



PRIVATE PARTICIPATION IN HIGHER EDUCATION: THE SOCIAL DILEMMA

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1. Privatization of higher education.

Historically education has been financed by the private sector. During the 20th century, education became the domain of the public sector, as a means to achieve higher social cohesion. But in the recent years, the governments and donors are working in increasingly resource-constrained environments. There is also increasing requirement for the public sector to concentrate more on the primary and secondary levels where education is made compulsory and where the social return of education is higher compared to post secondary education. Therefore, the private sector has to play a complementary role in financing and providing for the educational services especially in the tertiary and vocational sector. In many developed and developing nations the private sector has rightly identified and has been serving this complementary role. (Sosale, S 2000).

Societies, of late, increasingly regard higher education more of a "private good" with not enough immediate and positive externalities (characteristic of "public good") to justify public support. A 1994 World Bank publication further underlines the significance of these trends:

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Private institutions are an important element of some of the strongest higher education systems to be found today...they can respond efficiently and effectively to changing demands, and they increase educational opportunities with little or no extra educational cost

The mindset of the policy makers all over the world, especially in the third world, also has changed to giving the private sector and free market to prove their efficacy. (Quddas, Munir; Rashid, Salim, 2000). However, one must not forget that the private sector involvement in higher education has arisen mainly due to the inefficiencies and insufficiencies of the public system rather than through proactive public policy design, especially in the case of less developed nations. (World Bank, 2001),

2. The Existing Debate on the issue of Privatization.

In the 50s and 60s, the conventional wisdom among the policy makers with respect to education was that it was a tool to create greater social and economic equity. The university and higher education were considered "the great equalizers" because with access contingent upon merit, the poor had an available means for social and economic advancement. However, in the 70s and 80s the notion changed. The prevailing notion is that the beneficiaries of university education should shoulder a greater portion of the burden. In the 1990s, there has been a further shift in consensus and it is now believed that free access to higher education may even worsen the social and economic inequities. Evidences show that upper income groups have received a greater share of the benefits of public higher education and thus subsidizing university education may in fact worsen the income inequities. (Quddus, 2000)

Besides, the public higher education system in most developing and third world countries offer inferior quality. Teachers are poorly paid and are not provided with any incentive to improve their pedagogy. Years of isolation has left teaching methods grounded in rote learning that seldom encourage critical or creative thoughts by students or instructors. Not only there is little emphasis on good teaching, but also the tenure system virtually guaranteed life-long employment. Recruitments and promotions are usually based on political considerations and seniority, with merit only a secondary factor. And the prevailing academic culture does not believe that the students should be asked to evaluate the faculty. (World Bank, 2001) The inability of the public higher education system to ensure quality, social equity and diversity on one side and the alarming state of illiteracy on the other prompted the world bank to advice the governments of the underdeveloped

and developing nations to concentrate on improving primary education and literacy levels. The governments of these nations took the advice positively. As a result government funding for higher education in these countries reduced. Naturally, the governments opened higher education sector for private investment and participation in most of these countries.

3. Impact of Privatization on the Social goals of higher education

However, fears and suspicions existed regarding the role of free markets in exacerbating social inequities. Experts argued that private sector will fail to address the broader social goals of education such as equality of opportunity, diversity and justice and will encourage the unequal distribution of wealth and opportunities to benefit the wealthy. This anti-market school argues that the advocates of educational privatization promote a theory of laissez-faire capitalism based on competition, choice and individual accountability and believe that the consumers make choices that are rational and utilitarian. According to them this belief assumes a neutral, competitive market that is absent of politics, power and privilege and even in its moderate form presuppose a social world free of cultural constraint, ideological distortion, and self interest. This school borrows economist John Kenneth Galbraith's (1998) analysis of American Economy and establishes that the market does not succeed in creating greater economic equality but could increase income and opportunity inequities. Cookson in his analysis concludes that there is little chance that privatization will lead to equal educational opportunity as markets do not create opportunity for all. Rather, they create profits, unevenly shared. (Cookson, 1999).

Though the current discourse in developing countries is in favor of privatizing higher education, the question raised by the anti-market school 'Can privatization deliver a just school system ensuring equality, diversity and transparency?' still remains unanswered.

In most of the developing countries privatization of higher education occurred in the 1990s. It is advisable to examine whether the existing private institutions ensure the achievement of social goals of education such as equality of opportunity, diversity and transparency. If evidences support the arguments of the anti-market school, it would mean the need for policy level interventions in the privatization of higher education. Since achieving the social goals of higher education is ultimately the responsibility of the government, it can not relax and hope that the market forces will automatically achieve them. Governments should formulate

healthy policies that will guide private investors in decision making that will ultimately ensure social justice in terms of equality of opportunities, diversity and transparency.

4. The Indian Context

Privatization of higher education in India has been a natural fall out of the changes in the economic policy towards liberalization and privatization by the government of India in 1991. Despite a good number of educational institutions already under private management only 11% of the total educational expenditure is from private sources and there exists no specific policy for higher education (FICCI, 2001). The general education policy endorses elimination of disparities and ensures equal opportunity for women, scheduled castes, scheduled tribes, minorities and the handicapped. However the real picture is dissatisfactory. For example:

- Enrollment of girls for higher education compared to boys is still below fifty per cent and has fallen to 36.9% in the year 2001 from 39.9% and 38.8% in the years 2000 and 1999 respectively.
- Adult illiteracy rate is 56% among females as compared to 30% among males.
- In the year 2001, 45% of the students in the public higher education system, which is free, come from the top 20% of households by income.

There also exists strong criticisms that the public higher education system has not succeeded in ensuring equality, diversity and transparency. Public higher education institutions are also reported as offering pathetic quality except in a few centers of excellence like the IIMs and the IITs.

The privatization efforts since 1991 were expected to primarily address the quality deterioration issue. Some case studies conducted among privately managed autonomous higher educational institutions found them offering better quality education. (Rao, 1999)

In India there has not been any effort in the past to find out whether the private higher educational institutions in the country offer equality in terms of access, accept diversity in intake, ensure transparency in their selection, resource mobilization and deployment and in other operations. Moreover there exists no

specific national level policy for higher education in the country. As the world prepares to accept GATS it is of imminent importance to define the role of the state in ensuring and facilitating a "just" private school system in higher education.

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