

**Fairness in Access to Higher Education in a
Global Perspective**



**Fairness in Access to Higher Education in a
Global Perspective**

Reconciling Excellence, Efficiency, and Justice

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PREFACE

The purpose of this volume is to help jump-start an urgently needed conversation about fairness and justice in access to higher education to counteract the ubiquitous mantras of neoliberal globalization and managerialism. Adding to other voices that have begun to challenge globalization and managerialism, we strive to carve out a strong moral and normative basis, squarely anchored in empirical knowledge of the great variety of local conditions, for opposing the mainstream developments in higher education. We consider how different national communities channel access to an important and scarce good, what their “implicit social contracts” are, and what outcomes are produced by different policies and methods. We recognize the inevitable conflict between equally worthy goals such as fairness and equity in access versus excellence in research performance, or utility and relevance for economy and society.

We use a comparative and historical frame of reference, including among the referent countries cases from Western Europe, the United States, China, Africa, and Latin America. In Part I, we reflect on normative and historical precedents for expanding access, equity, and efficiency in higher education. The goal of Part II is to survey some of the major national variants of higher education access policies and their embeddedness in different national, institutional, and historically idiosyncratic narratives. Part III considers Chile and California as two cases of resistance against neoliberal higher education reform. And Part IV turns to an explicit discussion of alternative principles and policies capable of increasing fairness in access to higher education.

Key Disciplines:

Higher Education, Comparative Education, Education Policy; Sociology, Political Science, Ethics.



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THE CRISIS OF HIGHER EDUCATION ACCESS— A CRISIS OF JUSTICE

This book is prompted by the belief that the three heretofore prevailing models of higher education access are in crisis:

1. the old oligarchic model in which only those who could privately fund their higher education studies had access;
2. the social-democratic model in which students were sponsored via redistributive schemes by the general tax payer;
3. the neo-liberal model, in which the funding of higher education relies on the private market, emphasizing loans, sometimes complemented by merit-based components.

We view globalization as an ambivalent phenomenon. It spreads neo-liberal and managerialist beliefs in the wholesome effects of free markets around the world, but it also brings human rights based beliefs in equal opportunity to people in all corners of the globe. As these ideas spread, all three of the above models come up hard against the emerging social and moral realities of the 21st century. The old ‘elite only’ model excludes too many talented children of the lower classes from access to higher education in addition to flagrantly violating even the semblance of equal opportunity. The social-democratic model in which all qualified candidates can access higher education at no or little cost has boosted equity, but turned out to be both too expensive and too inefficient to be a viable candidate for future policies. The neoliberal model has, on inspection, turned out to return us close to the old oligarchic model—with the one difference that larger numbers of middle class students became eligible for private funding of higher education, but through increasingly ruinous bank loans.

The obsolescence of the three traditional models of higher education finance has left many countries with a crisis that goes beyond issues of economic effectiveness or policy adjustment. In the last analysis, it is a crisis of justice. When large proportions of eligible young people are barred from accessing a public good that is increasingly essential to having full careers and leading full lives (or when they have access only under unacceptably ruinous conditions), then this constitutes a violation of basic feelings of fairness and justice.

Yet, even though these established models are in crisis, the discourse on innovative options and alternatives has remained limited. While policy research and discourse

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about access expansion in a range of countries has proliferated (Brunsdon, Longley, Singleton & Ashby 2011; Callender & Jackson 2005; Cortes 2010; Cupito & Langsten 2011; Hawkins & Wenli 2008; McCowan 2007; McCoy & Byrne, 2011; Morley & Lugg 2009; Yang & St. John, 2013), much of it has remained within the intellectual and political boundaries of national traditions and policies. And despite recent innovative work on access policies from an international and comparative angle (i.e. Eggins 2010; Knight 2010; Goastellec 2010; Johnstone 2006) there has, to date, been no global exchange concerning *the moral and normative bases* for claims of access to higher education. Assuming that higher education will remain a scarce commodity, the question as to *how* it should be allocated, on what grounds, and based on which combination of need (societal and individual), talent, merit (academic and personal), and ability to contribute has obvious moral and ethical implications which are, however, scarcely articulated.

Thus, much of the contemporary discourse is characterized by ad hoc reasoning about the most pressing problems of the moment; by a one-dimensional focus on a single important parameter (i.e., equity only; economic development only; economic competitiveness only; managerial efficiency only); and by remaining moored to national borders when there is now an international higher education marketplace where students, providers, and governments think and act internationally.

A further and perhaps more important limitation of the established discourse is that it ignores that most established finance schemes were developed in times of what Martin Trow (1974) called the elite- and mass-stages of higher education expansion. By contrast, many systems today are moving toward or beyond the 50 percent mark, which Trow defines as the threshold to universal enrollment. Thus higher education is moving from a luxury item to a necessity, yet access is still configured in traditional ways.

Naturally, this book can only be a first step to overcoming some of these limitations. The discourse we envision would be principled and normative, multi-dimensional and comparative. As a normative discourse it would be strongly anchored in moral and ethical principles: How should this scarce commodity be distributed among competing constituents, both within the larger student population, diverse clienteles of the welfare state, and diverse actors of civil society? As a multi-dimensional discourse, it would acknowledge that higher education systems are subject to multiple and often conflicting expectations and demands like equity, excellence, efficiency, trusteeship of cultural heritage, and the advancement of problem-solving via research and debate in the public sphere.

At the same time, we approach this problem not from the point of view of the ethical universalist (who will try to reason about these questions in the abstract), but from the point of view of the working comparativist. This means we assume that the status quo in each country is or can be read as a 'tacit' or 'implicit' contract among the main stakeholders which emerged under particular, idiosyncratic historical and social conditions. Each national community has entered into its own particular contract along these lines, approaching the problem of universalizing higher education

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from a different set of historical conditions and shared beliefs. In one, a history of racial inequality may be a crippling hurdle on the way to broaden access to higher education; in another, the chief problem inherited from the past may be rampant corruption, where higher education diplomas were for sale to the highest bidder; in a third, it may be extreme economic backwardness, or an economy or polity trying to get out from under the dominance of a one-party government monopoly. Thus, we embrace the distinction that Amartya Sen (2010) makes between a transcendental and historical comparative institutional discourse.

With a lens molded by these analytical commitments, we scrutinize ten countries for their higher education access arrangements, and consider their recent history and policy changes. We pay attention to the cultural, institutional, political and moral conditions that have shaped the relevant policies and practices in the past, and how they may have conflicted with a changing reality of mass higher education enrollment.

From these single country studies we try to glean ideas, beliefs, normative principles, and policy options that appear viable to facilitating access to higher education in a way that strikes a balance between the goals of social justice, research excellence, and social progress and development.

OVERVIEW

Part I: Ethical Foundations and Historical Precedents

There is no doubt that, to date, global trends in higher education and public policy have resulted in increased inequality in higher education when compared to the state of things some 30 years ago. As nations engage in the global economy, they seem to inevitably venture into public finance policies that promote privatization and increase the stratification of higher education enrollment within nations (Altbach, 2010; Gaziel 2012; Gebel & Baranowska-Rataj 2012; Jamshidi et al. 2012; Kwiek 2008; Sanyal & Johnstone 2011; St. John, Kim, & Yang, in press).

One of the characteristics of the ideological climate at the dawn of the 21st century is that the dissatisfaction with the changing conditions in higher education does not have a voice or even a discernible fund of ideas from which a counter-project could be imagined. Without an intellectual basis it is unlikely that the ubiquitous dissatisfaction will find expression in alternative models. The chapters by Meyer and St. John focus on relevant normative and ethical ideas and the historical change processes that spawned them.

After problematizing the question of fairness and justice in higher education, Meyer reviews the classical tradition of ideas of justice. He finds that, while each of the major contributions illuminates the problem from a unique angle, the theories are underdetermined with respect to workable principles that could be used as guidelines of policy. They are also ill-equipped to deal with the inevitable tradeoffs between conflicting goals of quality in higher education. But, he argues, they can

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usefully be drawn on in comparisons of real systems of higher education to evaluate the unique tradeoffs and compromises they arrived at from the point of view of justice.

Les Jacobs continues the inquiry into the ethical foundations of fairness in access to higher education by considering two of the relevant high-profile problems: high stakes admission tests and affirmative action. Drawing on an innovative distinction between procedural, background, and stakes fairness, he finds that affirmative action promotes fairness in access, while high stakes admission tests limit it, at least when relied upon to the detriment of other types of merit.

While ethical principles can be important weapons in a fight for justice, they become operative only in concrete historical circumstances. The American GI Bill represents a case in which an excellent higher education system was opened for great numbers of heretofore excluded social strata without compromising quality. St. John reviews how the United States has moved from a high point in the late 1960s, when it combined equity and excellence at a high level, in significant part due to the legacy of the GI bill, continued by Pell grants, to a situation of decreasing fairness, where students and families are saddled with immense, often ruinous bills to pay and are priced out of access to an institution that, not too long ago, was seen as essential for the chance to ascend into the middle-class.

*Part 2: Reconciling Excellence, Equity, Efficiency and other
Incompatibles—Ten Cases*

Dramatically accelerating globalization in higher education—propelled by, among other things, the information revolution, decreasing barriers to international mobility, and the emergence of global higher education rankings—has thrust into the foreground great international differences in access. As universities compete for research talent and as nations seek to boost the performance of their higher education systems, the existing diversity in access to quality higher education is becoming a factor of great economic, political, and moral import. This part of the book investigates ten cases of national policy which—from different points of departure—have struck different balances between competing goods.

Finland has used a social-democratic model where higher education is free for all, with high rates of access for students from various socio-economic and regional backgrounds supported by the availability of loans and grants. The chapter on Finland offers a historic overview of higher education policies since WWII. From the start, social and regional equality was a priority for the Finnish system which has a history of using education policy for social equalization. At the same time, higher education institutions have been quite autonomous in financial and organizational matters, with results-based management and cost effectiveness consistently promoted by policy-makers.

The University of Helsinki's place among the Top 100 best universities in the world shows that the Finnish system successfully combines equality with excellence

in research. However, further stratification of Finnish higher education may present a challenge with increasing polarization between the richer and more developed southern part and the rest of the country. Also, the author predicts that as market forces in higher education become stronger, economically profitable applied research may become too important for higher education.

The *China* chapter discusses competing principles of higher education expansion and equality, government regulation and institutional autonomy. The description spans 60 years of Chinese higher education and examines the peculiarities of the shift from a socialist model to a marketized system of higher education. In the Maoist period of redistributive justice, special measures were taken to increase the proportion of students from worker and peasant backgrounds and make the system more egalitarian. However, HEIs had very low levels of institutional autonomy and teaching quality was poor, as old “capitalist” intellectuals were replaced by new faculty from factories and communes. As the number of higher education courses decreased, the number of students dropped. By the end of the Cultural Revolution in 1976, enrolled students were only 59% of what they were in 1960. China’s experience in Mao-style radical egalitarianism shows that there is no fixed relation between educational expansion and equity.

Post-Maoist governments promoted higher education cost-sharing based on the idea that higher education generates not only public but also private benefits. The marketization of higher education resulted in the stratification of resource allocation patterns. Whereas students from privileged socio-economic backgrounds enter prestigious HEIs at a low price, relatively disadvantaged ones gain access to middle or low-tier HEIs and have to incur higher costs; thus, the egalitarian aspirations of the Mao era were lost. Moreover, marketization of the socialist redistributive system did not result in higher autonomy for HEIs. The government continues to control institutional resources, enrollment quotas, tuition rates, degree conferment, academic program accreditation, and human resource allocation.

The chapter on *Colombia* analyzes policy reforms from 2002 to 2010, known as the “Educational Revolution”, which coincide with the involvement of the World Bank in supporting Colombia’s higher education system. The chapter examines policy goals, efforts, and the main results of access and equity policies as well as the rationales behind policy choices made by the Colombian government, especially in relation to the World Bank’s prescriptions for the country. Further, it discusses how a standard model prescribed by the World Bank to redress higher education systems in developing countries was adapted to a national context.

In the past, Colombia has relied greatly on private and non-university sub-sectors for expanding educational opportunities. Access has been highly subsidized for some students, most coming from economically privileged backgrounds. Additionally, the structure of admission to both selective public and private universities was almost exclusively based on merit. During the 21st century, Colombia has achieved greater age-cohort coverage of higher education, made improvements in student aid, and increased enrollment of students from low-income groups and geographically

disadvantaged areas in a system in which state supervision coexists in tension with institutional autonomy. The chapter assesses successful, as well as less successful, experiences in policies to improve fairness and equity in Colombian higher education.

In an attempt to catch up with Western countries, South *Korea* has also embarked on an ambitious plan to strengthen the research capacity and a global knowledge network. The Brain Korea 21 project launched in 1999 aims to develop ten top-tier research-oriented universities focusing on science and technology, and the government has concentrated funding to leading research institutions. Inspired by neoliberalism and market pressures, globalization of higher education in South Korea, has mostly been driven by economic rationales rather than addressing broader social consequences. The chapter describes how the government considers universities as strategic means of facilitating global economic competitiveness. Based on the rationale of economic advancement, the pursuit of building world-class research universities, tends to push more issues of equity and fairness of access to the margin.

The *German* system of higher education is almost entirely public, with low tuition of 1,000 Euros (\$1,200) and accessible grants and loans which may cover approximately 30 percent of the living expenses for most low-SES students. Generally, low-SES students finance their education with a combination of grant and loan aid, employment, and parental support. Recent research (Kroth, 2012; Quast et al., 2012) shows that relatively low costs for higher education influence the college enrollment decisions of low-SES students.

It is somewhat surprising that low-SES students are sensitive to small increases in costs of higher education when a generous funding system is in place, and college degrees are associated with high returns. Credit constraints, low net monetary benefits, misinformation about net benefits, and loan aversion seem to be factors that may explain higher education price sensitivity among low-SES students, with debt aversion possibly the leading cause.

The recently independent *Republic of Georgia* is an interesting example of strong government interference complemented by the promotion of market models and the low autonomy of HEIs. The government manages the entire process of higher education institution accreditation and student selection to the degree that HEIs do not have any decision-making power. The higher education admissions process and student funding allocation is entirely test-score based where only the strongest achievers enter HEIs and obtain some public funding. Financing takes the form of a student voucher that can be spent on private higher education. Higher education costs are largely covered by recipients, with only 9% of admitted students receiving a full state grant for tuition, and no public funding is available for student maintenance.

Although the current centralized admissions system successfully combats the corruption that had earlier been widespread in Georgia, the meritocratic policy of equal treatment of unequal people creates serious inequities by applicant location, ethnicity, gender and secondary school attended. The gross enrollment ratio has been decreasing since the introduction of the new unified model of admissions, as it

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was accompanied by a dramatic cut in higher education seats related to institutional accreditation results which did not focus on higher education quality indicators. Considering a wide gap between the supply and demand for higher education in Georgia as well as underrepresentation of disadvantaged groups, the author argues that the current one-size-fits-all assessment of higher education institution capacity needs to be replaced by a more flexible, institution-specific assessment of needs, values and purposes.

In *South Africa*, the end of apartheid opened the way for a new age toward transformation of society. Managerial practices were introduced including institution-level planning, economies of scale through institutional mergers, quality assurance, accountability, and increased government intervention. At the same time, policies to face the challenges of egalitarianism spurred higher education institutions to improve access, equity, and social justice as an integral part of a democratization project.

Early attempts to expand equity during the 1990s resulted in greater enrollments based on race and gender. A second policy effort, “The New Funding Framework,” adopted during the early 2000s represented a public funding scheme to address equalization of results. It includes incentives to institutions both receiving black (African) and colored students, and retaining poor students at risk of dropping out. Results illustrate significant improvements towards equality of access, but full equality of outcomes is still in the future. Also, institutional mergers or closure of colleges is creating a new higher education landscape in South Africa. Intended to widen racial, class, and gender equity, this movement produced a dismantling of the stratified higher education institutional structure and a shift from segregation toward greater representation of the South African population across and within institutions.

A key problem of *Brazilian* postsecondary education has been the exclusion of 90 percent of African-descended youth. Influenced by international discussions against racism and local initiatives, Brazil has become a country with one of the most radical affirmative action policies. One of the government- launched programs to promote access to higher education for underrepresented students is REUNI, which led to the expansion of public higher education by the creation of 14 new universities and more than 100 new campuses spread out through the country. The second program, PROUNI (The University for All Program), provides scholarships for private higher education through federal tax exemptions for participating private colleges and universities. In addition, a newly enacted law establishes a quota of 50 percent of students coming from public schools to be enrolled in federal universities. The authors analyse the results of the aggressive goals set for affirmative action and the resistance from some academics, media, policymakers, and citizens. While Brazil has made important progress in admitting Black, indigenous, and low-income students to tertiary institutions and expanding the system of higher education, it still has one of the lowest college-going rate in Latin America, and faces various issues in further expanding the system and providing support services for new students.

