
The Missing Link: Public Policy for the Private Sector in Central and East European Higher Education

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The processes of social transition in Central and Eastern Europe (CEE) include also the transition of educational systems and the shift in educational policies: a move away from the state and towards the market. After more than a decade of mainly failed attempts, the challenges to educational reforms are still huge. Wholesale educational policies are rarely implemented, sometimes still non-existent; there are few examples of national visions of higher education systems compatible with the goals of the common "European higher education area".

In the last half a century, despite immense growth in enrollments, European public higher education remained relatively stable from a qualitative point of view and its fundamental structure remained unchanged. No major changes occurred that could be as revolutionary as changes we are currently witnessing. The forces of change worldwide are similar and they push higher education systems towards more market-oriented and more competitive arenas (and certainly towards less state regulation). For centuries, "the market" had no major influence on European higher education. Most (modern) universities were created by the state and subsidized by the state; most students attended public institutions and most faculty worked in public institutions. Today market forces are invading higher education: while the form and pace of change is different in different parts of the world, that change is happening everywhere. The growth of the private sector in European post-communist countries is part of a much larger picture in which the restructuring of the whole public sector, the retrenchment of the welfare state, increasing privatization and marketization of public services generally and the influence of the forces of globalization are most visible.

Private higher education is one of the fastest-growing and most dynamic sectors of education in CEE countries and yet it is still little understood and hardly ever analyzed in educational policy terms. Its fantastic expansion in recent decade is due to huge demand for access to higher education combined with the inability of the state to provide the necessary support. After about a decade of reforms of public institutions, there is a dramatic expansion of the private segment of higher education in several CEE countries (e.g. Estonia, Romania, Moldova, Poland). This expansion is not sufficiently reflected in scholarly debates or in national educational policies. And it is higher education that plays a crucial role in both generating and supporting current social transformations towards market economy and "knowledge-based" societies.

Poland, with the 30% share of enrollments (which means almost 500.000 students) in the private sector, and no solid policy for its functioning, is a good example: private higher education operates there in a largely unregulated space, beyond reasonable quality control (and accreditation procedures), in the midst of still unreformed and underfunded public institutions. Reliable data about this social, economic and institutional phenomenon, as well as studies on its further implications for national educational policy, are scarce.

The private sector is becoming significant part of national education systems today in several CEE countries. But the question remains: how to build common European research area and common higher education space if private higher education, still (on average) marginal in Western Europe but visibly present in several CEE countries, is mostly neglected in CEE educational policies, legal provisions, and scholarly debates?

Thus, the consistent public policy for the private sector in the Region seems to be missing. But CEE's private sector is also a "missing link" in current European research programs and current publications, except for a handful of articles in international journals in recent years. Globally, the private sector is thoroughly studied. The conceptual and analytical literature is wide; but the CEE region is mostly absent from these debates, with main efforts focused on the USA, Latin America, and the Far East. The two single fundamental books are *Private Prometheus: Private Higher Education and Development in the 21st Century* edited by Philip G. Altbach and *Higher Education and the State in Latin America: Private Challenges to Public Dominance* authored by Daniel C. Levy. Levy's classical book provides a unique conceptual framework for educational policy for the private sector (Levy is also a director of PROPHE: Program for Research on Private Higher Education at SUNY-New York, where the present author is a collaborating scholar).

In CEE countries, the interrelation between the "transition experience" and global transformations in mainstream educational policies is particularly strong. While the transition experience means that educational reforms should be deep and structural,

politically-supported, fast (compared with EU countries) and implemented as part of much wider social and economic reform agendas, global transformations lead mainly to a long-term shift in state/market relationships; that means a changing social and economic status of public higher education and possibly steady growth of the private sector. The state/market relationships vary dramatically according to particular economic, political and cultural responses to pressures felt, but the change can have potentially complex and unpredictable effects on educational policies in several CEE transition countries.

