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**Creeping Marketisation:
Where Polish Public and Private
Higher Education Sectors Meet**

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Creeping Marketisation: Where Polish Public and Private Higher Education Sectors Meet

1. Introduction

The paper intends to discuss changes in Polish higher education related to processes of its marketization. The wider context for transformations in Polish higher education system is the transition from command-driven, communist economy to market-driven, open economy and from a communist authoritarian bureaucracy to a parliamentary democracy. Consequently, “market” and “marketisation” have additional meanings in a country which opened to both as late as in 1989, as opposed to other countries studied in the present volume. It discusses funding mechanisms with respect to institutions, teaching and research (section 2); distinct processes marking the turn towards marketization – increasing financial self-reliance of academic institutions (section 3) and external privatisation (growth in the number of private sector providers) and internal privatisation (finance-driven cost-recovery mechanisms in public sector institutions), in section 4; finally, it discusses market forces in the context of Polish educational policies (section 5) and provides concluding remarks (section 6).

2. Funding mechanisms: Institutions, Teaching, and Research

Poland has a higher education sector of almost two million students (the biggest among new EU member states and the 6th biggest in the EU), with highest enrolments in the private sector in the EU, reaching 34 percent in 2008. The specificity of the Polish system is both high, and increasing, share of part-time students in both public and private sectors (almost 1 million in 2008) and a powerful role of the private sector. Additionally, from the perspective of marketization, the private sector charges fees from all its students and the nominally free (tax-based) public sector charges fees from all its part-time students; thus effectively, almost 60 percent of all students (or 1.13 million) in both sectors currently pay fees, which is still a unique feature in Europe (GUS 2008: 34).

A massive expansion of HE system has increased the gross enrollment rate in Poland in the last two decades from 13 percent in 1990 to 51 percent in 2007. The number of graduates in 2008 (about 400.000) was equal to the number of all students in 1989 when the processes of marketisation in higher education started. Such an extraordinary expansion would not be possible without the growth of the private sector – but also, which is a specifically Central and East European feature, without a parallel growth of irregular, part-time, fee-based forms of education in the public sector, referred to in the present chapter as two distinct variants of (external and internal) privatisation. The total number of private higher education institutions in Poland in 2007 was 324, and the share of enrollments in private (called “non-state” in Poland) has been growing every year since their appearance (GUS 2008: 40). Private institutions are not for profit which, by the Polish law on higher education, means that all profits have to be reinvested in institutions. The future of private higher education institutions (HEIs) depends, to a large extent, on both the future of public HEIs and on powerful demographic trends which are expected to reduce the annual number of candidates for studies from ca. 490.000 in 2008 to 260.000 in 2022. From the perspective of marketisation, it is crucial that even after the expected reforms (and the adoption of the new law) of higher education expected for 2009, studying full-time in the public sector will remain free (or tax-based), leaving the future of the private sector fundamentally uncertain (to put it in a nutshell: even if the fee-based private sector disappears altogether from 2017 onwards, there will still be enough places in the public sector to meet the demand). Consequently, even though the private higher education sector in Poland is the biggest in Europe in terms of its size and share of enrollments, it is currently very vulnerable: it will find it increasingly hard to compete with the tax-based public sector (in terms of the quality of education and the diversity of study areas) under demographic pressures.

There is a substantial difference between public and private institutions in terms of the structure of sources of income. Both public and private institutions in 2007 obtained the vast majority of income from teaching. For public institutions, teaching provides 83 percent of income, for private ones – 93 percent. Income obtained from research is 13.6 percent in the case of public institutions and 1.4 percent in the case of private institutions. In general terms, the private sector is almost fully a teaching sector and for most private institutions, research is a marginal activity both in terms of academic mission and in terms of sources of funding.

Research is only an additional source of income for both public and private institutions and at universities, it is funded almost exclusively by the state. The structure of research funding looks differently for public and private institutions. Almost all income from research goes to public institutions (98.1 percent), with a small proportion (1.9 percent) going to private institutions. The reason is both legal and structural. By law, (non-competitive) state subsidies for statutory research go exclusively to the public sector. The only research funding available in practice are national competitive research grants, too competitive for private-sector applicants. The pressure for more research in universities is stable, but their quantifiable research output is limited; consequently, new policy is expected to introduce sharp differentiation between top performers and the laggards based on the new idea of national leading research units (KNOWs) and flagship universities, i.e. those with a high concentration of KNOWs in their organizational structure.