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Rasmussen explores the model of income contingent loans that has been used in *Australia* with considerable success and probes its applicability in the U.S. The Australian model has received international attention as a way of improving fairness, but it is also important to consider evidence of the impact on stratification in access and opportunity. Indeed, it is crucial to consider whether loan-based public finance schemes actually reduce inequality or simply provide a lower-cost means of expanding access. While the evidence is still limited with respect to Australia's model, in applying the model to the U.S. it is important to consider whether income contingent repayment or other forms of loan forgiveness can reduce inequalities in opportunities for students from low-income families to enter the middle class by completing college degrees, rather than being limited to obtaining technical qualifications.

Part Three: Resistance

Part III focuses on two examples where inequalities have been challenged by advocates of greater fairness. It shows students and sometimes their families protesting against developments that worsen their chance to obtain a higher education. What makes the formation of an alternative frame of reference difficult is that the discourse on higher education has been monopolized to a large degree by economists who have successfully reframed the university from a public institution to a pivotal part of the "knowledge economy," in which people's higher level cognitive and technical skills—acquired and kept up to date by universities—are a key resource. Against that logic of economics and an associated shift of the cost burden from the public to individual 'student consumers,' student protests have formed. In this section, we visit two examples, the recent student protests in California and those in Chile, the country which, by some accounts, has moved farthest along the continuum of neoliberal reforms of schools and universities.

The chapter on *Chile* analyzes the causes and the consequences of the student movement which led to a suspension of classes during most of the year 2011. By using original and creative ways to protest, the Chilean youth showed that student organization is not only strong, but remains critical of an inequitable education. Protesters claimed greater state funding to public universities would help stop the deterioration of quality education over the last 30 years which has been characterized by low public investment. The student movement called for banning of for-profit higher education and a return to free higher education for those who cannot afford it as it was before the policy reform of 1981. After the 1981 reform, Chilean higher education had become one of the most marketized systems as the private sector was able to create new universities, professional institutes, and technical centers, many of them for-profit.

Since 80 percent of institutional income comes from families, Chilean higher education is mostly funded by students who often accrue excessive debt. Participation in higher education by lower income quintiles has remained almost constant. The

student movement has achieved important results in terms of policy, such as the reduction of loan interest rates to as low as two percent, increased state investment in higher education, and more grants to low income students. On the other hand, government has continued to strengthen the private sector.

The *California case* provides a vantage on the re-emergence of protests as college costs rise within a state system. Ironically, California's master plan has long been an international model for building fair academic systems. But over time the California ideal has been undermined by the erosion of public taxation, the failure to expand postsecondary systems to meet the demand created by population growth, and the banning of affirmative action. In this contested context, access has declined, fairness of opportunity to attend University of California is at serious risk, and the ability of middle- and low-income students to pay the costs of college has eroded. The new conditions were a catalyst for new forms of protest, which are analysed in this chapter to answer the questions: What are the ideas, beliefs, and norms on which the protesters draw? What do they suggest for obtaining fairness in access to higher education?

Part Four: Towards a New Social Contract?

From the point of view of students and their families in nations that have followed the path to higher costs, the shifts have transformed the financial burden of obtaining a higher education. For the rising number of college graduates who don't find jobs or have to settle for jobs that don't pay well, their financial situation, which often includes high debt from student loans, can quickly become ruinous. At a time when most college graduates would be thinking about entering adulthood and starting a family, they may be hopelessly financially overburdened. College graduates exempt from this phenomenon are those who graduate with 'market-proximate' degrees in business, engineering, or some sciences, who can expect to find employment in the expanding sector of research, development, and engineering.

In this transformation, college is increasingly losing its role as a stepping stone towards opportunity and success. These new inequalities, now abundantly evident in the U.S., are manifest in different ways in different nations. The new economic model for financing expansion of higher education through use of tuition and loans has emerged internationally (Henry, Lingard, Rizvi, & Taylor, 2001), a strategy promoted globally as part of a Washington consensus (Stiglitz, 2002).

The goal of the fourth section is to review policies and practices capable of expanding educational opportunity without increasing inequality and bring social justice into better balance with market efficiency as an integral part of education reform. It is crucial to consider both how policies result in expanded access and whether they reduce stratification in collegiate opportunities as a consequence of family ability to pay, a key indicator of inequality in the current period.

The conclusion reflects on the book's cases and the international literature on higher education finance to consider alternative policy mechanisms for promoting

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fairness in higher education. Given the ongoing reconstruction of concepts of fairness in the global period, it is important to consider both opportunities to enroll in higher education (e.g. access as a minimum standard of fairness), especially in elite institutions, and equitable opportunities to prepare for and complete college degrees. These outcomes can be influenced by policies that promote fairness in admissions, but they also require financial mechanisms that allow students to pay the costs of completing their degrees.

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PART I

**FAIRNESS IN HIGHER EDUCATION ACCESS—
NORMATIVE AND HISTORICAL PERSPECTIVES**

HEINZ-DIETER MEYER

REASONING ABOUT FAIRNESS IN ACCESS TO HIGHER EDUCATION

Common Sense, Normative, and Institutional Perspectives

PROLOGUE: CONVERSATION WITH A CHINESE COMMUNIST

Recently, China has introduced significant fees for college entrance, which has some of the country's Communists worried. They wonder whether China is going the American way. The following is a stylized version of a conversation the author had with a Chinese social scientist who was also a member of the Chinese communist party.

Q: The US is a democracy, but going to college costs as much as buying a house, so only the rich can attend college.

A: Not quite: there are breaks if you are smart, breaks if you are needy, breaks if you are member of a minority; but it's true that—everything else equal—money talks. The affluent have a higher chance to get into better colleges.

Q: Do these breaks merely veil the inequality?

A: No. It's true that the American higher education system is, historically, an oligarchic system—funded by the rich, used by the rich, benefitting the rich. But the system has, over time, adopted the idea of excellence in the pursuit of truth, and that idea has increasingly—but not entirely—crowded out practices that privilege the privileged.

Q: But the inequalities are still quite strong, even increasing in certain areas. The top colleges that launch a student into the upper classes cost ten times an average worker's income.

A: Yes and yes, but notice that the American public, which is quite aware of this situation, has, by and large, been satisfied with the higher education system.

Q: A product of ideological domination?

A: No, Americans have come to believe that their higher education system is fair because it continues to serve the cause of upward social mobility. While not all run equally fast and equally far, most who run improve their lot. This support may weaken, however, as the upward mobility effect weakens.

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Q: Is that what you mean by ‘equality of opportunity’?

A: Americans don’t like the idea of egalitarian equality—or the equality of outcomes. But they believe in the equalization of opportunities—to the extent that government can influence such things. But even with perfectly equal opportunities, the outcomes will remain unequal because of unequal talents, ambition, and effort. So, in short, Americans accept a certain degree of inequality as the price for freedom of choice. The question is where to draw the line. How much inequality is too much?

INTRODUCTION

In this chapter, I trace three lines of reasoning about fairness in access to higher education, which I will call common sense, normative, and institutional-comparative. My argument, in a nutshell, is that common sense and normative lines of reasoning about fairness in access to higher education ultimately founder on the complexity of the subject matter, in particular on the ubiquitous tradeoff- and incentive effects between often conflicting values or priorities in higher education. While these lines of reasoning generate ideas and insights that can serve as useful heuristics of investigation, they are indeterminate with respect to the kind of rules or policies that can lead to more just institutional arrangements in a particular country. By contrast, an institutional-comparative approach (Sen 2009) usefully focuses our attention on the manifest and remediable injustices in a particular setting and is capable of guiding a process of public reasoning in the direction of redress.

FAIRNESS AS A RECENT ADDITION TO EVALUATING HIGHER EDUCATION

Rules, policies, and institutions regulating access to higher education are subject to a plurality of priorities among which fairness is a relatively recent arrival. In the academies of ancient Greece it was understood that only the sons of families of means would attend. The Sophists, the precursors of modern day professors, would teach young men of means rhetoric, logic, or mathematic—for a fee. Socrates—a singular exception among them—was famous for rejecting the idea of charging money for knowledge, teaching instead by involving Athenians in conversation. In the medieval universities founded under the auspices of the Vatican (like Bologna, Paris, Prague, Heidelberg) students would typically have brought their own money and paid tuition to their masters (Haskins 1965), although a few talented students from poor families might have been able to snatch one of a small number of stipends. The students attending the colleges of England and colonial America were, again, typically, privileged relative to the mass of the population who lacked not only the money, but also the educational prerequisites to attend. Discrimination, however,

was not only class-based. Qualified and cash-strong students from the wrong gender, race, or ethnicity were for long stretches of history equally excluded. Until early last century, women were a rare exception at the university. Universities like Harvard and Yale discriminated against African-American and Jewish students until well into the middle of last century.

The end of World War II can serve as a rough marker of change. It was then that the university in many countries began to change from elite to a mass institution (Trow 2010). Enrollment in the sciences and engineering, and then in education and business accelerated dramatically. Before 1945 it would not have made much sense to raise the question of “fairness” in access to higher education. It was understood that to attend higher education you had to have the education and the money. That education (what today we call “secondary education”) had, in turn, been open only to a small group of students hailing from middle and upper classes. In a rough and schematic way, we could call this the *oligarchic period* of higher education access, where attending high school and ability to pay for college were key prerequisites for higher education. These were open only to an elite group of society for whom higher education was a prerequisite to take their place among the ruling elite of the country.

Only as modern industry and expanding legal, political, and social institutions required a larger pool of technically trained professionals, did the question arise how to enable qualified but financially ineligible students to access higher education. The predominant response to the problem was the creation of what may be called a *social-democratic* scheme of access, whereby the general taxpayer was tapped to support lower income students who would otherwise not be able to attend. In the United States the GI Bill revolutionized the conditions of higher education by providing free tuition to returning GIs who had served their country in war to be used at the institution to which they were admitted (see St John, this volume). On the continent various forms of government aid (like BAFöG in Germany which began in the late 1960s) made it possible for the first time for students from lower income families to attend university (see Kroth, this volume). Case in point: Had this author been born just a few years earlier, any higher education dreams I might have had would have been futile.

Supporting talented lower income students through public funds clearly was an advance in what we may broadly describe as fairness in access. Excluding eligible students for no other reason than their parents’ lack of means would have seemed unfair. Notice, though, that the social-democratic justification for tax-payer funded access to higher education always rested on *two* foundations: in addition to the fairness rationale there was, albeit less prominent, the technological, economic, and social development rationale. Expanding the pool of “manpower” (a favorite term of the time) beyond the circle of upper class youngsters was key to staffing the growing economic and social institutions. Thus, moral and utilitarian reasons conveniently dovetailed in ushering in the first large-scale step towards greater fairness in access to higher education.

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The Shift from Social-Democratic to Neoliberal Models

Half a century later, at the dawn of the 21st century, the condition of higher education is changing once again. As “knowledge workers” (Drucker 1999) are on the way to becoming the majority of the modern workforce, higher education is entering the stage of universal enrollment, defined by Trow as enrollment exceeding 50% of an age cohort. A high school education, we are told, is no longer enough for a lifetime of growth in career and profession. The heretofore deeply entrenched distinction between general education (access to which was a constitutionally guaranteed right for everyone) and higher education is beginning to break down. The previously clear delineation of the domain of general education as a “right” and the domain of higher education as a “privilege” is becoming fuzzy as “*some* higher education” is becoming an essential prerequisite for viability in the labor market and participation in civil society. Characteristically, in the United States experts are beginning to replace the “K-12” label (meaning “kindergarten through grade 12” which is the zone of free public education) with the “K-16” or “cradle to career” moniker, based on the notion that not 12, but 16–18 years are required for a person to have viable prospects in modern society.

The worldwide response to this new condition has been the dismantling of the social-democratic, tax-funded access model and its replacement by a new model, often described as neoliberal, employing a mixture of funding streams, with the main anchor being government-secured bank loans (Marcucci & Johnstone 2007; Johnstone 2006; Baber & Lindsay 2006; Brennen & Naidoo 2008). The rationale for this shift is fourfold:

- a. in the face of dramatic enrollment increases, a continuation of tax-supported higher education access would break the public coffers, just as exploding costs in health care or retirement funding have forced the creation of new funding mechanisms;
- b. in addition to being financially unfeasible, general tax support for all lower income students in higher education is unfair because it disproportionately taps non-college goers for the benefit of college goers;
- c. since college attendance bestows a clear increase in earning potential on the prospective college graduate, it is fair to shift the bulk of the expense to the student-user-beneficiary of higher education;
- d. like anyone else who is in the market for a big ticket item (like a car or a house), students (and their families) should finance a university education using the available market tools and mechanisms. Government’s main role in this is to protect consumers by securing reasonable interest rates.

This shift to a largely individualized and market-based funding regime represents a major change in how we think about the role of higher education in society. To the extent that government is withdrawing from enabling access, leaving students and families to the vagaries of financial markets, it suggests that there is *no public*

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interest in enabling lower income groups to attend higher education. It also suggests a reframing of universities from institutions involved with the reproduction of culture and the provision of space for public debate, to research and development organizations in the service of skill development, training, and technological innovation. It seems entirely unclear that this shift is compatible with the role the university has played in democratic societies as a curator of our cultural heritage and a facilitator of reasoned public debate. Likewise, it's unclear that it is compatible with the objectives of 'universal enrollment' and facilitating the growth of the knowledge economy. Important as these objections are, however, I will leave them aside for the time being, in order to focus more squarely on the question of fairness.

To repeat, the question of fairness in access to higher education is, historically and comparatively speaking, fairly new. It is coming up in part because current conditions seem like a *regress* compared to the levels of fairness reached in the social-democratic era. In many ways, governments and civil societies around the world are facing a novel situation, how to facilitate the diffusion of higher education at an unprecedented scale without incurring flagrant injustices and incivilities.

In many countries students and families face dramatically rising college costs, as parents are wringing their hands about how to finance their children's college, and students graduating from college with unprecedented debts (Pareene 2011; Cauchon 2011; Lewin 2011). It stirs our indignation when college is becoming, increasingly, a road to lifelong credit slavery; when instead of creating opportunities, it closes doors and enmeshes graduates in webs of dependency they have a hard time extricating themselves from. Not surprisingly, these conditions increasingly motivate students to take to the streets (Barrionuevo 2011; see also Espinoza & González and Schwendt, this volume). Their indignation is typically motivated by common sense understanding of fairness, which I'll explore in the next section.

REASONING ABOUT FAIRNESS IN ACCESS TO HIGHER EDUCATION: THE COMMON SENSE APPROACH

In the abstract, fairness and justice are vague concepts. It is usually much easier to agree on what is unjust than what is just. So, I'll begin by reviewing some cases or situations that would strike most people as unjust.

Exclusion Based on Wealth, Creed, Race, Gender, etc.

The classical case here would be barring otherwise qualified people from access to higher education because of inability to pay or for reasons of gender, religion, race, ethnicity, sexual orientation, or any other ascriptive characteristic irrelevant to their academic ability.

Historically, the conditions of class, gender, race, and religion probably account for the majority of cases in which students were unjustly excluded from higher education. Today, there is a fairly widespread consensus that no one should be

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excluded for those reasons. This does not mean, however, that violations of those norms would not continue to constitute challenges in many countries. In the United States, for example, ability to pay is still a factor in access to college. True, at the community college level the fees are fairly low, but even those low levels are excluding children of poor families. Not to mention the fact that many students whose talents and aspirations would lead them to attend four-year colleges are forced to settle for community colleges merely for lack of funds. In other words: everything else equal, ability to pay will get a student into a better college (Lewin 2011).

Another case where some see the seemingly uncontroversial rules violated is the case of “reverse discrimination,” where members of historically advantaged groups are barred from access because of preferential treatment given to members of historically disadvantaged groups. The skepticism vis-à-vis the wisdom of that rule is not limited to conservative thinkers (see, e.g. Walzer 1983). But, the idea of affirmatively lending support to structurally disadvantaged groups may be compelling in light of certain standards of fairness that we will encounter below.

Corruption and Bribery

In many parts of the world access to higher education depends on one’s ability and willingness to partake in overt or covert schemes of corruption or bribery, as when obtaining a coveted spot at a university depends on illegal side-payments. These practices continue to be far more widespread than is often assumed (Heyneman 2004; see also Chankseliani, this volume). In many countries professors could not subsist without a regular flow of bribes in exchange for admission, a passing grade, or a diploma. On the other hand, it may sometimes be hard to draw the line between bribery and “charitable gifts” that a person may make to a college or university where their child’s application is under consideration.