While the balance of state and market forces in higher education remains relatively stable in EU countries, on a global scale market forces slowly gain predominance over state forces in very general terms. As opposed to EU countries, public higher education institutions in some CEE countries are already forced to operate in highly competitive, market-oriented surroundings, with the number of private higher education providers sky-rocketing and the number of students enrolled in the private sector reaching (in some countries, like Poland and Romania) the level of 30 per cent, and in others (like Estonia or Moldova) almost 25 per cent, in the 2000/2001 (with the lower end of the Czech Republic with 1.0, Albania 0.0, Slovakia 0.7; and Russia with 10, Belarus with 13, Bulgaria with 11.5 and Hungary with 14 percent staying in the middle). Apparently, in higher education, market forces in operation are already much stronger in some EU accession countries than in EU countries. Also the reforms about to be introduced in several CEE countries are much more market-oriented than any reforms attempted so far in EU countries in general.

What is crucial is the current legal vacuum, the legal context in which higher education institutions operate today: laws on higher education combined with laws on entrepreneurial activities of for-profits, on non-profit organizations and professional associations etc. Prior to the EU Enlargement in 2004, national policies need to begin to be harmonized with European-level recommendations expressed in the ERA and Bologna initiatives. Market forces entering higher education are powerful, forcing the system to become significantly more competitive. The awareness and understanding of the changes about to come on the part of policymakers, the academic community and the wider public are generally very limited. And not surprisingly, clear policies toward the expansion of the private sector are much more crucial in CEE countries than in Western Europe.

The majority of international literature in the field deals with reforming *public* higher education; the phenomenon of the expansion of the *private* sector in higher education remains, by comparison, relatively undiscussed (in Western Europe on average 95 percent of students attend public institutions, with big differences between particular countries, though). The role of the private sector in CEE countries – considering its ability to adapt to the new societal needs and new market conditions combined with the

drastically underfunded and still unreformed public institutions – is bound to grow. Generally, the triumph of the market economy and the theory and practice of privatization have contributed to the emergence of the private sector and its huge social (and tacit political) acceptance. From the perspective of changing societal needs and relatively declining public support for higher education available, rapidly increasing demand for access combined with the institutional and financial paralysis of the public sector generally, there is a growing need for clear policies and thoughtful legislation.

Emerging market forces in higher education combined with increasing competitiveness in the field, significant growth in size of the private sector definitely mean increased access, new learning options and improved productivity; but the phenomenon also raises important questions about affordability, quality control, need for new regulations and accreditation bodies, social responsibilities of the private sector as well as about the very fundamental attributes of higher education so far – such as civic commitment, disinterested research, its double role of the vehicle of social mobility and a locus of critical thought.

The main concern of policymakers and policy scholars - i.e. reforming public higher education – does not go in pair with the concern for the new and increasingly significant private sector. Both short-term and long-term policy implications are at stake: in the short run, it is useful to engage in a debate about new opportunities (and new threats) provided by the dramatic growth of the private sector in parts of the Region, to contribute to formulating a thoughtful public policy about the emerging new higher education map. In the long run, though, it is also useful to raise public awareness of more fundamental issues associated with the advent of the private sector, market forces and fierce competition to the arena of higher education: should the expansion of private higher education last, how much responsibility does it have to the public good? How to balance the need for civic engagement, disinterested scholarship, social mobility and traditional values of higher education with the impact brought about to higher education by new private, often for-profit education providers? How to save the core of the ideals of modern higher education in the face of market forces serving private interests rather than the public good? How to regulate the competition between old state-run providers with new, often powerful and cost-efficient private providers? Or maybe leave it to the market and consumers i.e. students?

What is certainly needed is the disinterested analysis of the current (in-transition) state of affairs, largely unexplored so far in policy research, and conclusions as to how to deal, in theory and in practice, with growing market forces in education; how to regulate privatization and corporatization of educational institutions and research activities within ongoing reform attempts, and finally how to accommodate principles of the “European Research Area” and requirements of the Bologna process to local conditions

of those EU accession countries where the private sector has recently grown surprisingly strong.

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