In general, the major market divisions of educational institutions is between those offering first degree only and those offering both first and second degrees; then another market division is between traditional institutions (especially comprehensive universities, universities of technology, universities of economics, and universities of medicine) and all other types of institutions; and, finally, the market division is, generally, between public and private institutions. In particular, all public institutions (except for so-called “professional” institutions) and about 20 percent of private institutions offer both first and second degrees, while 80 percent of private institutions offer only first degree. In Poland, traditionally (until the appearance of the private sector in the beginning of 1990s and until the reluctant introduction of the Bologna process in recent years), respectable higher education meant only the second (MA) degree. In a current massive system in which almost half of graduates have their first degree (47 percent in 2007), the market value of the first degree is still very uncertain (UNDP 2007). In other words, the market evaluation of first degree holders is relatively low, even though almost half of all graduates complete their education with this degree only. The second division, between traditional and all other institutions means in practice that the most valuable degrees – those with highest wage premia and in traditionally most lucrative areas – are received from a handful of institutions, almost exclusively public, located in major academic cities, such as Warsaw and Cracow, followed by Poznan, Wroclaw, Lodz and Gdansk. Finally, as private institutions are teaching-only institutions, i.e. they neither possess prestige, nor are able to seek it, they provide non-restrictive access (only basic legal, rather than academic, requirements to enroll), with 80 percent of them offering first

degrees only and 80 percent of their student body being part-time, their degrees, in general, are less valuable in the labor market. Unfortunately, there are no large-scale surveys about the market position of Polish graduates according to the type of degree held, mode of studies, and public/private sector of education (on the lack of easily readable, systematically collected, internationally comparable data, see UNDP 2007: 189-191).

In terms of subjects offered, private institutions were more active in responding to new demands of the labor market (and of students themselves) in the first half of the 1990s – when public institutions were still unable to respond to emergent market realities – but many of them have been offering poorly taught and undemanding degrees in “popular and cheap-to-run” fields of studies, as an OECD economic survey of Poland recently put it (OECD 2006b: 106). In 2007, 26 percent of graduates from both sectors were in economics and administration, 15 percent from educational studies, 15 percent from social sciences, and 8 percent from humanities; only 5.4 percent graduates were from science and technical/engineering areas (GUS 2008: 24) The structure of graduates from the private sector is much less differentiated, with the share of students in economics and administration reaching over 50 percent.

3. Turning Toward the Market: Increasing Financial Self-Reliance

In some scholarly research (e.g. Clark 2008, 2004, Sporn 1999a, 1999b, Shattock 2008, Shattock 2005, OECD/IMHE 2005) and policy documents, new management, organisational and financial options suggested to public higher education systems are increasingly related to three notions (and phenomena): academic entrepreneurialism (in teaching, research, and third mission activities); financial self-reliance (and significantly smaller dependence of academic institutions on core state funding); and cost-sharing (in the form of introducing, or increasing where already existing, tuition fees, accompanied by more student loans and fewer student scholarships, etc. (see Shattock, 2005; Shattock & Temple, 2006; Williams, 2003, Johnstone 1998, 1999, 2005, 2007), in the Polish case combined with internal (public sector) and external (new private providers) privatization All these three notions (and phenomena) introduce strong market mechanisms to educational systems and they figure prominently in recent national and EU-level debates on financially sustainable higher education in Europe. At the same time, the three dimensions are highly contentious issues for most university stakeholders, including policy makers, students, and academics. We have studied academic

entrepreneurialism with respect to Polish higher education elsewhere. Let us only note here that the role of teaching-related entrepreneurialism in both public and private sectors is very important but entrepreneurialism in research is restricted only to top selected institutions in the public sector (see Kwiek 2008a, 2008b, 2008c).