Connections and Favoritism

Corruption need not require overt forms of bribery. Using connections to get into college would satisfy the definition of corruption just as well. In many countries, this kind of favoritism based on pulling strings behind the scenes is quite widespread, and often accepted as a legitimate use of social capital. Some colleges in the United States employ “legacy admissions” by which preference is given to applicants who had parents or grandparents attending the same institution (Golden 2006). Universities often justify this practice on the not entirely unreasonable grounds that it strengthens the loyalty of alumni in the institution.

Ideology and Political Correctness

A category of unjust exclusion less frequently discussed today is barring people for lack of the proper political view or affiliation. In Germany during the Nazi-era

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and more recently in countries like the Soviet Union, China, North-Korea, Cuba students were barred from access unless they were members of the ruling party or had otherwise documented that they held the correct political views. Most people would deem exclusion on such grounds unjust, yet the principle has a long history, going all the way back to times when poor theology students were sponsored by the church to attend university as long as it was clear that they accepted the teachings of the Church.

On the other hand, one may arguably point out that in certain areas of higher education, e.g. the social sciences or humanities, holding certain political or philosophical views might be legitimate (albeit not very strong) selection criteria during the admissions process.

Sharp Cut-Offs and Winner Take All

A less obvious unjust exclusion is the case where an applicant is barred from access for missing some threshold test score, perhaps even by a fraction. This may be the case in test-based systems like Japan and China, where access is available only to a fraction of students who clear a certain threshold in a national examination. Even though one might support such a policy as strictly meritocratic, I will argue later that ‘all or nothing’ systems that deny motivated and qualified students access based on small differences in standardized tests is, at the very least, a case of “harsh justice.” (Jacobs, this volume, calls this “stakes fairness.”) Under conditions where we want the number of higher education graduates to be larger rather than smaller it arguably also constitutes an unwise policy. And most students thus excluded from access are not as lucky or plucky as the student who, when barred from attending the Ecole Polytechnique based on his exam scores, took it upon himself to make the long voyage to the French emperor’s residence to plead his case to the highest and, as he had reason to believe, competent authority. Napoleon, upon completion of an impromptu examination of the young student, supplied him with a note: “I have examined him myself, and find him worthy of admission” (Schom 1997: 377).

Everyone Gets In, but Nobody Gets Anywhere

Yet, it cannot be said that simply lowering the access-threshold to a point where everyone gets in, will result in a fairer system. If the system is expanded to allow greater access, it will most certainly come at the cost of quality. For example, it would not be difficult to imagine systems in which everyone gets an affordable (or free) place in a university. After working through the requisite number of courses and credits, they may receive their diploma. But they may also have learned very little. This is an admittedly extreme, but not unrealistic scenario: a system of higher education where virtually anyone finds a place, but everyone lingers in it without growth because the system is of such low quality that no one benefits.

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Institutional Bias

The absence of discrimination by wealth is not limited to parents' ability to pay for college. Under conditions where general education at the primary or secondary levels differs by zip-code, the competition for access to colleges is obviously not fair. In this respect, the United States has one of the least fair systems of education, as it is the only OECD country that funds schools based on local property taxes. This system tends to create a stratification of local communities from poor "inner cities" on one extreme to virtually gated communities on the other. Needless to say that learning chances differ through funding effects (less money for teacher salaries, buildings, etc) and peer effects (disadvantaged and advantaged kids find themselves in de facto segregated school districts) (Meyer 2010).

Summary

This survey of seemingly obvious cases of injustice shows two things:

- a. that most people are likely to agree on what constitutes unjust practices or conditions in college access;
- b. that almost all rules that most people will deem obviously just are *fuzzy* around the edges. Stretched beyond a certain point, they become rules of injustice. In the next section I'll discuss a second problem confronted by the common sense approach—tradeoff and incentive effects.

MERIT AND MONEY—TRADEOFF AND INCENTIVE EFFECTS

But perhaps the problem as discussed so far is largely academic? In practice, most people would insist that a fair policy allocates higher education based on talent and regardless of any extraneous criteria such as ability to pay, race, creed, or gender. *La carriere ouvre aux talents!* The allocation of a scarce good by talent has historically played a progressive role in that it opened universities for access by qualified candidates from heretofore excluded groups and classes. Still, a pure meritocracy confronts serious problems.

Tradeoff Effects

Is it fair for the less talented to get less education? Many meritocratic schemes have to rely on more or less sharp cut-offs. Those who pass the cut-off are entitled to a higher education. In that fashion, the many who remain below the cut-off point are excluded from higher education. While there may well be cases, where incremental differences in ability or performance must be wedded to disproportionate differences in *stakes*, it is doubtful that education needs to be such a case (Jacobs 2004). The practice of systems in the Confucian tradition, in which only those few who survived

a long schedule of increasingly selective examinations reached the final goal, is an example for the unfairness of such systems, which always created many more failures than ‘successes.’

How to Measure Merit?

As serious as the ‘cut-off’ problem is, the meritocratic approach is complicated by our difficulty to measure merit or ability clearly and unambiguously. The criticism leveled against standard conceptions of “intelligence” measures applies, *mutatis mutandis*, to all standardized measures of ability (Atwell 2001). As a rule, we can say that the greater the reliance of admission systems on narrow measures of ability, the less just they are. What about abilities that are not assessed by such tests, e.g. non-academic, artistic, athletic, musical talent? What about merit acquired in the arena of public service? A famous warning against assessing people under narrow criteria in ways that are consequential for their lives actually comes from Karl Marx: “unequal individuals (and they would not be different individuals if they were not unequal) are measurable only by an equal standard in so far as they are brought under an equal point of view, are taken from one definite side only ... [for instance as mathematicians, hdm]... and nothing more is seen in them, everything else being ignored” (Marx 1875 / 1938: 21).

Additionally, many systems not only measure merit in a narrowly standardized way, they also operate on the “now or never” basis in that the outcome of an assessment at a predetermined point in time irreversibly allows the candidate access or forever excludes him or her from it. Late bloomers, or people with diverse career paths are thus excluded from higher education.

Should money play no role at all? It is one thing to say that access should not depend on ability to pay, but quite another to rule out ability and willingness to pay for higher education altogether. If we want to exclude money from making any difference, we have to fund the entire system through taxes, whereby users and non-users are equally burdened. That constitutes an unfairness of its own. But more importantly, such a system also presupposes that the supply of higher education is or can be tightly controlled by government. In other words: no private higher education.

Under such a system we would have to suppress the willingness of some to offer higher education independent of government control. Where private universities are allowed to operate (as in the United States), we would have to suppress the willingness of some individuals or families to use their own money to buy their services. And this would affect not just the very rich. Some people may want to sacrifice on other consumption in order to invest more into their children’s education. Should that make no difference?

Finally, there also is an efficiency argument to allowing private supplements: if everything is “free” and nobody needs to make financial sacrifices, won’t we waste resources on the uninterested, unmotivated, and untalented?

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Institutional Diversity and Tradeoff Effects

The question concerning the use of private funds raises several more general issues: (1) When we discuss general rules by which higher education should be allocated, we often imply statist systems in which higher education is a single, homogeneous good, produced and provided by a single supplier such as a state-controlled university. Only in such a system is it possible to design and implement universal rules about the role of money or the measurement of talent or merit. In mixed systems (like the American) in which higher education can be offered by independent institutions, such a presumption is invalid and unfeasible. Thus, mixed systems have the potential to be simultaneously more and less fair than pure, government-controlled systems. By allowing independent institutions to offer higher education (and independent 'consumers' to purchase it on terms they deem acceptable), we open the door for inequality, at the same time that we open the door for liberty and choice (in this case, the liberty of providing and consuming education on terms of one's own choosing). Due to their greater diversity, mixed systems also have the chance to recognize a wider range of abilities and talents.

(2) Arguably, mixed systems have the potential to be more fair than pure, government-controlled ones. But for now it suffices to note that in a liberal system, nobody should be barred from starting their own institution of higher education (subject to certain minimal quality assurances which can be enforced by government or professional bodies). If we disallow private and unregulated higher education, then we will eliminate a lot of spontaneous creativity that can enrich a country's higher education. We will also stifle a lot of voluntary support for higher education which is stronger where it follows the particularistic attachments of individuals with their personal ideals and alma maters.

Notice, however, that if we allow private individuals and institutions to determine what and who they educate and who they admit, wealth will likely assume a significance in addition to and independent of talent, however measured.

Facilitating National Development

Finally, in addition to distributing access fairly and facilitating the growth of higher education systems, a nation may also have a legitimate interest in harnessing its higher education system for purposes of overall economic and social development. As it does so, it may face tradeoffs between overall social development and fairness, excellence, or autonomy. How do we assess tradeoffs of this nature where educational goods are traded against non-educational ones? For example, under certain conditions a meritocratic system might channel the best scientific talent into the university, while excluding those who are more poly-technically inclined. The former may advance a country's research capacity, the latter a country's short term development capacity. A government interested in advancing economic development, might well be justified restricting choice in certain academic areas and expanding

it in others with a more direct payoff for its living standard—a situation analogous to the one discussed by Sen (2009, 300) where small constraints on liberty lead to improvements in nutrition.

Incentive Effects: Consumers May be Producers

So far we have discussed only how to *allocate or distribute* higher education. But while higher education is a scarce good, it is not a static good. Depending on which policy we adopt, we may encourage or discourage the growth or decline of higher education resources. A system may, for instance, be extremely egalitarian in how higher education is distributed, but it may do so at the price of stifling innovation and creativity. For example, to achieve fairness we might go as far as disallowing any private initiative in higher education. We may attempt to enforce a policy of “uniform quality” throughout the entire system whereby every university is considered to be exactly as good as every other one. Until recently, this was the policy in Germany, where it was argued that having universities of different caliber would violate students’ equal opportunity rights. But enforcing uniformity of quality almost inevitably requires that we discourage the striving for distinction and excellence that is native to the academic realm, and which will always create differences and, alas, inequality, among institutions (Winston and Zimmerman 2004).

Giving institutions the autonomy of determining the direction of their development not only stands a better chance to facilitate faculty-driven innovation, it also promotes innovation by recruiting compatible student cohorts which may enhance excellence through peer to peer interaction.

A final incentive effect is that large, centralized systems find it more difficult to monitor the proper use of student stipends. The only way for them to ensure efficiency is by enforcing general bureaucratic rules, which, in a given case, may often be unfair. While seemingly free money engenders lack of effort, money that comes with a hundred strings attached may incur its own counterproductive effects.

Summary

While a publicly financed meritocratic system looks like the obvious choice from a distributive justice point of view, closer inspection shows that meritocratic systems encounter conflicting and non-compatible goods. Fairness of access is one important good. Excellence—a condition of maximum creativity and growth—is another one. Autonomy—the ability to dispose of my resources (my talent, my money, my ideas) as I please (both as individual or organization)—is a third. Choice—my ability to make my own choices among competing courses of action both as a provider and a student of higher education—is a fourth.

Thus, even if we can avoid the fuzziness of single principle rules, we are likely to encounter what Sen calls the “inescapable plurality of competing principles”

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(Sen 2009: 106; see also Premfours 1982; and more generally, Okun 1975). This is particularly so, if we jettison two convenient and ubiquitous, but highly constraining assumptions: First, that government controls all or most higher education (so that issues of fairness could be handily addressed via reforms of public education policy). And second that the question of access is independent of the question of quality. As was shown, both interact and it is quite possible to have policies and practices that look fair, but only at the cost of diminishing the quality of what it is we are trying to make accessible in the first place.

In conclusion, I offer the observation that none of the common sense standards that we use in ordinary discussion with an implied understanding of clarity or specificity—like fairness, equity, or justice—are unambiguous in their application to problems of higher education access. Two conclusions are warranted:

1. No single rule or principle is likely to generate a standard that will result in a fair construction of higher education access;
2. Every single rule or principle is likely to compete or conflict with other equally legitimate principles.

FAIRNESS: THE NORMATIVE APPROACH

The inconclusiveness of common sense thinking about fairness in access to higher education naturally leads us to seek direction from more formal theories on fairness and ethics. I will briefly consider four ideas of justice—libertarianism, utilitarianism, Kantianism, and character ethics (Aristotle)—exploring them for their implications for the question of fair access to higher education. Perhaps they offer greater clarity about the direction in which to look.

Libertarianism

I begin with libertarianism because it is arguably the doctrine most consonant with the ordering of higher education in the United States. The cornerstone of libertarian thinking is expressed in Nozick's (1974) principle that all property distributions ("holdings") that result from un-coerced exchange among consenting parties are fair, giving government no right to redistributive interventions. Nozick's approach sees society as made up of what some have called "lone rights bearers" (Glendon 1993). In that society whatever property distribution results from un-coerced contracting is by definition just. Even the harshest inequalities need not violate this standard. In particular, libertarians are allergic to governments that interfere with the transactions among individuals with the goal of leveling the playing field. Such interference, although often resulting from pious motives, is not justified.

In the case of higher education, libertarians can point to the United States as a persuasive showcase for the excellent outcomes that can result when individuals

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(students, families, colleges or universities, civil society actors) are allowed to contract with each other without restriction. The resulting system maximizes choice and competition, two preconditions for excellence of quality, which the US system clearly demonstrates.

The fact that in this system of unregulated contracting some individuals will receive a better education and, as a result, may become socially advantaged over others, is not a reason to curb these inequalities. For one thing, the aggregate benefit that students (and society as a whole) are to receive from an excellent higher education system is likely higher than the aggregate benefit derived from an artificially standardized mediocre system.

Libertarians like Friedman and Friedman (1980) and Friedrich von Hayek (1960/1984) have argued that inequality is not an injustice. First, inequality reflects the natural differences among individuals. Secondly, there is not a whole lot that government can do to decrease it (at least not without creating counterproductive side effects). By contrast, libertarian approaches facilitate the harnessing of spontaneous social energies that they argue often are stifled under more activist welfare regimes. This is particularly true in the case of the family and voluntary giving.

Hayek (1960/1984) emphasizes that the family is a cornerstone of spontaneous social order (through its many positive contributions to a sound upbringing of the young, which need not be organized by government). In fact, it is a major pillar of our social order, generating many bottom-up coordination and integration effects (Meyer 2001). But these effects cannot be had without allowing the family to use their assets as they see fit. As this will likely result in an unequal distribution of assets, we must respect that outcome.

In the case of higher education it is also true, as libertarians are wont to argue, that philanthropy will grow when government does not take on the role of equalizing inequalities. In a strong civil society giving for worthy causes is typically higher than in countries where government is more intrusive. This is certainly the case in the US higher education, where voluntary giving to higher education is the highest in the world.

While these are powerful supports for the libertarian approach to higher education, its key shortcoming is its indifference to the *fairness of outcomes*. None of the inequalities that have developed in the contemporary United States—ruinous indebtedness, exclusion of segments of the middle class from quality higher education; decreasing effectiveness of higher education as a mechanism of upward mobility—are a problem for a libertarian for whom any ordering of affairs that results from free and un-coerced contracting is, by definition, just. As Michael Sandel (1987) has pointed out, for a libertarian, the right always comes before the good. There would not even be anything wrong if, say, free contracting produced an elite system of higher education, to which the rich have a disproportionate degree of access, and which, in turn, might spawn a social and political elite that consists largely of the graduates of that system.

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Utilitarianism

The above-mentioned elite system of higher education (which countries like the United States with its Ivy League, France with its Grandes Ecoles, the UK with Oxbridge approximate to one degree or another) flies in the face of utilitarianism's key tenet, to maximize the "greatest good of the greatest number." Since elite systems maximize the utility of the elite, at the cost of limiting the welfare of the masses, they are inconsistent with utilitarianism.

Despite serious limitations and weaknesses (see below), utilitarianism, as articulated by Bentham (1789 / 2007) and elaborated by Mill (1867/1998) is probably still the most widely used doctrine of policy makers and analysts, including those working in higher education. Utilitarianism has achieved that ubiquity because of the affinity of one of its key tenets—that all goods can be translated into a value on the utility continuum—corresponds perfectly with a fundamental constraint of policy making. Choosing a preferred option from competing alternatives is only possible if their *net effect* (benefits minus costs) can be expressed in the same currency—that of utility.

An undeniable strength is that utilitarianism forces us to take into account not only the intended benefits of a projected policy, but also its costs. A classical example is minimum wage legislation, which increases the income of the lowest-paid workers, but may also decrease the number of lower skilled jobs as employers reduce hiring in response to greater labor costs.

In the field of higher education, utilitarianism has considerable bite because it

- argues against systems where only the elite profit while the rest of the population is effectively excluded or oppressed;
- requires that the university not be an ivory tower: to the extent that it generates knowledge that can ease the living conditions of all, higher education should help apply that knowledge;
- holds that inefficiency and waste in the delivery of higher education constitutes a waste of resources that could be used otherwise (thereby reducing the greatest good for the greatest number).

