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Cross-Border Higher Education: Two Models

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Like boxers in corners, two models of the free market appear to sit in opposition. One is the *global marketplace*; the other is the *global commons*. The first stresses the commercial value of the exchange of people and products. The second emphasizes the open exchange of knowledge, goods, and information—of natural and social resources, most useful when shared. Proponents of both models spar over how best to regulate cross-border higher education—to structure international trade in education services. Disagreement arises because ideas about the free market, upon which both models turn, rest upon different yet related understandings of wealth, freedom, and the public. Now positions embedded in these models will be illustrated with reference to an education tool developed at the University of Wisconsin–Madison.

GLOBAL MARKETPLACE

A global marketplace model maintains that universities compete for the best minds in a world of limited resources. That is, students and faculty are competitive goods and tied to positions, tuition, and salaries. Stem-cell scientists developing medical patents—or researchers with knowledge of biomedicine—represent the resources that are traded in the university marketplace. Seen from this perspective, scientists and researchers and scholars and artists are rival goods (economists' term for competitive commodities); universities use researchers' knowledge for commercial advantage; and researchers compete for limited spaces in universities.

As rival goods, the "best minds" in the form of students and researchers are most productive when they are rewarded and funded handsomely. Examples of arguments upholding education-as-industry frequently appear in popular media (e.g., *Wall Street Journal*, *US News and World Report*). Within these outlets, people and positions are a form of wealth; freedom is the absence of regulation; and the free trade of researchers and their intellectual products serve the interests of a wide community—that is, it operates for the public good.

GLOBAL COMMONS

A global commons model contends that knowledge is a form of wealth commonly shared (*not* competitively traded), and that this wealth is underprovided for by markets. That is, if every aspect of knowledge was sold for money without state regulation, the public value of information would be lost in the interest of private earnings. Knowledge of how to make and use pharmaceuticals is a good example. If such knowledge was overly restricted—with universities putting a price tag on access to knowledge—humanity as a whole would suffer.

As a nonrival good, education requires nonmarket means—such as governmental subsidy, philanthropic support, and pooled resources—to support it. Understood as limitless knowledge, education is most useful when widely shared. Examples of arguments upholding education-as-knowledge frequently appear as peer-reviewed scholarship but also in commercial media (e.g., *Atlantic Monthly*, or *Harpers Magazine*). Within these media, wealth is conceptualized as wisdom; freedom is the wide circulation of wealth; and that which is public constitutes the open domain of free-flowing information.

MUTUAL TERRITORY

As an example of how these two positions integrate, consider the work of the Wisconsin Center for Education Products and Services (WCEPS), which licenses nonpatentable, copyright-protected forms of intellectual property. English-language learning assessment tools are among the products WCEPS will sell to K–12 institutions, particularly those reaching underserved populations. Returns from profits earned on licensed tools will be reinvested in basic research and—if WCEPS operates in any way like its parent program, the Wisconsin Alumni Research Foundation (WARF)—about 20 percent of its returns will go to the research and development group, 15 percent to the researchers' department, and 65 percent to the university. These percentages, however, must be long-term. Reaching them will depend on the success of researchers' spin-off companies. Currently, WCEPS is subsidized by the University of Wisconsin Foundation and will need to pay its costs out of an independent investment portfolio. Its parent model, WARF, which has been up and running since the 1920s, owns equity in 36 faculty companies and sells over US$1 billion in products annually. But WARF's investments took off exponentially at the beginning of its creation, through the licensing of Vitamin D. It remains to be seen if WCEPS can grow independently.

Critics of the marketplace model argue that WCEPS unethically privatizes public knowledge. After all, language is a social-cognitive skill, not a copyrightable commodity. Another reasoned objection is that selling language services to underserved populations further impoverishes the already poor. Success of the center relies on making a profit from products that socially disadvantaged children do not have.

Marketplace proponents reasonably reply that the WCEPS does not go far enough in freely trading knowledge. Reinvestment of up to 65 percent in the university is not a wise investment if the center is to generate its own revenue. Moreover, marketplace proponents might regard the investment of resources into researchers' departments as a camouflaged form of an outdated welfare system.

Closer inspection of the center, however, reveals an integration of marketplace and commons forms. Seen from a marketplace view, the center treats researchers and products as competitive goods that must be kept at a particular institution. It regards the university as a public service industry that must maximize investment and advocate free trade but reinvest profits in basic research. Seen from a commons view, the center acknowledges that markets alone underprovide for research. Research requires pooled resources and philanthropic as well as federal support. Free-flowing knowledge is not always marketable but must be protected and subsidized, and services and tools of the research university must be invested internationally.

INTERNATIONAL INTERDEPENDENCE

This latter point about international investment raises one final concern. In a global age when products are generated or sold internationally, what should be the criteria for reinvesting intellectual property and copyrights? WARF handles these concerns by working with foreign associates—not necessarily with lawyers—but persons who hold higher education degrees and have passed patent bars. Critics argue that working with nonlawyers is unreliable and jeopardizes holdings of US researchers, particularly if international patents are not recorded properly. Supporters note that university investment in international property is a useful way to bring an international system into harmony: working together across borders helps to create new collective norms. While the supporters' argument is naïve in seeing universities as independent of national interests and international politics (they are not), the critics ignore the reality that diverse systems exist worldwide.

A better argument in favor of advancing cross-border trade is arguing for general recognition of other states' authority to govern aspects of education. Such mutually recognized interdependence is the basis upon which treaties are signed, diplomatic immunity given, *and*—but not only—international trade in education services might be governed.

Today no less than in 1925 (WARF's founding), higher education is a synthesis of the two models outlined above; that is, it is a competitive industry and a common resource. Higher education is engine and artifact of intellectual property, ideas, and their exchange. As such, higher education should be both intellectually open and carefully tended. It should be privately and publicly funded and break even but *not* solely commercial or for-profit. If higher education is fully commercialized, good ideas go unexplored, and old ideologies battle in the ring. Instead, it is time to put down the gloves and recognize that these market models do not compete.