Financial self-reliance of HEIs, brings about an interesting question about its impact on the changing relationships between the three university missions of Polish universities: teaching, research and service to the society. Overall, public universities in Poland in the last 15 years seem to have been gradually losing their commitment to the research mission and have been becoming increasingly teaching-oriented institutions; what is the cost of their excessive focus on teaching mission and their minimal focus on the service to the society and the research missions? The cost is high and can be viewed from a comparative perspective: while elite universities in Europe are becoming increasingly research-intensive (and ready for their new roles in knowledge economies), their elite counterparts in Poland risk becoming teaching-oriented and outdated in both curricula offered and research performed, and therefore (academically) inferior.

Polish universities are seemingly following the same trend (in 2007, their non-core income was about 19 percent from fees, 4.4 percent from research grants, and 1.2 percent from selling research – but in fact they seem to evolve in exactly the opposite direction from top universities in major EU systems. Their total income from teaching is 84 percent and total income from research (state, core, statutory funding and competitive research grants) is 11 percent (2007). Financial self-reliance in Western European universities derives from the research and the service missions, while in Polish universities it derives from (fee-based, part-time) teaching, discussed here under the label of internal privatization. Marketization and privatization processes seem to have diverted a large part of Polish academia (and Polish academics) away from research, especially research based on competitive funding. The directions of evolution of top Western European and top Polish universities seem divergent (for the former, see Kaiser et al. 2003, Schwarzenberger 2008, Leyden 2005, OECD 2008a). Not surprisingly, one of the major OECD concerns is that while Polish higher education has been financially “squeezed to the point of serious damage” (OECD 2007: 118), institutions still do not even consider external sources of funding: “most institutions interpret the advice to become more entrepreneurial as an invitation to sell core educational service to as many

students as the law permits, and do not see the need to look for new sources of revenue” (OECD 2007: 57).

A general claim regarding the three university missions in Poland is that national, institutional and departmental policies promoting the teaching mission (in its fee-based part-time form) of Polish universities adversely affected their research- and service-missions in the last two decades. In other words, institutions and departments most engaged in paid teaching seem to be gradually losing interest in, and – consequently and potentially – access to, external research- and service-related revenues (teaching- related marketization and privatization in selected segments of Polish public higher education adversely affected research-related marketization and privatization processes, as observed in Western European systems). These institutions and departments can be expected to pay high price in the future for their excessive focus on teaching-related marketization and privatization, which, in all probability, occurred at the expense of research-related marketization and privatization processes which bring increasing revenues in top Western European universities. The CHINC “University Incomes Report”, analyzing European institutions, stressed that “perhaps the clearest observation is that there has been a general increase in almost all institutions’ shares of grants and contracts. ... more than one-third of the institutions for which data was available doubled their share of grants and contracts resources between 1995 and 2003”, CHINC 2006: 19. The balance between “core funding” allocated at the institutional level and the “external project funding” is changing, with the role of the former steadily increasing (EC 2008: 19). Polish HE has so far shown a divergent evolution: away from competitive grants and contracts and away from project funding.

While the evolution of the Polish system so far seems to show general similarities compared to most Western European ones (i.e. it shows increasing share of external funding in university incomes), it also shows a substantial difference in institutional focus: research-intensivity of top Western universities and teaching-intensivity of top Polish universities (for OECD and World Bank views on changes in income patterns, see OECD/IMHE/HEFCE 2004 and OECD 2008: 163-258, Woodhall 2007, Salmi and Hauptman 2006). The divergent evolution reveals a major weakness of Polish higher education in general. New ministerial policy presented in 2009 intends to change the direction of changes: a basic feature of a new model of HE is “the promotion of the culture of getting competitive funds” (MoSHE 2009: 3).

Both demographic and financial contexts need to be considered: within demographic shifts, the number of students in Poland may drop to 63-70 percent, or by 630.000-790.000 out of current 2.000.000, depending on the OECD scenario, by 2020; and within financial shifts, Poland needs to remember the policy conclusion reached by a recent OECD study on *Tertiary Education for the Knowledge Society*:

most countries are not in a position to raise more revenues to support tertiary education. First, countries might find it difficult to raise extra public taxpayer-based revenue. ... Second, other priorities ... are imposing growing pressure on education budgets (OECD 2008: 174; I have analyzed the above constraints on higher education in the context of reforms of public services in general in a major English monograph, see Kwiek 2006).

