be found in the for-profit education industry. Since the late 1990s, several postsecondary education companies have enjoyed enormous growth. With riches, however, came scrutiny. In the last few years, many of the schools owned by these companies have faced lawsuits and federal investigations. In September 2004, the Apollo group, which runs the University of Phoenix, paid out \$9.8 million to the Department of Education to settle claims of recruitment violations. In a recent *60 Minutes* exposé, graduates of a college

owned by the Career Education Corporation offered a laundry list of complaints and criminal allegations against the institution. Former admissions advisers from the school detailed their aggressive sales tactics and talked about the pressures put on them to enroll students, “regardless of their ability to complete the coursework.” It is likely that some nonprofit schools across the country, as well as in the international arena, use similar marketing techniques to increase enrollment.

Although legal investigations should certainly continue, adequately regulating the for-profit education industry will be difficult. The regulators of for-profit higher education companies should bear in mind that sophisticated sales strategies can be just as misleading as fraud or outright lies. If a college wishes to mislead potential students, it does not need to falsify its job-placement rates. All a college must do to boost enrollments is tap into a student's personal aspirations and cultivate overconfidence with a little encouragement and persuasion. Why resort to fraud when high hopes are so easy to manipulate?

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A CLOSER LOOK AT THE PUSH FOR RISING ENROLLMENTS

To better understand the recruiting techniques used by for-profit education companies in the United States, I recently conducted a minor investigation of my own as part of a broader research program that aims to document examples of corruption and duplicity across the gamut of American higher education institutions. I assumed the identity of a 31-year-old high school graduate who dreams of receiving an MBA and becoming a corporate executive. The premise of the experiment was simple: how would the colleges respond to a student like me? Would they discuss the considerable amount of time, energy, and money necessary for pursuing such a goal? Would they speak frankly about the need for professional experience? How would they assess my prospects for success? What kind of advice or aid would they offer me?

I began the experiment by sending a single electronic query to four for-profit higher education companies. For the sake of comparison, I also queried Michigan State University. I used the following biographical details in all of my contacts with the schools: age 31, high school education, 2.0 grade point average, and previous work experience as a construction worker and parking lot attendant.

After sending the initial contacts on July 19, 2005, I chronicled the colleges' responses for one month. Based on the number of e-mails, postal mailings, and messages left on my answering machine, the Olympia Career Training Institute, which is owned by Corinthian Institutes, and ITT Technical tied for first place in terms of their determination to contact

me. Each college delivered eight separate communications without a single reply on my part. I received seven responses from the University of Phoenix; five messages came in from the American Graduate School of Management. Michigan State University sent only one response.

Perhaps more interesting than the number of responses I received were the style and persuasive techniques used in the messages. The “guidance counselors” gushed with personal words of encouragement and painted a promising picture of financial security. They described the opportunities as not only excellent but also easy to achieve. “Basically,” read an e-mail from the Olympia Career Training Institute, “no matter how complicated your life is, we’ll do everything we can to help you fulfill your dreams.”

The advisers were eager to offer me assistance when it came to securing federal financial aid. Incentives to get started were also common. The University of Phoenix, for instance, offered to waive the \$110 application fee if I registered for classes at one of its local informational meetings.

In a few cases, the advisers used shame tactics. One of the e-mails from the Olympia Institute read, “When someone asks where you work, are you embarrassed to answer? Do you dream of more? Take the next step: Enroll.”

None of these techniques, however, was used by Michigan State University. The university's representative responded to my initial query with a polite, two-sentence reply, informing me that it “requires that applicants have a bachelor's degree to apply for an MBA program,” that she would help me contact an undergraduate program if I wished and that it might be helpful for me to review the program on the MSU Website. There were no flowery words of encouragement, no alluring job placement figures, no promises of a brighter future, and besides the one e-mail I received from her, I was not contacted by anyone else at MSU.

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CONCLUSION

Anyone interested in pursuing a professional career needs a realistic picture of the financial risks involved, as well as the time, patience, and hard work required for success. Today, some for-profit colleges are offering just the opposite. Students need more protection from the misleading sales pitches of for-profit schools. Providing this protection should be a top priority of the Department of Education.

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