But because the doctrine constructs utility as the ultimate authority on all ethical questions, utilitarianism is unable to admit qualitative differences of worth among competing courses of action. For example, a higher education system that is wholly governed by the imperative of economic utility maximization, where all education has to prove its value in the currency of vocational/professional skill enhancement, would not necessarily conflict with utilitarian priorities. As a result, many arguably important functions of the university—for example to be a guardian of a nation's cultural heritage or forum for public debate—may be neglected. J.S. Mill, the co-founder of utilitarianism, famously spoke to the quandary to which a strictly utilitarian philosophy led him in the conduct of his life. When everything is associated with utility and thus assessable in clear-cut utilitarian terms, everything

that is not thus assessable is, by definition, without value. As Mill acknowledges in his autobiography (2009), that approach led him to neglect for a long time the arts, poetry, and music as devoid of utility—an ignorance that led him into a deep personal crisis in his mid-twenties.

Due to its reductionist tendency, utilitarianism also easily violates the (relative) autonomy of the social spheres (Walzer, 1983). To the extent that higher education is supported from the same public coffers as say, the military or social welfare, utilitarians would weigh any claim from one sphere against competing claims from other spheres, producing the proverbial “scholarships or tanks” quandaries. And because utilitarianism facilitates and encourages such comparisons, it contributes much to politicizing all questions of education.

Kantianism and Rawls

The most powerful critique of utilitarianism has come from Kantians on the grounds that it tends to treat the individual as means to an end. If, for example, the end of maximum aggregate utility is furthered by excluding students from certain backgrounds from higher education (as Mao did under the Cultural Revolution when ‘bourgeois’ students were excluded, see the chapter on China, this volume), then such exclusion is morally good. Because utilitarianism lacks an independent understanding of the good, it must defer to the definition of the good that a given nation’s rulers decide upon. By contrast, Kant has argued for the inviolate dignity and autonomy of each individual (Kant 1785/2007). The autonomous individual chooses her ends independently, rather than being used as means to an end of someone else. Not surprisingly, Kant’s defense of the inviolate dignity of each human qua human has done a lot to establish the idea of “human rights” firmly in the global moral compass.

An implication of Kant’s notion of the individual’s inviolate dignity for the case of access to higher education is that if (a certain amount of) higher education is deemed necessary for an individual to realize his or her dignity and autonomy, that amount of higher education must be *available for all on equal terms*. Not only should group attributes or wealth play no role. To the extent that education is a prerequisite of autonomy, it should be a basic right, in fact, a *human* right:

To the extent that (a certain amount of) higher education is constitutive for individual autonomy (the capacity to govern oneself), and political and economic participation, every individual has an equal claim to such education.

Rawls

Rawls positions his theory of justice squarely in the Kantian tradition. In his pioneering “justice as fairness” paper (Rawls 1958) he enumerated three main ideas as key principles of justice as fairness: the liberty principle, the principle of fair equality of opportunity, and the difference principle. These are, according to Rawls,

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ordered in “lexical priority,” so that a lower principle becomes relevant only if the higher principle is not violated.

Rawls famously proposes the “veil of ignorance” as a thought experiment that allows us to determine institutional arrangements from the original position. In the case of higher education, we might construe the experiment to include reasoning about the parameters of higher education access while ignorant of our wealth or talent. A short version of such an experiment might have us choose among the following three alternative arrangements:

- A. free and equal funding for all *regardless of talent* for access to a higher education system of medium quality;
- B. free and equal funding *for the talented* (everyone above a certain cut-off) for a medium quality system;
- C. a *mix* of funding streams (free and equal for the talented above a certain cut-off as well as self-funding for those who can afford it) for an *excellent* system (see [Table 1](#)).

Table 1. Three alternative models of access to higher education

Option	Funding Type	Role of Talent	Quality of HE System	Governance
A	Publicly funded, free, equal for all	Regardless of talent	Medium quality	Public only
B	Publicly funded, free and equal for all	Based on talent (all above a certain cut-off)	Medium quality	Public only
C	Mix of B plus <i>private</i> self-funding for those who can afford it	Public money for the talented; private money for those who can afford it	High quality	Public and private

Even a group of judges in the “original position” might find it hard to privilege one of these three options over another. Option A would seem to be the most egalitarian, but, under conditions of scarcity, even an egalitarian might agree that option B is a better investment of public funds. Option C opens the door for a certain amount of inequality, allowing affluent students to receive a better education than others. However, this option also gives more choice to students as well as faculty or prospective higher education founders—a freedom that Rawls’ “liberty principle” ought to cover. But this option is also associated with higher quality of higher education which is likely to generate more innovation in research and discovery, which may ultimately improve life for everyone. In other words, option C allows a degree of inequality likely to benefit the worst off, and would thus be consistent with Rawls’ “difference principle.”

However, here we encounter a possible complication from Rawls’ equality principle which requires that “offices and positions [be] open to all under conditions

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of fair equality of opportunity” (Rawls, 1971: 302; 1999: 266). To the extent that certain public offices—important court appointments, for example—become a de facto preserve of exclusive college graduates, Rawls’ “fair equality of opportunity” would be violated.

There are probably a number of higher education systems in the world that might not pass the test of Rawls’ equality principle. A classical case would be Germany’s tri-partite school system, in which (until recently) students were irreversibly sorted into vocational, technical, or academic tracks at age ten, which excluded more than two thirds of any given age cohort from the possibility of holding many offices or positions in government or the courts. A less clear-cut case are the United States where the large majority of Supreme Court judges hail from Harvard and Yale law schools.

The point is, that under a Rawlsian approach we would be able to defend certain degrees of inequality in access to higher education if these inequalities were to allow the higher education system as a whole to achieve greater degrees of excellence; and as long as these inequalities don’t reach a point where they would block certain groups from ascending to public offices or positions.

Conversely, we could not accept inequalities that do not contribute to an overall higher quality of the system (e.g. purely oligarchic inequality), and/or persistently bars certain groups from access to higher office or positions.

Character, Capabilities, and Excellence

A commonality of libertarianism and Kantianism is their focus on rights. By contrast, Aristotle developed an approach that focuses on the acquisition of habits of moral character that allows people to flourish, to develop and grow their abilities of leading and enjoying a good life. A key plank in Aristotle’s ethical thought is the notion that a leading source of immorality is weakness of character that renders people unable to overcome inclinations towards sloth, opportunism, or sensual pleasures. Aristotle emphasizes that it requires early habituation if a person wants to master those emotions and inclinations and be capable of acting with moderation. A just community presupposes individuals that are, in this sense, capable of acting justly. Conversely, a just community facilitates the flourishing of its members and ensures their development of the requisite capabilities to partake in civic and political life (Nussbaum 2011).

Aristotle’s ethic provides a compass towards a moral order of *outcomes* that other approaches lack. Indeed, communitarians have challenged libertarians and Kantians for putting the right before the good (Sandel 1987/2010; MacIntyre 1981). They charge that a manifestly unjust order cannot be legitimated by the fact that nobody broke the law in producing it. Communitarians also point to an intrinsic contradiction in the libertarian position: by privileging the right before the good they are actually choosing *one* version of the good (a rights-based order indifferent of material outcomes like equality / inequality) over other possible kinds of good.

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Aristotle's ethic can also be seen as the fountain-head of an ethic with strong implications for education. Schools are communal institutions to habituate the young to good moral habits, and to use their reason and practical judgment well. Under Humboldt, this ethic of *Bildung*—the use of education to construct moral, aesthetic, cultural, and technical skills and habits—became, for a time, the dominant ethic of education. One implication is a rejection of using higher education for early specialization in a narrow set of technical or vocational skills that do not permit participation in the full breadth of a community's life (Nussbaum 1998; 2010). Richard Rorty (1999, 125) may have put it right when he described higher education as “enactment of freedom”:

The only point in having real live professors around instead of just computer terminals, videotapes and mimeoed lecture notes is that students need to have freedom enacted before their eyes by actual human beings. That is why tenure and academic freedom are more than just trade union demands. Teachers setting their own agendas – putting their individual, lovingly prepared specialties on display in the curricular cafeteria, without regard to any larger end, much less any institutional plan – is what non-vocational higher education is all about.

Summary: Justice is Local

If the above discussion is a guide, normative reasoning produces a number of building blocks that any ethical approach to fairness in access to higher education would have to take into account. But it is far from generating a comprehensive, weight-bearing structure. In other words: it is indeterminate with respect to policy. This can be read as a confirmation for what Elster (1993) has called “local justice,” a situation in which we may be able to arrive at what seems fair for a given, richly defined and richly understood social situation. But the results from one such setting rarely carry over without major qualifications to other settings.

FAIRNESS IS A PACKAGE DEAL:
THE INSTITUTIONAL-COMPARATIVE APPROACH

Although no single theory of ethics produces a definitive answer to the problem of fair higher education access and allocation, we can use the resulting standards to compare ‘real existing systems’ regarding the overall balance they achieve among competing goods. In this section I identify institutional features of just systems: access for all (to the extent that higher education is required for cultural, political, and economic participation), choice, autonomy, pluralistic assessment, excellence, and equity of financial burden. Interestingly, spelling out these features also reveals the possibility of just systems to tip and become unjust.

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Access for All

The amount of higher education that is required for cultural, political, and economic participation should be open for all. In fact, it should be a human right. If it is true that a high school degree no longer suffices for full and equal participation; if we find (as president Obama did in his first term inauguration speech) that one year of higher education is required for all, then we need to find ways to make that possible. This would, of course, encounter serious financial problems. But, without going into great detail here, a possible direction in which to look in the American case might be to allow high school students to sit for the GED at the end of grade 11, and provide the successful graduates a voucher for a two year ('associate') degree at a college.

But whatever the institutional configuration, the key here is open admission at the bottom of a differentiated system. This is a crucial feature of any system which wants to avoid premature exclusion of students who simply don't fit the regular mold or whose interests or talents are not captured by the standard merit criteria. There is much evidence that great entrepreneurial or artistic talent often presents as 'misfit' in earlier phases of education. Open access and open admission ensure that anyone can (re-)enter the system at any point. It also requires reversibility and portability of credit.

Excellence

Higher education is an activity that takes place under uncertainty. We don't know what is achievable, until we see someone do it. Today's breakthrough becomes tomorrow's minimal standard. Flourishing and the greatest development of our capabilities and talents requires that we aspire to excellence in everything we do. Given uncertainty and the absence of any single authority capable of defining excellence, this striving can only be institutionalized in a system in which autonomous institutions compete with each other.

Institutional Autonomy

Institutional autonomy is a key prerequisite for excellence in higher education. Autonomy means that universities are free from unwarranted and unnecessary government intrusion. The American case proves that universities in a civil society are perfectly capable of governing themselves. Moreover, they thrive under those conditions and improve and learn over time. Institution-level learning occurs through incremental changes that are rewarded or punished in an evolving ecology of innovation. Changes that are rewarded will be imitated. Others will die out.

Contrast that decentralized and relatively low-cost process of policy innovation with a centralized process where the number of innovations tried will be far smaller, because every innovation has to fit the entire system. Failures will be costly, which creates a risk-averse mind set.

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Pluralistic Assessments

There is no single standardized test capable of capturing and assessing the great diversity of skills, talents, and merits (academic and non-academic) that society needs to harness in order to facilitate productive development and individual flourishing. For that reason, autonomous institutions must be free to develop and use their own admission criteria. In centralized systems talent is likely to be assessed tightly and steeply in high-stakes contests, while decentralized systems are capable of assessing talent broadly and loosely. Systems where it is assessed tightly and steeply typically have one assessing authority and one narrowly defined scale of ability (e.g. SAT). Tight and steep assessment models assume that there is a way of knowing what talent or ability is, which presumably can be diagnosed with near perfection through the use of the appropriate instruments. Such instruments lend themselves to cost-effective large-scale use on large candidate pools. Combined with a definite ‘cut-off’ point, they form the main ingredient of centralized, high-stakes admission systems. Centralized, monistic assessment regimes are notorious for wasting talent by unfairly excluding everyone who misses a narrowly defined cut-off and by ignoring a wide range of valuable, albeit non-traditional skills and talents.

Choice and Bilateral Matching

Centralized, non-pluralistic assessment regimes are often associated with centralized allocation of students to universities, thus subverting choice for students, universities, or both. Bilateral matching systems are, by contrast, decentralized. Students form priority rankings for a number of institutions; institutions, likewise, form priority-rankings for certain types of applicants. The resulting bilateral matching assumes that the diversity of talents and abilities is best harnessed through a diversity of institutions, using a diversity of merit criteria.

Public-Private Financial Equity

Higher education adds to a society’s aggregate capabilities. It widens the radius of what we can do and aspire to. While it clearly enriches an individual’s capabilities (of which earning potential is one facet), it also enriches the community’s resources and potential. Therefore, the financial burden of higher education should be distributed appropriately between the individual and the community.

BUILT-IN PROBLEMS OF JUST SYSTEMS

The above imperatives imply a rejection of centralized regimes of assessment, allocation, and governance of higher education—the kinds of systems that prevail in the larger number of nations today. My argument is that fairness of access requires a range of institutional features and practices, of which financial allocation and funding

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schemes are only one, albeit important. However, decentralized governance regimes like the ones described here, engender their own problems that may undermine access fairness. I briefly discuss two.

Irrelevant Merit

Systems that allow meaningful diversity of choice cannot avoid the problem of irrelevant merit. For one thing, if we allow merit to be defined broadly (including moral character, public service, achievement, artistic or athletic talent, etc) somebody's merit will be someone else's distraction. In other words, in a system of institutional autonomy where merit is defined autonomously, relevant merit will be fuzzy around the edges. Thus, the high school junior who has built water-wells in Sudan will get merit points *somewhere* in the system, even though it's hard to disentangle his part in the project from those of the helpers he surely needed to pull it off.

Another ambiguous merit may be being the son or daughter of an elite-university graduate, which will earn the person extra credit in many admissions offices. While these so-called "legacy admits" would seem to exploit irrelevant merit, they can arguably play a positive role in allowing an institution to cultivate the energies of institutional loyalty.

By contrast, athletic admission advantages would seem harder to justify, if it means that institutions recruit otherwise unqualified students solely based on athletic prowess, and the prospect of increasing the home team's winning record. But again, in a diverse institutional landscape, some institutions will seek to carve out a niche by emphasizing athletics and making special allowance for athletic skill.

Hyper-Competition and Cost Increases

A system of maximum institutional diversity and autonomy is likely to assume hierarchical forms of differentiation in which the difference between first, second, and third tier institutions is associated with certain differences in post-graduation upward mobility in the form of employment opportunities, expected income stream, etc. In a society with steep income gradients, this may mean that a one-tier placement differential is associated with exponential career differentials. In a system of fuzzy merit that allows for strategic posturing in merit-presentation, it will therefore be rational for students and parents to invest heavily into self-marketing. Every dollar invested in the application phase to improve one's applicant profile through test-preparation, essay consultants, interview coaching and the like, has a chance to pay off in exponentially enhanced income and opportunities.

The same mechanism affects competition among colleges (Geiger 2006). The 'better' the talent pool they can recruit, the greater their chances to produce the next breakthrough innovator, who will not only enhance the college's reputation, but also its chances to become the recipient of large gifts from wealthy alumni.

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From the system perspective, however, strategic-posturing on the side of students and colleges engenders a hyper-competition that is wasteful and degrading. Even though colleges may increase their applicant pool by several orders of magnitude (and, as a result their “selectivity” score); and even though the increased applicant pool spends an increased amount of money and resources on the application process, colleges are not admitting a higher number of students. As all colleges compete for a share in a fixed applicant pool, they increase search and application costs, without increasing quality. Sooner or later colleges will need to make up for the increased costs by raising tuition.

While these problems of irrelevant merit and hyper-competition can be kept in check in a vigorous civil society that acts as a countervailing power, it is by no means a given that such countervailing effects will indeed be activated. The contemporary state of affairs in the United States makes one rather skeptical in this regard.

IMPLICATIONS

The discussion above suggests that there are no simple recipes for fairness in access to higher education. It confirms Sen’s plurality principle: “there can exist several distinct reasons of justice, each of which survives critical scrutiny, but yields divergent conclusions” (2009: X). Higher education systems are too complex and principles of justice inherently pluralistic. But plurality does not mean arbitrary. The exploration of common sense, normative, and institutional perspectives has yielded:

- Features of unfair practices in higher education
- Principles of justice
- Features of just institutions.

In reviewing the three lines of reasoning, it is useful to return to Sen’s contrasting contractarian and institutional-comparative approaches: “[t]he idea of addressing the issue of fairness through the device of the Smithian impartial spectator (Smith 2010) allows some possibilities that are not readily available in the contractarian line of reasoning used by Rawls.” In particular, the institutional-comparative line allows “dealing with comparative assessment and not merely identifying a transcendental solution; taking note of social realizations and not only the demands of institutions and rules; allowing incompleteness in social assessment, but still providing guidance in important problems of social justice...” (2009: 70).