Poland, about to be hit by severe demographic shifts, and the fastest-aging society in the OECD area by 2025, needs thoughtful policy responses which may use more market mechanisms, more competition and more private funding in both public and private sectors. A healthy system which would emerge within a decade should not be dominated by the public sector, with the private sector in gradual decay; the balance between the two should be maintained to avoid the re-monopolization of the system by public institutions in the next decade. Ideally, the dramatically shrinking demand should be accompanied by shrinking supply of vacancies in both sectors rather than ever increasing supply in the public sector only. Under the challenge of demography, a continuous increase of vacancies in the public sector combined with the lack of fees charged to full-time students in the public sector may lead, in the worst-case scenario, to the destruction of the private sector, after 20-25 years of its existence. Consequently, various “strategies for survival” (Teixeira and Amaral 2007) need to be considered by both private institutions and policy-makers.

There are several lessons to be drawn for Poland from countries in which first huge expansion was driven by ever-growing demand, and then the expansion was stopped by both changing demographics and relative saturation of the student market. It is possible that a combination of several conditions: the (probable) introduction of fees for full-time students in the public sector or (conceivable) state subsidization of private sector institutions for their teaching services, further diversification of the study offer in the private sector and its further regional diversification and higher quality of teaching (conceivable) – might lead to more fully-fledged competition between the two sectors in the next decade. So far, none of these conditions exist.

The picture in terms of supply/demand gets more complicated as in Poland (as opposed to Portugal, the most natural candidate for comparisons among Western European HE system, see especially Correia, Amaral, and Megalhaes, 2002, Teixeira and Amaral, 2001, 2006) the number of vacancies in the private sector is fully flexible and depends only on institutions themselves; and there are no national competitions for places in neither public nor private institutions. While the number of vacancies in the public sector is strictly regulated by the Ministry (as those places are subsidized by the state), the private sector in general enrolls all those wishing to study, provided they fulfill the basic formal requirement, except for a few selective top institutions where meeting some academic entry requirements is required. Already in the medium-quality range of both public and private sector institutions, vacancies in many study areas are often offered several times a year to fill the vacant places, even at most prestigious public institutions.

4. Turning Toward the Market: Cost-Sharing and Privatization

We will focus now on cost-sharing and (internal and external) privatization. Higher education in several new EU countries, Poland (as well as Romania and Bulgaria) included, has been consistently turning towards privatization, both external (new booming private sector) and internal (fee-paying courses offered in the nominally free public sector, see Kwiek 2007a, 2007c). In general terms, privatization is “the transfer of activities, assets and responsibilities from government/public institutions to private individuals and agencies. Education can be privatized if students enroll at private schools or if higher education is privately funded” (Belfield and Levin 2002: 19). Poland provides examples of both.

The emergence of powerful market mechanisms in public higher education (fee-based teaching for part time students) and the emergence of the private sector itself in Poland can be viewed as the two different faces of the same process of the privatization of higher education. In existing literature, Polish higher education in general has been discussed in a highly dichotomous manner: either public institutions, or private institutions, or both as opposite to each other). The radical distinctiveness of the public sector from the private sector has been a constant point of reference in both research and policy analyses. But, surprisingly, both sectors can also be looked at as following the same road of privatization if the phenomenon of privatization as applied to higher education is taken more widely. As Daniel C. Levy stressed,

“institutions called private and public are not always behaviorally private and public, respectively” (Levy 1986: 15) – and this is indeed the Polish case.

The role of fees in discussing creeping marketization of Polish higher education is critical. As they are charged by the whole private sector and by part-time study offer of the public sector to 60 percent of all Polish students, the evolution of their levels in both sectors and their future in the public sector is highly relevant to the theme. Future political decisions concerning fees in the public sector may overturn educational landscape in Poland: while in 2008 MoE was considering the introduction of fees (which would increase current levels of competition between the two sectors), its new “Assumptions to the Changes in Laws on Higher Education”, just submitted for public consultations (June 2009), favor the introduction of fees for those studying longer than 5.5 years, i.e. effectively for those studying the second study area. While the new law expected to be passed in the autumn 2009 would not change much for institutions or the state from a financial point of view, it can certainly be viewed as potentially a first step towards the introduction of fees charged to students in the second cycle studies, or in both first and second cycle studies in the future. Which in terms of increasing competition between the two sectors and increasing equitable access to public sector by students from lower socioeconomic classes, with proper mechanisms of needs-based student support in place, would be highly desirable. Thus the shift proposed in the “Assumptions” is qualitative, breaking with the constitutional guarantee (common in many postcommunist CEE countries) of so-called “free public higher education”. The public sector is already very well used to charging fees to its part-time students and fees for all would be opening public sector to further direct competition with a fully fee-based private sector, and possibly would be the only policy option which would allow to save the private sector in the name of maintaining a market-driven, competitive system under strong demographic pressures on the system as a whole.

