

they should in terms of national policy and funding to facilitate international research, mobility, and development projects. The benefits are clearly articulated but so are the risks. The future of internationalization faces many challenges as the trends of commercialization and commodification are seen to threaten the human development, research, and national capacity benefits of internationalization. ■

Entering International Markets: New Zealand's Problems

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In recent years a number of universities have sought to take advantage of the increased willingness of students to study abroad. In the New Zealand case, the number of international students at the universities rose from 3,402 in 1998 to 28,195 in 2004. The total number of international students in New Zealand at all educational institutions rose from 26,021 in 1998 to peak at 115,197 in 2003. Since 2004, international student numbers have declined sharply in New Zealand, reducing an important export income for the country and forcing a number of universities to retrench staff.

The international student market is a potentially lucrative one but one that is also more unstable than that of most domestic markets. For the universities of New Zealand, the income from international students has proved to be rather unstable. Not only do universities face stiff competition in international markets, but they also face exchange rate risks that can affect their potential income.

INTERNATIONAL STUDENTS IN NEW ZEALAND

The presence of international students at New Zealand's educational institutions is not a recent phenomenon. From the 1950s until the late 1980s the country hosted a number of international students. Some of these students came to New Zealand under formal assistance schemes such as the Colombo Plan, while others came privately, mainly from Malaysia and Singapore. These students did not, however, pay full fees for their tuition, and it was only after changes in 1989 that educational institutions were able to recover costs fully.

Through the 1990s the eight universities in New Zealand

(all publicly owned) attempted to recruit full-fee-paying international students. At the same time vocational education, foundation studies, secondary schools, and English schools (both public and private) also began to attract international students. With slow growth in domestic student numbers and the New Zealand government keeping a fairly tight reign on grants to educational institutions, many of them sought to supplement their revenues by actively attracting international students.

International students are attracted to New Zealand because of the lower cost of living in that country compared to Canada, the United States, and the United Kingdom. As well, a number are attracted through the possibility of immigrating and because of the ease of entry to students with low standards of English. In the New Zealand case there is no English standard for entry whereas in countries such as Australia students must have an IELTS (International English Language Training System) score of 5.0 to enter an English school.

Growth in international student numbers in New Zealand was promoted by the government to create additional export income. In 2003 and 2004 export education generated over \$NZ 2 billion per annum in foreign exchange, making it the country's fifth-largest export earner after dairy, tourism, meat, and timber products.

RELYING ON CHINA

Despite its strong growth, New Zealand's education export industry was very narrowly based. In the late 1990s nearly all of the growth in international student numbers in New Zealand came from China. Rapid growth in incomes in China over the past 20 years, coupled with a sharply rising level of high school participation and a lagging supply of places in state

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universities and colleges in China led to a surge in the numbers of Chinese students seeking an education abroad. In New Zealand, Chinese student numbers in the universities rose from only 93 in 1998 to peak at 16,523 in 2004. From virtually zero, Chinese student numbers rose to 58 percent of all international students at universities in New Zealand and 10 percent of overall university enrollments.

The universities in New Zealand became overly dependent upon this single market. The universities were dependent upon a supply chain that reached down through the secondary, vocational, English, and foundation schools of New Zealand. (A foundation school prepares students for university-level study.) The majority of international students in New Zealand attend these preuniversity schools. In particular, English

schools, vocational diploma schools, and foundation schools enroll a very large part of international students in New Zealand. A number of the secondary schools have also been very active in recruiting international students. The universities recruit mainly from the English, foundation, secondary, and diploma schools. In recent years the numbers in these schools (of all types) have dropped sharply, especially the number of Chinese students, which peaked in 65,999 in 2003 and fell to 49,569 in 2005. Indications are that in 2006 the figure had fallen further.

A combination of factors has led to this downturn. In the last few years there has been substantial investment in higher education by both state authorities and private entrepreneurs in China, leading to the creation of many more higher education places in that country. Competition for Chinese students in international markets has also intensified, and a rising exchange rate in New Zealand has choked off the country's reputation as a low-cost country.

DOWNTURN

The year 2006 has been a traumatic one for the export education industry in New Zealand as the impact of the retrenchment and closure of English schools has gradually begun to flow up to the universities, which for perhaps the first time in their histories have seen their student numbers and income decline. Retrenchment of staff in a number of the universities has taken place, and this process could quite easily continue into 2007 as the number of students studying in the various schools in New Zealand are far smaller than they were a few years ago.

Given that New Zealand's universities have relied upon recruiting international students from educational institutions within New Zealand, growth in numbers at universities could take a few years before it picks up again. Even when it does the universities are going to have to broaden their attraction away from China if they are going to be able to regain the position they held just a few years ago. ■

US Accreditors Should Not Evaluate Foreign Colleges

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The recent dispute between Hawaii's Office of Consumer Protection and the American Academy for Liberal Education, as well as the supporters of each side, raises questions worthy of attention. As the *Chronicle of Higher Education* reported ("Accreditation of College in Former Soviet Republic Raises Questions of Oversight," September 8, 2006), the academy accredited the American University for Humanities, Tbilisi Campus College, in the Republic of Georgia. That entity is linked to a Hawaiian degree mill, the American University of Hawaii.

Accreditation is a minimalist exercise, conducted for the purpose of limited quality control.

The American Academy for Liberal Education did what several US accreditors do: it accredited a school in a foreign country. That is not illegal. However, there is no federal oversight of American accreditors' work with any foreign college. Although they must operate within certain parameters when they accredit an American college or university, they are not obligated to do so when they evaluate a foreign institution, and the US Department of Education has no jurisdiction over their activities outside the United States. Most people, even education officials in other countries, do not know this.

US accreditors that operate in foreign countries are doing so *only* as private organizations with *no* US government connection. That is not widely known in other countries. In fact, there is no such thing as a federally recognized accreditor once the accreditor steps outside the United States, and any accreditor that refers to itself that way in a foreign country is coming close to deception. Non-US governments should not allow US accreditors to call themselves "federally recognized" when recruiting members outside the United States.

SHOULD FOREIGN EVALUATORS ACCREDIT US COLLEGES?

If American accreditors continue to operate outside their country, foreign accreditors may want to do the same. If an American accreditor offers its good name to Monash University in Australia, should the Australian Qualifications Framework operate in the United States so that it can make sure that degrees from Oregon State University meet Australian standards? That kind of entanglement poses problems because degrees and institutions vary so much from country to country.

Even inside the United States, accreditational oversight can be nominal, and many other countries have very limited capacity for meaningful oversight. It is impossible to do more than scratch the surface of a large institution. We cannot expect American accreditors to do more than a basic walk-through of foreign institutions, and our accreditors have no way to use the mechanisms of foreign governments to check on key points as time passes. The recent uproar over operations of Indianapolis