A normative approach will suggest that unfair practices include discrimination against applicants based on inability to pay, race, gender, or any other ascriptive criteria. It will also identify principles of justice such as liberty (choice; autonomy), equality of opportunity, excellence, and efficiency. Under conditions where certain groups are systematically excluded from access to higher office or positions, it may also legitimize affirmative action policies.

An institutional-comparative approach allows us to contextualize and specify the features of just institutions and practices, among other things the ideas of access

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for all (commensurate with the degree to which higher education is required for normal participation in the economic and political sphere), pluralistic assessment regimes (sensitive to a broad variety of skill, talent, and merit), bilateral matching (to ensure a maximum of choice on the part of students and institutions), and equity or proportionality of funding by public and private beneficiaries of higher education.

Applying these criteria to individual country cases is likely to highlight certain practices in certain countries as problematic or outright unjust, for example:

- The exclusion of talented students for narrowly missing the cut off on central admission exams in certain Asian countries (a practice that is not only unjust, but also highly inefficient, as the majority of students who prepare for such exams fail to reach the cut-off);
- Top-down bureaucratic allocation of university ‘seats’ based on grade point averages of high school exams (like the scheme practiced in Germany), which stifles choice and competition;
- The over-reliance on standardized test scores for admission decisions, at the expense of other talents and merits (as in the case of the SAT in the U.S.);
- A non-level playing field based on public schooling that provides greater chances to the affluent;
- The increasingly exclusive shift of higher education costs from the public to private users, despite the obvious benefits the public derives from higher numbers of highly educated students, not to mention the public’s obligation to fund academic pursuits in support of perpetuating and expanding a nation’s cultural heritage.

These abuses can and should be subjected to a process of public reasoning that considers alternative practices that other communities or nations have developed.

The Role of Moral Contracts

It is worth pointing out that to the extent that any nation’s higher education system conforms to an implicit moral contract in that community it will approach the inevitable tradeoffs from different perspectives. For example, the United States clearly have stronger libertarian norms structuring American higher education, than, say, Germany or Finland, where egalitarian norms are more prevalent. Neither of these traditions is, per se, more or less fair, as they assign different weights to the degree of choice and institutional autonomy a system offers, versus the degree of financial support for talented, needy students. Egalitarians will likely see weaknesses on the side of choice or autonomy as an acceptable price for a generously funded system where poorer students are guaranteed funding. Libertarians, by contrast, will weigh the liberties associated with mixed systems highly, and will view certain degrees of inequality as an acceptable price for those liberties.

Likewise, libertarians and egalitarians will have different priorities regarding governance, with libertarians preferring bottom-up self-regulation, while egalitarians will point out that mixed systems are vulnerable to imbalances from

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hyper-competition. They will emphasize the need for a strong government role in taming markets, which play an important role in mixed systems.

The Essential Role of Government

The vulnerability of mixed systems is also an argument for the important role of government policy, in contrast to the advocacy of libertarian or “free market” positions.

Notice, for example, that the GI Bill, whose momentous positive effect few people would question, could not be justified based on libertarian principles. Likewise, the previously momentous Land Grant Act, or, more recently, affirmative action policies were massive acts of government intervention that changed the game towards greater equality.

THE NEED FOR GLOBAL PUBLIC REASONING

Developments of the past two decades present a novel challenge to governments and civil societies around the world: how to facilitate the diffusion of higher education at an unprecedented scale without incurring flagrant injustices and incivilities. Addressing this challenge will require hearing from many voices, and the construction of a public debate that transcends the wrestling of group interests.

My main intent in this chapter was *not* to advocate for a specific solution of the fairness problem. Rather, my goal was to show that there is a rational basis for impartial public reasoning about fairness in access to higher education.

A process of public reasoning is different from the mere posturing of interest groups in an effort to see who can gather the greatest political weight or *might* behind a given proposal. In a process of public reasoning the diverse participants approach the question under discussion from the point of view of an impartial observer seeking to determine what is *right* and what is *good*. While each actor or actor-group is likely to be motivated by the specific needs or deserts of their situation, which they need not ignore, they are expected to contribute to the creation of a maximally inclusive and comprehensive picture.

Student discontent around the world with problems of access to higher education shows that we are in the midst of a highly volatile transition period. But there is a chance that at the end of it will emerge new ideas and policies that do greater justice to the multiple demands of and on higher education in the early 21st century.

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A VISION OF EQUAL OPPORTUNITY IN POSTSECONDARY EDUCATION

INTRODUCTION

This chapter sets out a vision of equal postsecondary educational opportunities. The ideal that all children should have equal educational opportunities is a powerful one that has had currency for many years. Nearly sixty years ago, Chief Justice Warren of the United States Supreme Court expressed this ideal in his opinion in *Brown v. Board of Education of Topeka* against racial segregation in public schools in 1954: “In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, where the state has undertaken to provide it, is a right which must be made available to all on equal terms” (1954: 493). Chief Justice Warren’s comment was directed toward opportunities for primary and secondary schooling. Today, it is possible to imagine his reasoning being extended to postsecondary or higher education.

Educational achievement in our society and most others is understood as a rung on a ladder to success. At one time, the threshold rungs for success were tied to primary and secondary education; now tertiary education in an advanced economy is often seen as a threshold rung that must be climbed in order that one may, to use Chief Justice Warren’s apt phrase, “reasonably be expected to succeed in life.” This is reinforced by consistent findings in OECD countries that there is a very significant and growing income gap between individuals who have not completed high school or just graduated from high school, on the one hand, and those individuals who have completed some postsecondary tertiary education (OECD, 2007: ch. A).

Much of the serious thinking about equal educational opportunities in theory and practice has been focused on primary and secondary education. Policy questions revolving around issues like school funding formulas, special education, school integration, multicultural education, and common schooling all have been centered on primary and secondary education. Theoretical framing for these policy questions is something I have explored elsewhere (Jacobs 2010). It is, however, a complex and difficult challenge to say that models of equal educational opportunities developed for primary and secondary schooling can be readily extended to higher education. Rather, I think it is instructive to formulate a separate theoretical model of equal postsecondary educational opportunities.

What distinguishes a model of equal postsecondary educational opportunities from a model of equal educational opportunities for primary and secondary schooling?

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At the level of policy, there are at least three inter-related differences. The *first* is that, unlike primary and secondary schooling in a just society, I find it difficult to imagine higher education being universally accessible. In other words, in a just or fair society, it is not reasonable to expect everyone to participate in postsecondary education. A school system in a just society must have enough places for everyone. The same is not the case for a postsecondary education system. It may be better that some young adults, for example, transition into workplace apprenticeships from high school. The *second* difference is that there should be much more scope for competition in a postsecondary education system because there are not enough places for everyone, not just at the entry level but also in graduate and professional schools. I am skeptical that competition is or should be constitutive of primary or secondary education (Duckworth, 2006). Competition for grades in the school system can be fair as can be students competing for places in selective programs, but all students should be assured a place in primary and secondary schools. The *third* difference is that in primary and secondary education neither children nor their parents should be expected or required to contribute directly towards the costs; public school tuition has no place in a model of equal educational opportunities. No such blanket claim applies in a model of equal higher educational opportunities. This is, in part, a reflection of the fact that postsecondary students are adults, not children, but also is, I believe, in part a consequence of higher education not being universal.

This chapter is divided into four main sections. The first outlines in brief form a general theory which I call the three-dimensional view of equality of opportunity. The second section sketches out that vision and relates it to central issues of access to higher education where access is understood as the main currency of postsecondary educational opportunities. The third and fourth sections explore two important frontiers—the reliance on standardized test scores and the use of race-based affirmative action—for thinking about access and admissions into selective American universities from an equal postsecondary educational opportunities perspective.

THE THREE-DIMENSIONAL VIEW OF EQUALITY OF OPPORTUNITY

Let me now begin to relate my vision of equal postsecondary educational opportunities to a broader theory of equality of opportunity I have developed elsewhere (Jacobs 2004, 2010). Equality of opportunity is, I suggest, an ideal for the normative regulation of competitions that distributes valuable opportunities in society. It is possible to distinguish three dimensions of fairness that might guide this regulation. *Procedural fairness* reflects a concern with the basic rules of procedure that guide a competition including the determination of the winners. *Background fairness* reflects a concern that there is a level playing field for all competitors. *Stakes fairness* focuses on the prizes or what is at stake in the competition. This third kind of fairness plays an innovative role in an account of equality of opportunity because of its capacity to constrain the risky pursuit of equal opportunities for all.

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These three dimensions of equality of opportunity can be illustrated by considering the example of a boxing match. Boxing matches characteristically are regulated by certain familiar rules—the so-called Queensberry Rules. Some of these rules reflect *procedural fairness* such as, for instance, not punching one's opponent below the waist, no head butting, no swinging after the bell goes off to end the round, and so on. Likewise, fair matches do not begin with an agreed-upon winner; instead, the winner is determined by the rules such as who wins by a knock-out or scores the most points in the case of a decision fight. Considerations of procedural fairness in this sense are presumably quite familiar. But boxing matches typically respect another dimension of fairness as well. In competitions such as the Olympics, boxers are classified based on their body weight and fight other boxers in the same class. Underlying this practice is the intuition that there is something fundamentally unfair about a match between a 125 pound featherweight boxer and a 200 pound heavyweight. Assuming that the heavy weight boxer wins a match between the two, that outcome is said to be unfair even if the boxer did not violate the rules of procedural fairness such as hitting the featherweight boxer after the bell ended the round. *Background fairness* reflects the concern that boxers enter a match on roughly equal terms with respect to body weight. Background fairness is met, in other words, when there is a level playing field for all competitors. The third dimension of fairness concerns the prizes, how the winner is determined, or what is at stake in the boxing match. The idea that the winner in a boxing match is determined by a knock-out or points (as opposed to say fighting until death) is part of this dimension. In professional boxing, the stake prize is money and a title. The practice is to have the winner receive say 75% of the money (say \$750,000) and the loser 25% (250,000). The justification typically is that this is fairer than a winner-take-all prize of \$1,000,000. The dimension of fairness drawn upon here is what I mean by *stakes fairness*.

This three-dimensional model of equal opportunities is an innovative advance on how the concept of equality of opportunity has been viewed in egalitarian justice. The traditional view of equality of opportunity is *one-dimensional*, based on procedural fairness. In the 1960s, a number of influential liberal political philosophers introduced a two-dimensional view of equality of opportunity which stressed not only procedural but also background fairness. Of course, these ideas of procedural fairness and background fairness reflected in particular the profound influence of John Rawls's description of fair equality of opportunity in *A Theory of Justice* (1971: 73–76). The two-dimensional view of equality of opportunity—fair equality of opportunity—constitutes a major advance over the one-dimensional view because it is sensitive to the extent to which the distribution of opportunity is partly a function of background socio-economic differences between individuals. The two-dimensional view can have significant redistributive implications because in order to ensure background fairness, it is often necessary to redistribute some of society's scarce resources. The two-dimensional view continues to dominate perceptions of equality of opportunity. The added dimension of stakes fairness, however, makes for a more comprehensive account of equality of opportunity.

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What standards underlie these three dimensions of fairness? Let me give here just a thumb nail sketch. The standards of procedural fairness are generally specific to the competition. What counts as procedurally fair is often linked to what is at stake in the competition or is intended to protect participants from certain risks. In many competitions, the basic requirements of procedural fairness are not deeply contested because they often reflect a general consensus that has developed over time. Sometimes, of course, the rules or regulations governing a competition are found to violate procedural fairness. The clearest breaches of procedural fairness involve the exclusion of certain classes of persons from the competition. There are well known historical examples of this in professions such as law, medicine, and teaching.

Since the appearance of Rawls' *A Theory of Justice* in 1971, background fairness has become the most familiar site for equal opportunity concerns about fair competition. This dimension of fairness fixates on the initial starting positions or backgrounds of those potentially involved in a competition. The underlying insight is, of course, that the structure of these positions will affect who competes and how they will fare in the competition. From the perspective of competitive equality of opportunity, because pre-existing inequalities infect the fairness of competitive processes, there is a need to regulate these processes with sensitivity to remedies for these inequalities. The normative ideal for background fairness is status equality, which identifies a starting position—the same moral status for each competitor and no higher moral standing possible—in a competition that all individuals should enjoy.

Stakes fairness reflects a concern with the distribution of benefits and burdens within a competition and what constitutes winning or losing. Part of the issue here is whether it is fair to have, for instance, a winner-take-all scheme. Imagine, say, divorce settlements that were structured in this way. Most of us would object that this is unfair because it is wrong to have the stakes so high; while it may be acceptable to have the winner receive *more* benefits, it is unfair that the loser receive nothing. Similarly, consider the labor market in this light. Often, employment in the competitive labor market is perceived in this way; those who get jobs receive wages and fringe benefits. One way to view a range of government programs from unemployment insurance to workfare is as mechanisms to promote stakes fairness rather than attaching all the benefits to the winners in the competitive labor market.

There are three aspects of stakes fairness that inform equality of opportunity as a regulative ideal, which I shall elaborate upon in turn: (1) the concern that there should be constraints on the risks participants in competitions are exposed to; (2) the concern with what and how much is actually at stake in an individual competition; and (3) the concern with limiting the impact of the result of one competition on another.

Competitions expose individuals to risks in the course of their participation. Boxers risk injury, for example, in every boxing match; these risks are a part of the normal functioning of the Queensberry rules. Virtually any other sport is similar, whether it is football, baseball, soccer, diving, or ice hockey. How great should

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the risks be in any competition? Are there fairness constraints on the risks that individuals should be exposed to in order to compete? Would a fight to the death, for example, ever be fair? Likewise, does any competitor have the right to consent to risking a major physical assault? Stakes fairness is concerned with the regulation of these risks.

Another core idea of stakes fairness is the concern about what and how much is actually at stake in an individual competition. Hence, the analogy from prize fighting where it is the norm for professional boxers to share the money prize, the difference between the winner and loser being their proportion. This example expresses the insight that winner-take-all stakes for competitive opportunities are rarely fair. Appeals to stakes fairness suggest that it is principally a regulatory device to prescribe a wider distribution of the prizes at stake in a competition than a simple winner-take-all scheme.

With regard to the third aspect of stakes fairness, the fundamental idea is that winning or losing one competitive opportunity in civil society shouldn't affect one's prospects in a competition for another opportunity. For example, financial success shouldn't translate into better educational prospects; ability to pay or any other similar measurement should not affect the educational opportunities an individual enjoys. In certain respects, the distinction between this aspect of stakes fairness and background fairness is blurred; in effect, the concern can also be represented as one about the initial standing of individuals in a competition. But I use the language of stakes fairness because it seems to me that the most effective way to address the underlying concern here is by regulating the stakes in any given competition.

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At the outset, I noted that unlike primary and secondary education, it does not make sense to view universities and colleges as universally accessible. Places in higher education are scarce; there are not enough for everyone. Moreover, I suggested that competition—as opposed to, say, random selection through a lottery—is constitutive of how scarce places in selective universities and colleges should be allocated. The normative question is how competitive opportunities for higher education can be regulated fairly.

The three-dimensional model of equal opportunity I have just described functions as a regulative ideal for competition over scarce opportunities. The different dimensions—procedural, background, stakes—of fairness it identifies provide normative standards for regulating different components of the competition. Competitions for allocating some of the benefits and burdens of social life come in many different forms. The model of equal opportunity as a regulative ideal is not a mirror of the competitions it is designed to govern, but functions as an independent moral critic of the practices in those competitions. Schemes for postsecondary or higher education are one instance of such competitions. The role of an equal

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opportunities approach is to assess such schemes by the normative standards of procedural, background, and stakes fairness.

In the context of higher education policy, *access* is the currency of opportunity. It is my view that through a more careful examination of claims about fair access to higher education, the vision of equal postsecondary educational opportunity will become clearer. There are at least six classes of access claims that arise in postsecondary educational contexts.