The expansion of the system through the two forms of privatization has fundamentally changed access to higher education: an undeniable access “success story” meant also, although to a smaller degree, and equity “success story”. The marketization and privatization meant increasing competition and access; further marketization, e.g. the introduction of fees for all in the public sector, with grants and loans schemes, might mean more competition and substantially more equity as today, after twenty years of volatile transformations, the best and most lucrative (tax-based and state-subsidized) places in the public sector are still

disproportionately allocated to students from middle classes. In the last decade, the share of tuition fees from part-time students in public institutions in their revenues was high and varied substantially, depending on the type of institution. Without this particular form of privatization – increasing reliance on fees from part-time students – Polish public sector would have found it enormously difficult to survive economically. Educational expansion would have been left entirely to the growing private sector which would not have been able to meet unexpectedly high student demand. In the last ten years, public institutions were less and less reliant on state subsidies, and the share of state subsidies in the structure of their income has decreased, for universities, from 71 to 66 percent.

From the very beginning, the most important dimension of internal privatization of the public sector was financial: additional revenues for both academics and for the university. Fees from part-time students were substantial contribution to university revenues and were much more than merely recovering costs. The revenues were divided between institutions and academics; for academics, working with part-time students in the private sector meant additional revenues, paid by hours worked. In an initially surprising manner, public institutions in the first half of 1990s started having two sorts of students (fee paying and non fee-paying students, the former academically weaker), two sorts of curricula (academically weaker for the latter students) and two different teaching times: weekdays for the former and weekends for the latter. Those with higher cultural and human capital studied as non-fee paying full-time students, those with lower cultural and human capital studied as fee-paying, part-time students. The numerical expansion of higher education opened the system to new segments of society – but these newcomers have been attending mostly the two academically inferior forms of studies: those offered in the private sector and those offered for fee-paying weekend students in the public sector.

Tuition fees have played a critical role in the expansion of both private and public sectors in Polish higher education (in more detail, see Kwiek 2009). In 2006, funds collected through fees in both sectors reached the level of approx. 1.2 billion EUR, with only slightly higher share going for private institutions (approx. 610 million EUR) – 50.50 percent. Thus, in practice, almost half of all fees paid for higher education in Poland went to the public sector which is nominally “free” (tax-based). This is the most striking financial aspect of the privatization of the public sector. In spite of the existence of the booming private sector, almost half of revenues from fees go to the public sector. In competition with the private

sector, the public sector in terms of enrolments is strong but in financial terms it is very strong. At the same time, the share of income from fees in the public sector in the last 10 years went up from about 15 percent in 1997 to almost 25 percent in 2003 and since then it has been decreasing steadily year by year, to reach the level of 19.8 in 2006 and 18.2 in 2007.

In the last decade, the share of the total income from fees in Poland was steadily increasing for the private sector, from 38.4 percent in 1997 to 52.3 percent in 2007. It was only in 2006 – that is, 16 years after the emergence of the private sector in Poland – that the share of the total income from fees for the private sector was bigger than 50 percent. At the same time, the share of the total income from fees collected by public institutions was decreasing steadily, from 61.6 percent in 1997 to 47.7 percent in 2007. In financial terms, the public sector (fee-paying part-time mode of teaching only) was steadily losing to the private sector (fully fee-based and financially self-reliant).