- *Access for whom* claims revolve around distinct groups or classes of persons. Two issues are especially relevant in a postsecondary education context: Should colleges and universities be sensitive to diversity and implement affirmative action programs for disadvantaged groups in society? How much accommodation should be made for students with learning disabilities and other special educational needs? There is now a consensus that a high level of accommodation is required in primary and secondary education, but what about in undergraduate programs in universities and colleges, or professional schools like medicine or law, or advanced research and graduate degree programs?
- *Access at what cost* claims revolve in higher education around the issue of the level of tuition and how much of a share of the costs of university or college should be borne by the students and their families.
- *Access how* claims revolve around the entry requirement for postsecondary education. In most countries, the minimal threshold requirement is success at secondary school in the form of high school graduation. However, entry into university is also often tied to high-stakes standardized national tests. The most familiar example is the SAT in the United States. Professional and graduate schools also typically rely on standardized high stakes tests such as the LSAT, MCAT, or GRE.
- *Access to what* claims involve concerns about the substance of the opportunity. This is perhaps more familiar in the context of health care policy: What medical procedures, treatment and care precisely are accessible under a given insurance plan? Higher education is often thought about in more seamless terms, but clearly on reflection it is similar to health care. Should the bundle of resources and facilities be linked to a set of desirable educational outcomes? Should, for example, the curriculum have technology training built into it? Should all students be required to take an intensive writing course or a math course? Should all students have the opportunity to experience a comprehensive university campus setting?
- *Access when* claims deal with two main issues. The first revolves around the proportion of educational resources that should be devoted to higher education rather than early childhood education, primary education or secondary education. Is postsecondary education more valuable to society? The second issue concerns the mandate of institutions of higher education to be more accessible to individuals later in their lives. Often, the critical focus of higher education is on young adults. Is this fair to mature, older adults?

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- *Access where* claims revolve around concerns about space and geography. Here is where concerns about providing, for instance, remote access education fit in. Similarly, the practice of many state universities to provide satellite campuses is also a reflection of these kinds of claims.

The three-dimensional model of equal opportunity offers us a way to think critically about what's fair in terms of these classes of access claims in postsecondary education.

From an equal opportunity perspective, these six classes of concerns about access to higher education provide a powerful image of the evolution of postsecondary education in most OECD countries since the middle of the twentieth century. This image is one of an expanding circle of access which has continually expanded to include more and more minorities and women, made access to universities and colleges less dependent on ability to pay, allowed for different pathways into higher education, enabled more and more citizens to enroll in degree programs when they are older, tied the university curriculum more and more to experiential education, and made higher education more available in rural and remote regions through developments in digital technology.

Although the image of an ever-expanding circle of access to higher education has considerable currency when idealizing developments in universities and colleges globally, there remain fundamental divisions about fairness in access to higher education. Few issues in higher education are more controversial today, for example, than the question of how much tuition students should be required to pay to attend a university or college. The cost of postsecondary education is for many students and their families the biggest barrier. In most countries, governments share in part the costs of higher education with students. These governments subsidize tuition and often provide some measure of support to students to cover their living expenses. What is a fair formula for sharing the costs of higher education between a student and the government? These divisions provide insight into the frontiers for egalitarian justice in higher education in terms of expanding the circle for access to higher education.

Two frontiers are explored below in the context of access to higher education in the United States to illustrate the reach of an equal opportunities approach. The first concerns the requirements for entry into higher education which have the effect of limiting the opportunities of some to access postsecondary education. Although these requirements often appear on their face to be neutral in terms of class, gender, race or ethnicity, there are often compelling reasons to think that this appearance is misleading. These requirements pose barriers for entry that are not overtly discriminatory, but disproportionately impact negatively the participation in higher education of some groups. A familiar example is a university that requires for undergraduate admission that all applicants pass a certain threshold grade on a standardized college admissions test. The second frontier concerns the uses of affirmative action measures to improve access to universities and colleges for certain segments of the general population. Affirmative action programs are often objected

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to on the grounds that they are unfair to individuals who are not among the identified groups targeted for positive measures.

WHEN ARE STANDARDIZED TEST REQUIREMENTS IN HIGHER EDUCATION UNFAIR?

It is well known that in the United States, universities and other institutions of higher education utilize the results of scores on standardized tests to make decisions about admission and related matters such as financial assistance and scholarships. This practice, though widespread, is especially prevalent in graduate programs and professional schools, and those select universities that have a very intense competition for admission into their undergraduate programs. Five standardized tests—the Scholastic Assessment Test (SAT), the Graduate Record Examination (GRE), the Law School Admission Test (LSAT), Medical College Admission Test (MCAT), and the American College Test (ACT)—are especially relied upon. These tests are all said to be aptitude tests in the sense that they allegedly test the general proficiency of the candidate rather than something taught or acquired.

The reasons American universities rely on standardized tests in admissions competition are often said to be practical. In a large country where students come from a wide variety of educational backgrounds, there are immense problems posed by the task of trying to compare, for example, high school grades or college G.P.A.s. Standardized tests that measure general proficiency provide a way to compare students from these diverse backgrounds in competitive processes for admission. They enable universities to identify the most applicants with the supposedly greatest merit in a competitive process for admission. Merit here is understood in the competition to be a combination of ability and effort. When universities look only at past indicators of merit like high school grades, it is difficult to compare different candidates because of the diversity of educational backgrounds and schools. Standardized test scores provide a proxy for merit easily comparable between candidates. The major testing agencies in the United States such as the College Examination Board validate this equivocation of merit and test results by providing ample research showing that test scores are useful predictors of success in a student's first year of study.

It is important to recognize, however, one of the implications of relying on standardized test results to make important decisions about admission into selective universities and professional schools. The context is the well documented 'Black-White gap' in test scores across the range of these standardized tests from general proficiency tests such as SAT and LSAT to conventional IQ tests. Although the literature on this gap is immense and controversial, there seems to be a consensus that this gap is about one standard deviation. This means that on almost every standardized test, the average African American scores below 75 percent of American Whites. The important upshot is that increased reliance on standardized test results will function to decrease the likelihood of African Americans being admitted into selective universities and competitive professional schools and graduate programs.

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What insights does an equal opportunities approach offer for assessing the fairness of this practice of relying on standardized test scores in American universities and colleges? Any scheme based on a merit principle is commonly called a meritocracy. It is, however, a common misperception of a meritocracy to think that the concern with merit derives from a more fundamental belief about what particular individuals deserve. The mistaken underlying reasoning is that if an admission scheme wants to identify the applicants with the most merit, it is because those individuals most *deserve* to be admitted. But some careful consideration of this reasoning shows why it is flawed. When merit is understood as a function of ability combined with effort, those individuals with the most merit may not be the most deserving since those two factors may have sources, such as genetic good luck, which do not warrant praise. In other words, although under a meritocratic admissions scheme, those individuals with the most merit may be admitted, they are not necessarily the most deserving. Moreover, whereas a meritocracy is forward-looking, deserve-based praise is backward looking, rewarding individuals for their past behavior. Standardized tests are designed to measure aptitude and provide a basis for making predictions about future performance; they do not purport to measure past educational achievements. This makes the results of such tests a poor gauge of who deserves to be admitted to college, but are more promising as a merit exercise.

If a meritocratic admissions scheme is not designed to admit the most deserving individuals, what other purpose might it serve? The most plausible answer is that such a scheme best serves society's interests or maximizes the benefit for society of how educational resources in higher education are used. Defenders of a meritocratic admissions scheme in higher education would presumably say that since places in a selective undergraduate program or professional school are scarce, society has an interest in utilizing those places in the most productive way possible. How might this be done? By selecting those applicants with the most merit, since by definition they are the ones with the optimal combination of ability and effort and therefore will make the most productive use of the educational opportunity. The common contrast defenders of meritocracy make is to a scheme that admits applicants with less than optimal combinations of ability and effort which will yield lower rates of productivity with society's educational resources and therefore is not in the best interests of society.

Significantly, a merit-based approach to admission into postsecondary education allows that the educational resources of society can be used more productively in some instances by including more members of minority groups. This claim is often used, quite rightly, to justify admitting more African American or Latino students into medical or law school. Latino physicians may be more willing to practice in poor, predominantly Latino neighborhoods and, therefore, society may be better off enrolling a Latino student than a White student with higher test scores. But this claim does not turn on applying some different standard of merit when admitting the Latino student nor is it being claimed that the Latino student is more deserving; it merely shows the complexity of calculating what is in the best interests of society.

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Above, I argued there that the function of a theory like the three-dimensional model of equal opportunity as a regulative ideal is to act as an independent moral critic of competitive processes including, presumably meritocratic schemes for determining admission into selective programs and professional schools at institutions of higher education. The foregoing analysis showing that a meritocracy is designed to maximize society's educational resources or serve in society's best interests clarifies a role for equal opportunities as a regulative ideal. A meritocratic admissions scheme is insensitive to the particular distribution or pattern of university places among members of society; sensitivity requires viewing those admitted under such a scheme as individuals rather than merely receptacles of merit. When the sole goal is assumed to be the maximization of merit there is no room for this. The role of equal opportunity as a regulative ideal is precisely to introduce, for the sake of pursuing equality, sensitivity to the particular distribution of places into a competitive admissions scheme based on merit. But this does not require displacing the meritocratic admission scheme and replacing it with some sort of alternative admission scheme; it requires only placing constraints and regulations on the competition for meritocratic admission. In other words, the proposal is not to abolish using standardized test scores in competitive admission decisions, but merely to identify limits and constraints on their fair uses and develop alternatives.

The model of equal opportunities as a regulative ideal combines a concern for three dimensions of fairness in a competition—procedural, background, and stakes. The reliance on standardized test scores seems consistent with the ordinary standards of procedural fairness applicable to admissions into a competitive university or college program. If there are concerns, for instance, about equal opportunities for African American applicants and the effects of the Black-White test gap, they must reflect our standards of background and stakes fairness that govern the competition.

From the perspective of stakes fairness, given the disproportionate impact of using standardized test results on African American applicants, it is especially important that what is at stake in the competition be limited in scope. This raises challenging questions about how important an undergraduate degree from a highly selective university or a graduate or professional degree is to accessing certain (elite) opportunities in the United States. Are these the only avenues to access these opportunities or are there alternatives? Stakes fairness demands that, given the reliance on standardized tests for admission into these various degree programs, there should exist a range of other avenues to access these opportunities.

From the perspective of background fairness, the problem with over-reliance on standardized tests in higher education is that this risks denying status equality to African American applicants for admission. Recall that status equality identifies a starting position—the same moral status for each and no higher moral standing possible—in a competition that all individuals should enjoy. Why might the use of standardized test scores in admission decisions by universities and colleges be seen as a threat to the status equality of African Americans?

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Since Supreme Court Chief Justice Warren's famous opinion against racially segregated public schools in *Brown v. Board of Education*, it has become widely recognized that access to educational institutions is of special importance in the determination of the social status of African Americans and many other vulnerable minority groups (Minow, 2010). For this reason alone, it might be held that reliance on standardized tests by institutions of higher education amounts to assigning inferior social status since, given the 'Black-White' score gap, the effect is to make institutions of higher education less accessible to African-Americans. But I doubt this reasoning on its own would persuade many who are sympathetic to using standardized tests in higher education decisions that this use raises questions about equal opportunity. It seems necessary to provide a more subtle, two-pronged argument about the relation between inferior social status and status equality. The important point is that status equality is especially fragile for vulnerable minorities in competitions where the social construction of advantages and disadvantages reflects the values and interests of the majority.

The first prong of the argument draws attention to the institutional choice to use standardized test scores as a proxy for merit in a competition for university and college places. This sort of social choice reflects a decision about what should count as an advantage, high scores, or a disadvantage, low scores, in an important competitive realm of society. But when the reliance on standardized test scores in university and college admissions became wide spread around thirty-five years ago, there was already significant awareness of the Black-White gap in scores. It seems pertinent to ask what kind of weight the existence of this gap was given in deliberations around relying on standardized test scores. There may be some grounds for thinking that some of the early proponents of using standardized test scores in admissions decisions embraced this choice precisely because of the Black-White test score gap. It seems to me nearly impossible to draw any inference other than that Blacks at the time were not recognized as having equal moral standing to Whites; otherwise, this social choice would have been very difficult and controversial. To continue to act on a social choice made in that context is to reaffirm that view of the moral status of African Americans. No doubt, many people believed at the time that the Black-White test score gap would eventually narrow, as indeed it has (Bowen & Bok, 1998). Yet, this does not excuse or hide the fact that if a similar type of social choice by the majority was being made today where there were well known disadvantageous effects on a minority, who supposedly now enjoys genuine status equality, it seems hard to imagine that choice being made at all or at least without severe limitations being place on it.

The second prong of the argument with regard to background fairness concerns how reliance on standardized test scores denies status equality to individual African Americans. Despite the Black-White score gap, it might be said that the use of standardized test scores does not function as an exclusionary barrier against individual African Americans because the barrier is not against African Americans per se but rather those with low test scores whatever their racial identity. In other words, the

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reliance on standardized test results by higher education does not compromise the initial standing of an African American applicant because it does not exclude the applicant from the process.

Much of the focus is on the *exclusionary* effects of relying heavily on test scores. Yet, this often leads us to overlook the *costly* burdens on African Americans of institutions relying heavily on standardized test scores to make admissions decisions. The basic difference analytically between exclusionary effects and costly burdens is that the latter make it more difficult for African Americans to be admitted into universities and colleges with selective admissions, not impossible. Why think that there are any costs of relying on standardized tests for qualified African Americans? The most interesting and provocative evidence revolves around indicators of the phenomenon of adaptation among African Americans to the reliance on standardized tests which happens when individuals adjust their desires or behavior to social expectations. In other words, given the expectation that African Americans will score lower on standardized tests, there is some evidence that individual African Americans adapt their behavior to meet this expectation.

Consider two examples of this adaptation. The psychologist Claude Steele (1997) has found that African Americans do less well on standardized tests when they are aware of expectations based on the Black-White score gap and know their results will be viewed within the context of that expectation. The conservative economist Gary Becker (1992) has found that African Americans along with certain other disadvantaged minorities make bad decisions about investing in their own human capital because of the expectations of others about what they are capable of achieving. For Becker, the beliefs of others that racial minorities are less likely to be successful in school can be self-fulfilling in the sense that it causes members of those minority groups to under invest in education and this underinvestment does subsequently make them less successful. Both of these examples illustrate how adaptation to expectations around standardized test results imposes a costly burden on African Americans and how that cost is borne uniquely by them (and individual members of other similarly-situated racial or ethnic minorities). This cost affects the initial starting position of African Americans and would seem to violate the demand for background fairness in admissions procedures.

WHY IS RACE-BASED AFFIRMATIVE ACTION IN HIGHER EDUCATION FAIR?

Race-based affirmative action in higher education can be understood as a remedy for the significant underrepresentation of members of certain racial, ethnic, or other groups through measures that take group membership or identity into account in admissions decisions. For our purposes, in competitions for scarce goods like university places, affirmative action programs are significant because they allow the race or ethnicity of certain targeted groups to count as a *plus factor* for individual applicants in the allocation of those goods. This emphasis on race as a plus factor in competitions should be carefully differentiated from the proposal that a certain proportion or *quota*

of university places should be set aside for racial minorities. Although quotas are often associated with affirmative action programs, in the United States and elsewhere, race-conscious affirmative action programs are predominantly of the plus factor-type.

Race-based affirmative action in universities and colleges remains controversial in the United States, even though such policies have existed for many years. The Supreme Court of the United States agreed to review once more in 2012 whether such programs are constitutional, with a decision expected in 2013. Perhaps the strongest criticism of such programs is that they are contrary to our deepest held beliefs about equality of opportunity in higher education. My view is that rather than being contrary to equality of opportunity, race-based affirmative action in the United States should be seen as a requirement of an equal opportunities approach.

My specific claim is that race-based affirmative action in the United States should be viewed as a requirement for stakes fairness. Stakes fairness evaluates what is at stake in a competition, ensuring a broader distribution of prizes and limiting how much competitors can gain or lose. In effect, race-based affirmative action should be viewed as an effective way to promote stakes fairness in competitions for selective university places in the United States.

Rationales for affirmative action are commonly classified as either *forward-looking* or *backward-looking*. Forward-looking rationales identify some purpose or objective served by implementing affirmative action; backward-looking rationales identify affirmative action as a measure for compensating for prior injustices or wrongful treatment. Although in the case of African Americans backward looking rationales seem quite compelling since there is an indisputable history of Black slavery and Jim Crow laws, this class of rationales is generally viewed as philosophically problematic both because the principal beneficiaries of affirmative action are not in most cases the victims of slavery or Jim Crow laws and because those who carry the burden of affirmative action were not the agents nor necessarily the beneficiaries of those injustices. Forward-looking rationales for affirmative action are generally thought to hold much more promise.