There is limited price competition between public institutions as full-time studies in all of them are free, and revenue-driven part-time studies do not differentiate themselves by price. The only difference – but not real price competition – would be between public institutions located in major academic centers (charging higher fees) and in academic peripheries (charging lower fees). There is significant price competition between public and private sectors in the areas where public sector institutions offer fee-based part-time studies, and between private sector institutions themselves. Public institutions are often emulating successful private educational offers, using their position of offering more respectable degrees. To some extent, the level of fees in the private sector determines their level in the fee-based part of the public sector. Things are even more complicated as the product (courses) is offered by the same faculty (working in both public and private sectors), so that the real competition between institutions is weakened by the presence of the same faculty in both sectors. If private sector had its own faculty (which is only beginning, and only in selected, best institutions), the price competition could be much stronger i.e. public sector could charge considerably higher fees. The difference would be, though, that academics would not be able to keep parallel jobs, and revenues would go less directly to them. The new law is expected to radically reduce the legal opportunity of holding multiple positions.

Student choice is very limited: the results of the final secondary school exam determine their access options – the most natural selection is most prestigious public sector institutions, free

studies, for those with top grades; then less prestigious public sector institutions, free studies, for those with standard grades; finally, either public institutions of both types, fees, or private institutions, for those with lowest achievements. The social composition of students in fee-based forms of studies remind much more closely the social composition of the Polish society in general in which only 17 percent of adults hold higher education degrees; in free (tax-based) public institutions, children of (emergent) middle and upper-middle classes are over-represented which leads, as in many similar systems, to discussions about both equitable access to higher education and fees for all. The crucial role in student choice is also played by geographical location of the institution. The students support system – both stipends, grants and loans – is relatively well developed. While at first the private sector was denied access to them, currently students from both sectors have the same rights, and the same formal requirements. While about 50 percent of non-repayable student grants and stipends are merit-based, new policy (MoSHE 2009) is expected to provide 75 percent of public funds through needs-based schemes. The idea is to turn the HE system from being academic-focused to being equity-focused.

5. Polish Educational Policies and Market Forces

Although higher education in Poland managed to combine high enrolment growth rates with both forms of privatisation, there are significant limitations which include concerns about graduates' quality and the response of the labour market to the processes of widening access to higher education. OECD analyses stress that there is no evidence in current data suggesting any "crowding-out effects" of lower-educated from higher-educated individuals in OECD economies: "on the contrary, there seems to be positive employment effects for individuals with less education in countries expanding their tertiary education" (Hanssen 2007: 18). The same conclusion applies to Poland. The related questions are how graduates from these historically (relatively) new segments of higher education are matched to the labour market (for instance, seen through the proxy of their "job satisfaction"), and how employers view them compared with graduates from traditional full-time studies in public institutions? Are trends affecting public and private higher education institutions isomorphic or divergent? And how internal privatisation of public institutions is transforming their organizational culture from the inside? Privatisation is explicitly debated in many EU countries and in many of them it is already planned and/or implemented in other public sector services such as old-age

pensions and healthcare provision – but in Poland privatisation of all public sector services is in progress.

Powerful arguments for further expansion of higher education systems come from OECD research and analyses, most recently from Stephen Machin and Sandra McNally in their OECD study of education systems and labour markets: as they stress,

in no case considered here, can one speak of ‘over-supply’ of tertiary education. The strong, positive and (often) increasing return to tertiary education suggests that ‘under-supply’ is more of an issue and that continued expansion is justified. ... If there were over-supply, relative wages and employment probabilities would fall to the level of their closest substitutes – and that has not happened (Machin and McNally 2007: 3).

Our point is that the right expansion produces more workforce with right skills and competences – but the wrong expansion may produce more workforce horizontally or vertically mismatched to the labour market. The current privatisation-driven expansion of higher education in Poland also needs to be assessed from this educational (mis)-match viewpoint.

The expansion through privatisation raises crucial issues related to graduates’ employability. While the links between public higher institutions and the labour market have been thoroughly studied in Europe, the links between private higher education and the labour market have been severely under-researched. The internal privatisation of public higher education institutions in Poland leads to further complications of educational systems in which alongside traditional full-time non fee-paying students, there are part-time fee-paying ones. The quality of education provided to fee-paying part time students in the public sector is commonly questioned by both academics and authorities; consequently, serious doubts are raised about skills and competencies of graduates, and their future in competitive labor markets is uncertain. And as the share of both part-timers has been increasing steadily since 1990 to reach 60 percent (or 1.13 million) in 2008, the response of the labor market to skills and competencies of these non-traditional graduates is of critical importance, possibly shaping future student behavior in selecting modes of studies. Wide-scale research in this area has not been done so far, as a recent UNDP report on Poland stresses (UNDP 2007).