While there are many different forward-looking rationales for affirmative action, in the public forum and in American legal circles two have dominated. The first (which I call the integration rationale) views affirmative action programs as a means of including members of racial, ethnic, or other groups who might otherwise be excluded, intentionally or otherwise, from privileged positions or opportunities in American society. Affirmative action in this rationale is one policy instrument among many designed to bring about greater integration of different racial and ethnic segments of society. It has its origins in the civil rights movement of the 1950s and 1960s. The second rationale (which I call the diversity rationale) justifies affirmative action as a means to achieving diversity in the racial, ethnic, and gender make-up of social, economic, and political institutions that historically have been marked by rigid homogeneity. The goal is not that through integration members from diverse backgrounds will be absorbed and assimilated into mainstream institutions, but rather that the institutions themselves will be transformed to reflect the diversity

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in American society. The diversity rationale has achieved considerable prominence since the declaration by Justice Powell in his opinion in *Regent of the University of California v. Bakke* that, ‘the attainment of a diverse student body...clearly is a constitutionally permissible goal for an institution of higher education’ (1978: pp. 311–312). The educational benefits of diversity in universities and colleges in the United States remain an important research finding (AERA, 2012). In practice, integration and diversity combine to in effect make it permissible for postsecondary institutions to treat the race or ethnicity of a candidate as a plus factor in, for example, the admissions process. Race-based affirmative action is a way to promote both integration and diversity in American universities and colleges.

What is the connection between integration and diversity, on the one hand, and an equal opportunities approach to postsecondary education on the other? The structure of my answer is that while the diversity and integration rationales identify different purposes of affirmative action, the three-dimensional model of equal opportunities as a regulative ideal posits the underlying value of stakes fairness. In effect, stakes fairness provides normative grounding for race-based affirmative action in American universities and colleges.

Why does diversity matter? If one assumes there exist in the world a plurality of practices and beliefs regarding religion, ethnicity, language, etc., there are quite compelling instrumental reasons for building diversity into our institutions of civil society so that they reflect efficient economic strategies for adapting to a globalizing economy and changing ethnic makeup and demographics in the domestic markets. But there are also less instrumental reasons for believing that diversity matters. Diversity is a reflection of differences in cultural identity between persons. What function does cultural identity performs for us? It provides, I think, the context for the choices we make in our lives. As Will Kymlicka (1989) puts it, ‘the range of options is determined by our cultural heritage. Different ways of life are not simply different patterns of physical movements. The physical movements only have meaning to us because they are identified as having significance by our culture, because they fit into some pattern of activities which is culturally recognized as a way of leading one’s life’ (p. 165). Without that cultural identity, our lives would be impoverished in their meaning. The relevant point is that if we assume the fact of pluralism and yet fail in our institutions of civil society to acknowledge this diversity, we in effect make the meaning of some people’s lives fragile.

This explanation about cultural identity and diversity can be directly linked to the idea of stakes fairness. Stakes fairness rejects winner-take-all schemes, seeking a wider distribution of prizes and limiting the potential losses to an individual in a given competition. With regard to cultural identity, what is at stake is very significant, the cement that gives a person’s life meaning. The logic of stakes fairness holds that individuals should not have to risk their cultural identity in order to have access to the competitive opportunities in the institutions of civil society. For instance, an individual should not have to compromise his or her religious practices with regard to, say, head covers, prayer or holy days in order to attend an educational

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institution or participate in the labor market. The additional consideration here, of course, is that it is the cultural identities of minorities that are most at risk of being overwhelmed by the dominant culture. In other words, it is members of minority groups who are most vulnerable to the risk of losing control over the meaning of their lives, and, hence, they are logically the targeted groups in the promotion of diversity. By promoting diversity in civil institutions, threats to the cultural identity of minorities are diminished in accordance with the requirements of stakes fairness.

While this explanation for valuing diversity may be contested by some, it is, I suspect, much less contentious than the explanation I shall now give about the relation between integration and stakes fairness. Integration should be carefully distinguished from assimilation. Assimilation involves absorbing some groups into a more dominant group in direct contrast with the value of diversity; it is generally regarded by members of minority cultures as a threat to the background context that gives their lives meaning. Integration, in contrast, exists when members of minority cultures have access to and participate in the mainstream institutions of civil society and governance. Integration may lead to assimilation, but its practice is perfectly consistent with members of cultural minorities maintaining the distinct cultural identities integral to sustaining what gives meaning to the lives they live.

Racial integration in the United States is often presented as a valuable instrument for defusing racial tensions. If true, this would seem to be a very compelling reason for Whites to support integration. But, the road to integration may in fact exacerbate racial tensions precisely because it increases the actual interracial points of contact. The upshot is that if integration is valued principally because it defuses racial tensions, then this is a very contingent justification. I suspect that some of the decline in support of integration in the United States is a reflection of relying too heavily on this justification.

The principal value of integration, I suggest, lies elsewhere. Integration for African Americans or Latinos is valuable because it gives them potential access to a much greater share of the competitive opportunities at stake in civil society. The reasoning is simple. Historically, Blacks and Latinos, as well as other ethnic groups, have enjoyed far fewer opportunities than Whites. Without integration, it is hard to see how the opportunities for African Americans or any other historically disadvantaged group can increase significantly, since segregation would perpetuate their smaller share of the total opportunities in society. My claim about the value of integration ultimately is that it is a valuable instrument for broadening the distribution of competitive opportunities at stake in institutions of civil society so as to include African Americans and other marginalized minority groups like Latinos.

My argument about the value of integration is an instrumental one in the sense that I have assumed that equal opportunity is a regulative ideal in competitions, and integration is a necessary instrument for promoting stakes fairness. This view of integration differs from that of others. Sometimes people have imagined that an integrated community is intrinsically valuable, not just of instrumental value. It seems to me, however, that such a view is in tension with the claim that diversity

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within the institutions of civil society is a requirement of stakes fairness. And because I endorse that claim about civil society, I have argued only that integration has instrumental value derived from its potential to broaden the distribution of the competitive opportunities to be more inclusive of African Americans and other vulnerable racial minorities in the United States.

CONCLUSION

In this chapter, I have sketched out a vision of equal postsecondary educational opportunity organized around three dimensions of fairness—procedural, background, and stakes fairness—designed to regulate competition for access to universities and colleges. More concretely, I have drawn on this vision to show how two important frontiers for social justice in American institutions of higher education—the injustice of overreliance on standardized test scores and the continuity of race-based affirmative action—can be understood through this lens of equality of opportunities.

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THE LEGACY OF THE GI BILL: EQUAL OPPORTUNITY IN U.S. HIGHER EDUCATION AFTER WWII¹

There are great expectations for higher education as an instrument of social mobility and economic development. Institutions of higher education are widely thought to equalize opportunity for social mobility, to be catalysts for economic development, and to promote the knowledge and values of society from one generation to the next. While the linkages between higher education and economic development are now well established within the international policy discourse on global universities and economic development, the role of the state in ensuring fairness in access to higher education—and the realization of the promise of social mobility—is seldom considered. Before World War II, access to U.S. higher education was limited and was characterized as for the elite, especially opportunities to enroll in four-year colleges (Trow, 1974). The transition to mass higher education occurred after World War II and the federal financial aid programs which, starting with GI Bill, helped equalize opportunities for prepared students of all racial and income groups to enroll in higher education.²

The GI Bill provided *portable* grant aid that prospective students could take with them wherever they were admitted, whether it was a technical trade school or a campus offering four-year degrees. Many federal loan, grant and loan forgiveness programs provide subsidies to special groups for their service or their parents' service. For example, Social Security Survivor Benefits provides grants to students whose parents paid social security before dying, and many federal and state programs forgive loans for service in health care, teaching, legal aid, or other public services, effectively turning loans into grants.

Economic research on the GI Bill demonstrates a substantial economic impact—growth in the economy resulting from improved education of the labor force (Bound & Turner, 2002). One of the economic benefits to society from investments in student aid has been increased revenue from taxes paid by better-educated and thus higher paid workers within progressive tax systems (Levin & McEwan, 2000). Looking at the federal investment in Pell grants in the 1970s, the present value in inflation-adjusted tax revenues of each dollar spent on student grants is \$4 per \$1 spent (St. John & Masten 1990).

In this chapter, I focus on the federal Pell grant as a legacy of the GI Bill, a portable grant programs that influenced social, economic, and educational outcomes in a substantial way. Coordination of state and federal student aid is necessary to

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salvage this legacy in a period of privatization of public higher education in the U.S. (St. John, Daun-Barnett & Moronski-Chapman, 2013). While other policies, including the desegregation of public colleges in the Southern United States and the public resistance to affirmation action, influence enrollment rates of underrepresented students in four-year public colleges, the state and federal need-based grant programs play a crucial role in ensuring equal opportunity. This chapter examines both how the GI Bill of Rights, federal legislation that paid college costs for WWII veterans returning to college, set in motion a gradual movement toward increased equity in opportunity in U.S. higher education and the fundamental shifts in state and federal policy on access after 1980 which have altered the trajectory away from equal opportunity to enroll in U.S. public four-year colleges.

First, I focus on the legacy of the GI Bill as a catalyst for mass access to public four-year colleges for diverse students, including adults, low-income students, and underrepresented minorities. Second, I examine the shift in the major policies regarding access to higher education from financial to merit aid that occurred in the 1980s. I conclude with a discussion of the impact of recent policy shifts on diversity in higher education.

THE GI BILL LEGACY: THE EQUITY TRAJECTORY

It was only after World War II that the potential of American universities began to be realized, especially with respect to promoting economic development and providing nearly equal opportunity for enrollment by prepared students regardless of income.³ For four decades, from the end of WWII almost until the end of the Cold War, higher education enrollment boomed in the U.S. with substantial support from federal financial aid, starting with subsidies for returning GIs, followed by large scale, need-based grant programs that equalized opportunity for many of the children of WWII vets, the baby boom generation.

Access to and completion of higher education has been viewed as both a vehicle for social mobility and a means of educating the workforce in support of economic development. There is an implicit expectation in current policy initiatives that higher education in the U.S. will enhance the qualifications of the workforce and improve global competitiveness (e.g., Commission on the Skills of the American Workforce, 2007; Hoffman, Vargas, Venezia, & Miller, 2007). While the role of higher education in upward mobility may require rethinking given the changes in national economies (B. M. Friedman, 2005), equitable access remains an important issue because four-year degrees have historically played a central role in access to middle class professions.

Arguments that higher education has both social and economic benefits have a long history. Yet, most of the theories now used to examine and rationalize the social and economic contributions of universities were developed after World War II, a period of rapid economic growth and income equalization (Fogel, 2000). While the more recent economic globalization has created a new period of wealth building,

the new economy has redistributed wealth, with growing income inequalities (B. M. Friedman, 2005; Stiglitz, 2012). The increased income disparity in recent decades is, in part, a consequence of the globalization of labor in production (T. L. Freidmen, 2005; Smart & Smart, 2005), which substantially complicates the social expectations of universities. To craft a more accurate frame for viewing the role of higher education in the global period and the influence public policies and funding have on this role, I provide a historical perspective on access before reviewing the contemporary problem, discuss the role of the GI Bill as a catalyst for social and economic change, and consider the underlying theory problems.

Historical Arguments about Access

Universities played a role in maintaining values and promoting knowledge for centuries before contemporary arguments about the economic and social value of college degrees became generally accepted. The founding of universities in the colonial period was situated within communities with common religious traditions, as it had been for centuries in Europe (Somerville, 2009; Taylor, 2007); the development of the liberal arts tradition used religious interpretations of history, literature, philosophy and science. The integration of science, technology, and the professions into curriculum in most public universities took about a century after the American Revolution. Before the early twentieth century, U.S. universities educated ministers and teachers, while proprietary schools provided most of the education for doctors, lawyers, and other professions (Thelin, 2004), and engineering was taught military academies and land grant colleges before.

The social expectations for fair access to public universities in the U.S. emerged during the late 19th century when most states founded state universities with “fair” access (Tobin, 2009). The *Land Grant Act of 1862* brought support to all states for the founding of public universities with a technological emphasis; however, there was a history of racial segregation that undermined development of public universities for all students in the South. It was not until the 1890 Land Grant Act explicitly allowed segregated universities that most of the Southern states took action. There was also a history of racial prejudice that limited access for minorities in the rest of the U.S. It took nearly a century before the federal government began to aggressively promote desegregation in the 1970s after the *Adams* decisions by the U.S. Supreme Court. So the ideal of fair access has always been elusive relative to the realities of the social and economic contexts of higher education. Completion of bachelor’s degrees provided entry into teaching, engineering, and business before World War II, higher education was organized to provide liberal arts education and only a small percentage of the population had the opportunity to complete four-degrees (Goodchild, 1997).

The GI Bill as catalyst for change. World War II changed the United States in fundamental ways, and higher education benefited from the social transformation that followed. During the war, there was a boom in American industry to produce

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war machinery (planes, arms, cars and trucks). The building of this capacity gave the country a tremendous competitive advantage after the war, given the destruction of factories in Europe (Galbraith, 1994). While women worked in factories during the war, GIs returned and took many of these manual labor production jobs, but the economy still was not prepared to absorb the returning veterans without heading back into economic recession, as had been the case after World War I, a condition leading to the Great Depression in the decades preceding WWII.

The federal government created the “GI Bill” (Servicemen’s Readjustment Act, 1944) during WWII. Among the many benefits guaranteed to veterans, the act provided subsidized house loans and grants for college enrollment. Passed at the time U.S. troops were invading Europe, the GI Bill provided unemployment insurance and student financial aid for college: “Under the act, approximately 2,300,000 attended colleges and universities, 3,500,000 received school training, and 3,400,000 received on-the-job training. The number of degrees awarded by U.S. colleges and universities more than doubled between 1940 and 1950, and the percentage of Americans with bachelor degrees, or advanced degrees, rose from 4.6 percent in 1945 to 25 percent a half-century later.”⁴ This massive investment in federal student aid not only staved off mass unemployment due to large numbers of veterans returning to the workforce, but it set in motion a pattern of public investment in education and training programs.

The economic benefit was substantial, as a generation of adult men had the opportunity to attain college and graduate degrees which fueled earnings and economic growth (Bound & Turner, 2002; B. M. Freidman, 2005). There was tremendous growth in personal income for factory workers and professionals in the decades following World War II, including a narrowing of income inequality, a pattern also evident in Europe during this period (Cornia & Kiiski, 2001).

Investment in education was not the only shift in policy set in motion by the GI Bill; federal support for desegregation was another. Before World War II, American society was also racially segregated: in the Southern and Border states there was legal, *de jure* segregation in education, restaurants and public services like public transportation. After WWII, President Harry S. Truman signed Executive Order 9981: Desegregation of the Armed Forces (1948).⁵ Whites, African Americans, and other racial groups participated in the war effort and earned GI benefits, providing a force for desegregation of higher education even before the U.S. Supreme Court’s decision on *Brown v. Board of Education* in 1954. Thus, the linkage between the federal role in student financial aid and the integration of higher education was established as part of the GI Bill. Ironically and sadly, the federal government did not get involved in the desegregation of public higher education in the Southern and Border States until 1977 and, as noted below, unequal access reemerged after federal involvement in desegregation of public colleges.

The logic of public investment. The public financing pattern established after WWII relied on the economic logic of public investment, including human capital theory, which was reinforced by the success of the GI Bill. Indeed, there is

strong empirical evidence that the GI Bill played a role in White males becoming professionals in the 1950s (Bound & Turner, 2002).

Federal need-based grant programs started in the 1960s, especially the Pell grant program, were also rationalized based on the logic that this public investment resulted in economic growth. It was felt that spending on student aid was a more efficient method than direct subsidies to colleges. Thus, need-based student financial aid became the major federal strategy for financing the expansion of college access in the late 1960s as the baby boom generation (children of WWII veterans) reached college age, a pattern of federal investment established in the *Higher Education Act of 1965* (HEA). In the 1972 reauthorization of the HEA, Pell grants were introduced as a major new federal program designed to equalize educational opportunity. Like the GI Bill, Pell grants were portable, enabling students to attend technical programs, including proprietary schools, as well as public colleges. However, some were critical of implementation of Pell because of the large number of new students enrolling in two year programs that were not academic (e.g. Manski & Wise, 1983).

Undermining the Legacy of the GI Bill

During the past three decades, there has been a gradual shift in policy arguments about access to higher education. Contemporary policy rationales emphasize the economic benefits of higher education, but have restructured the underlying assumptions. First, doubts were raised about the efficacy of the federal investment in student financial aid (e.g. Hansen, 1983; Kane, 1995). Second, based on research that examined correlations between math courses completed and college success (e.g. Adelman, 1995; Berkner & Chavez, 1997; Pelavin & Kane, 1989, 1990), arguments were made that improvements in high school preparation were necessary (e.g. Conklin & Curran, 2005). The new rationale emphasized changes in state policy on preparation as a means of improving access to four-year colleges *and* workforce preparation (e.g., Commission on the Skills of the American Workforce, 2007). In the next section I examine these arguments in relation to policy shifts in federal student aid, undermining the legacy of the GI Bill. This sets the stage for analysis of state policies in the new global context in the next section.