The expansion of educational systems in transition countries has been accompanied by financial austerity and the emergence of market mechanisms in the public sector (previously, under Communism, immune to market forces) and the arrival of private providers on the education market. In a globally unique way, higher education systems in such countries as Poland needed deep (mostly institutional and structural) changes (accompanied by liberal government policies) implemented in a short time-span in order to accommodate the increasingly diverse student body, which previously was under-represented in higher education. As Levy noted, “Central and Eastern Europe lies at the extreme for the global generalization that private higher education emergence has been sudden, shocking, and unplanned” (Levy 2007: 280). In expanding systems, though, the burden of costs of education was increasingly being shifted from governments to students and parents, leading to sharp national debates on fees, equity and efficiency. The expansion of the Polish system was made possible by its growing external and internal privatization, both referring directly to the opportunities provided by opening higher education to the market. In Poland, two alternative strategies to meet growing demand for higher education were used, both implicitly (rather than explicitly) supported by the state: the emergence of privately-owned, teaching-focused, fee-dependent institutions and the internal privatization of public sector institutions by which they were able to supplement their state subsidies with students’ funds.

Poland, in face of tremendous demand in access to higher education following strictly regulated, limited access in all communist years (1945-1989), encouraged the private sector to grow and encouraged the public sector to develop its fee-paying tracks. In the times of harsh financial stress, and with other priorities on the top of the agenda, higher education (especially in 1990s) was able to expand without governmental interference and without increasing per-student governmental expenditures. The state was neither willing nor capable of subsidizing the emergent private sector. The first forms of (indirect) subsidization appeared with the loans schemes to which private sector students became eligible in 1999, with the reform of research funding under which private sector institutions became eligible for research grants in 2004, and in 2008 the government was discussing the direct subsidization of teaching in the private sector, based on the proportion of the average per-student costs in the public sector. Transformations towards further marketization of the system in 2009 are expected to be substantial, even though they will not introduce fees in the full-time public sector yet. But their introduction for those studying the second study area can be easily seen, though, as a

first step towards fees for all – which might finally mark a point in which both public and private sectors meet, beginning to be in head-on competition in teaching services.

6. Concluding Remarks

Several conclusions can be offered at this point: Polish HE is one of the most heavily marketized systems in Europe, due to its extraordinarily high share of fee-paying students, the highest share of enrolments in a private sector in Europe, and an ongoing privatization of the public sector, with a substantial impact on its revenues. A demographic shift expected for the next 10-15 years in a fastest-aging European society can fundamentally change the educational setting, though: either leading to the re-monopolization of the system by the public sector, after 20-25 years of existence of a booming private sector, or leading to a survival of both and a more healthy market-based competition between the two sectors. The future shape of the system depends, to a large extent, on policy-makers: if fees for all are introduced in the public sector (or if private sector becomes state-subsidized in its teaching mission), the balance between the two sectors can be maintained, provided that other conditions are met by the private sector (e.g. increasing diversification of study areas and of geographical locations, the latter e.g. via mergers or opening satellite campuses). If fees for all are not introduced in the public sector, and the private sector is not subsidized in its teaching, in the face of a combination of several factors, including further growth of vacancies in the public sector and further investments in public infrastructure, expected 30-40 percent decrease in the number of candidates for studies due to demographic shifts, the private sector seems to be doomed. The most important question is thus about the overall impact of this sector (and its graduates) on Polish HE system (and Polish labor market), about the overall assessment of its presence since 1989. Policy decisions can follow either detailed analyses of the status quo via existing reliable data or some ideological assumptions. As the reliable data in the area discussed are largely missing today, policy decisions taken about the future shape of Polish HE system will probably be based on ideology – which currently strongly supports marketization and privatization. One of the greatest things about considering the future is its non-predictibility...*

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