Doubts about the efficacy of student aid: The relationship between public investment in higher education and economic development was confirmed by research (Leslie & Brinkman, 1988; Levin & McEwan, 2000; McPherson & Schapiro, 1991, 1997; Paulsen, 2001a, 2001b, St. John & Masten, 1990). Indeed, this linkage between public spending and educational outcomes was well established by economic theory on human capital in the 1960s based on arguments that states decide on investments in financial aid and subsidies to colleges based on expected returns in tax revenues from increased earnings and other economic development attributable to the investment (Becker, 1965; Hansen & Weisbrod, 1969). But a period doubt about the efficacy of student financial aid developed among economists

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in the late 20th century and created an opening for new rationales about college access.

As illustrated in [Figure 1](#), college participation rates did not increase after implementation of Pell grants in 1972. There was expansion in the number of students enrolled, attributable to the growth in the college-age population and a stable rate of enrollment, but the college participation rate of the college age population did not increase which raised doubts about the efficacy of Pell grants.

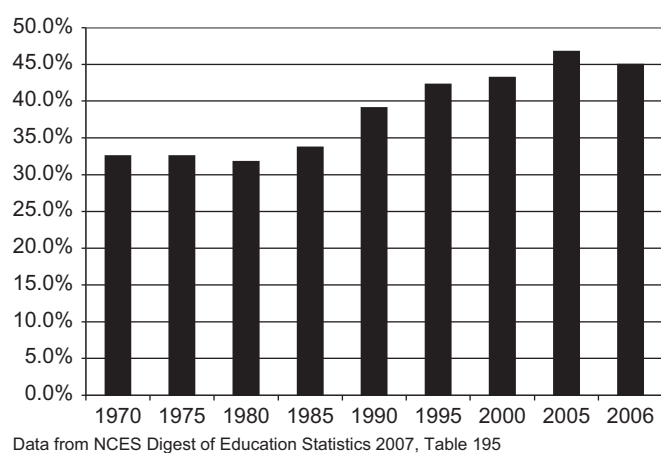


Figure 1. College enrollment rates for 18- to 24-year old high school graduates.

This apparent problem with the Pell program, that increased investments in Pell did not result in increased enrollment rates in the 1970s, needed to be thought about in context. Critics simply looked at the relationship between spending on the new Pell program and enrollment rates, which led them to the conclusion there was not an economic return from the increased public investment (e.g. Hansen, 1983; Kane, 1995). However, these trend studies did not consider the total federal funding of grant aid, inclusive of GI benefits, Social Security Survivor Benefits and other forms of federal grants. When these other forms of aid were taken into account (St. John, 1994; St. John & Elliott, 1994), it was found there had been no increase in per student funding for federal grants when Pell was implemented (e.g. funding for the GI Bill declined in the late 1970s after many of the Viet Nam Veterans passed through the system). What the Pell grant did was rearrange grant funding from programs directed toward target groups. However, in the 1980s, student loans started to be emphasized over grants, and this lower cost approach has continued (e.g. Hearn, 1993; Hearn & Holdsworth, 2004).

The redistribution of grant aid from special groups did have an impact on equalization of enrollment opportunity, or fairness, within higher education ([Figure 2](#)). By 1975, after full implementation of Pell grants, African Americans,

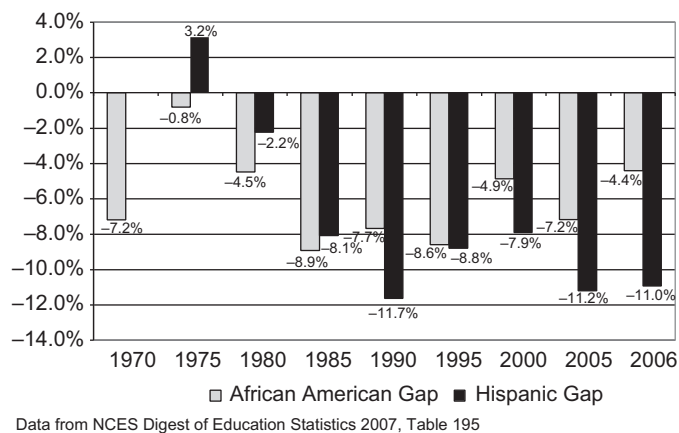


Figure 2. Difference in college enrollment rates for African Americans and Hispanics compared to white high school graduates.

Whites and Hispanics attended college at similar rates in the U.S. after a period of substantial inequality in the 1960s. Viewing these two tables together, coupled with the knowledge that grants were redirected from benefiting special groups to benefiting low-income students, it is reasonable to expect that the policy shifts would influence redistribution of opportunity rather than expansion of opportunity. But the mistaken impression the Pell grants had failed had taken hold, as the administration of Ronald Reagan used the economic research to rationalize cuts in Pell awards.

The Decline in Pell Grants: Doubts about the efficacy of Pell grants had an impact on Pell funding. Trends in the maximum Pell grant awards (Figure 3) illustrate that the maximum Pell grant award declined in constant dollars between initial full implementation in 1975 and 1995, with the most substantial decreases after 1970. Further, the cost of attending college (COA) increased substantially after 1980. The combination of rising costs and declining grants explains the reversal of fortune for minorities in the U.S. between 1980 and 2000, when very substantial gaps opened in the opportunity to attend college for underrepresented minorities (Blacks and Hispanics) compared to Whites (compare time lines and trends in Figures 1–3). The decline in Pell grants nearly perfectly corresponded with the increasing gap in enrollment rates for Hispanic students. The gap in enrollment rates for Whites compared to Blacks narrowed slightly, but these trends were complicated by other policy developments which influenced increased stratification of higher education access.

The decline in Pell grants represents a serious challenge to equity in opportunity for underrepresented minorities to enroll in public four-year colleges, given the gap in unmet need. While states can fill the gap if they coordinate their state policies

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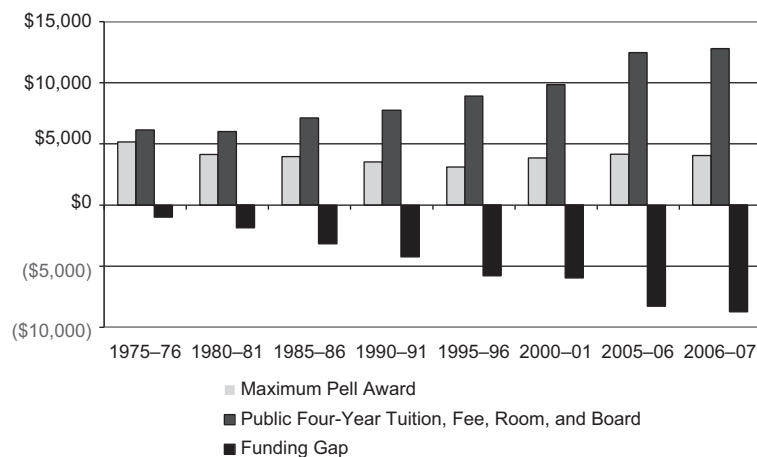


Figure 3. Trends in Pell maximum, average Cost of Attendance (COA) at public four-year colleges and the gap between the Pell maximum and COA.

Data from College Board Trends in College Pricing 2005, Table 4a; Trends in College Pricing 2007, Table 4b; Trends in Student Aid 2007, Table 8b.

**Dollar amounts adjusted to July 2006-June 2007 fiscal year.

on need-based student financial aid with the tuition charges of public colleges—an intermediate policy variable related to taxpayer subsidies to public colleges—this mechanism has too frequently been overlooked in the debates about college access within states. Very few states have been able to sustain a commitment to coordinating need-based financial aid with college costs, causing a channeling of low-income, college-prepared students to public two-year colleges which have a dismal completion rate (St. John, Daun-Barnett, & Moronski-Chapman, 2013). But the question of whether the pathway to four-year colleges is developing *and* working well for underrepresented students remains a crucial issue. In a very real sense, the legacy of the GI Bill has been an opening of pathways to four-year colleges and middle class professions, whereas its legacy as a mechanism for diversity and catalyst for economic development is dependent of the efficacy of Pell grants and the viability of state strategies for financing access to higher education in the new period of privatization of public universities (Priest & St. John, 2006).

RETHINKING ACCESS IN THE GLOBAL TRANSITION

The transition to the global period has had a substantial impact on the financing of higher education and its stratification across nations, and the distribution of wealth within nations (Altbach, 2010; B. Friedman, 2005; Stiglitz, 2012). This transition in the financing of higher education has occurred along with the increasing influence of global corporations on labor markets, the development of accountability systems

in higher education, and the use of tuition and loans as means of financing access to higher education. Further, arguments about human rights as a global issue have increased during this same period, with international organizations promoting rights while ignoring older arguments about national context (Moyn, 2010). Many critics attribute these shifts to neoliberalism (e.g. Harvey 2004; Levin, Kater & Wagner, 2006); other critics argue neoconservative has won arguments about disinvestment in educational and social programs (Drury, 1997; St. John, 1994).

Recently, I have started using the term global transition to refer to the shifts in as new trajectories of economic, educational, and social policies accompany the involvement of nations in the global economy (St. John, in press). These new policies have promoted two contradictory mechanisms: markets as a stimulus for innovation rationalized on the bases of efficiency arguments; and centralized standards and accountability, decreasing the discretion of professionals. I have concluded it will not be possible to reverse the movement toward markets and accountability.

Instead, I think it is important to consider how policies relate to outcomes and use this information to inform advocacy for fairness, an approach consonant with Sen's (2009) concept of public choice. Therefore, in the spirit of informing advocacy and action promoting fairness, this section examines trends in policy decisions and related outcomes for state policies on academic preparation, college access, and college success, along with the role of state finance strategies as means of balancing the new arguments about preparation with the long standing rationale for investing in need-based grant aid, the legacy of the GI Bill in the financing of higher education.

New Policy Arguments about Access

Contemporary arguments about college access emphasize improving preparation for the workforce (e.g., Commission on the Skills of the American Workforce, 2007) and on reforming academic preparation as a means of expanding access (e.g., Conklin and Curran, 2005). These arguments were based on research contractors for the U.S. Department of Education (e.g., Adelman, 1995, 2005; Berkner & Chavez, 1997; Choy, 2002a, 2002b; Pelavin & Kane, 1988, 1990), studies that relied on occupational and social attainment theory but overlooked economic theories.

These new policy arguments raise new questions about the impact of policy implementation. It is necessary to consider the impact of policies that raise graduation requirements—the widely advocated shift in states' policies on academic preparation—along with public finance policy. Since the new rationales are couched in neoliberal logic about education reform, it is also important to consider how information has been used to craft policy arguments and how it might be used to reorient policies toward fairness. In the next section I undertake these interrelated tasks.

Academic preparation for college: Historically, local school boards set graduation policies in most states, but federal reform efforts advocated centralization of policy and uplifting of standards. Initially, the argument was made as a means of improving

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minority representation in higher education (Pelavin & Kane, 1988, 1990), and this theme was echoed in a plethora of federal studies and policy reports. Trends in state policies related to high school graduation requirements (Table 1) illustrate that most states followed the recommendations of national policy groups advocating new graduation standards for high schools.

Table 1. State policy Indicators for selected years, 1990–2005

	1990	1995	2000	2005
<i>Policy related Variables</i>				
State established content standards in math	7	46	50	50
Requires 3 or more math courses for graduation	11	12	21	28
Requires 1 or 2 math courses for graduation	33	31	24	17
Requires at least Algebra I or above	0	2	12	22
High School Curriculum is locally controlled	6	7	5	5
Offers an honors diploma	15	17	19	22
Exam required for high school diploma*	15**	12	14	19
Percentage of schools participating in AP [§]	45%	51%	58%	62%
Percentage of students taking SAT [°]	42%*	41%	44%	49%
9 th Grade cohort size (millions)	3.2	3.32	3.79	3.96
<i>Outcomes of Interest</i>				
SAT Verbal mean	500	504	505	508
SAT Math mean	501	506	514	520
SAT Combined	1001	1010	1019	1028

*Based upon numbers reported in 1991.

**This number is higher than anticipated but cannot be externally validated.

§Reflects the median percentage for AP.

°These numbers reflect the national figures reported by Educational Testing Service.

Source: Promoting Equity in Higher Education Project, National Center for Institutional Diversity (NCID), University of Michigan, Ann Arbor.

By 1995, almost all states had established new standards for graduation. By 2005, the number of states requiring at least Algebra I for graduation increased from 12 in 2000 to 22; 45 states required 1 or more math courses; and the number of states requiring 3 or more math courses for graduation increased to more than half (28). Math scores also increased, reflecting that these new policies had an impact on students taking the college admissions tests, a population that was expanding.

While increased graduation requirements can be viewed as progress, it is a complicated issue. High schools in suburbs and towns were better prepared to make the transition because these schools were mostly comprehensive, which means they had a college preparatory track along with regular and vocational diploma tracks. Rural schools typically had not developed advanced courses before the new requirements were implemented, and urban schools had differentiated academic programs, with only a relatively few having a history of offering college preparatory

diplomas. Raising standards within these schools proved more difficult than originally hypothesized by advocates of this reform. In addition, most states failed to make provisions to support professional development of teachers when they raised standards (St. John, Ward, & Laine, 1999).

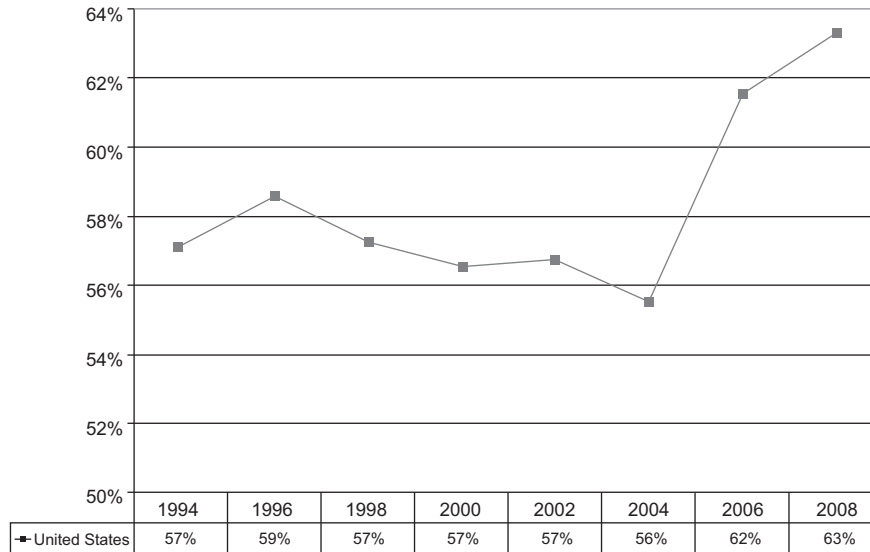
It is evident that achievement as measured by admissions tests was improving in the 1990s and 2000s as was the college enrollment rate, but not all groups were benefiting equally. The slowness of urban and rural high schools to adapt to new requirements and increasing dropout rates were part of the underlying problem of unequal access that developed during this period, but so was financial aid (St. John, 2006). Both quantitative and qualitative research indicates the perceptions of college costs held in 10th grade have an impact on whether students apply and enroll later (St. John, Hu, & Fisher, 2012). Even the linkages between academic preparation during high school and college enrollment are clouded with respect to the availability of financial aid, the historic means of equalizing opportunity to enroll in college.

It is also evident that there has been an increase in the rate high school graduates enroll in college in the U.S. since 2004 (Figure 4), an indication that the rationale for improved preparation and the policies altering high school graduation requirements had an impact. Indeed, the college going rate for high school graduates jumped from 56% in fall 2004 to 63% in fall 2008. So why did continuation rates for high school graduates jump (Figure 4) at the same time college participation rates for the population age cohort remained stable (Figure 1)? Because high school graduation rates declined, an outcome significantly related to the new graduation requirements (Daun-Barnett & St. John, 2012). This means the evidence for increased college enrollment rates is ambiguous. Another question remains: There is little doubt that with changes in graduation requirements students who met the new requirements were more likely to go college, but did they go to four-year colleges?⁶

Access to Public Four-Year Colleges: It is important to consider the relationship between the new policies and access to four-year colleges. Given the improvement in academic preparation, we would expect a narrowing of the gap in enrollment in four-year colleges if all students benefited from the increased standards.

An indicator of racial representation in public four-year colleges is a ratio of the percent of full-time-equivalent (FTE) students of each racial/ethnic group divided by total FTE students as a numerator; and percent of the racial/ethnic group in the population in the denominator. Trends in this indicator are provided in Figure 5. These indicators consider the entire population of citizens and college students in the state, not just the college-age students. While these indicators vary substantially across states (e.g. St. John, Daun-Barnett, & Chapman-Moronski, 2013), national trends illustrate there was a slight reduction in the gap in participation rates for majority and underrepresented minority students in four year colleges between 1992 and 2008; the gap narrowed for both African Americans and Hispanics compared to Whites and Asian Americans

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Data from Postsecondary Education Opportunity
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Figure 4. Trends in United States college continuation rate (ratio of high school graduates to first-time freshmen).

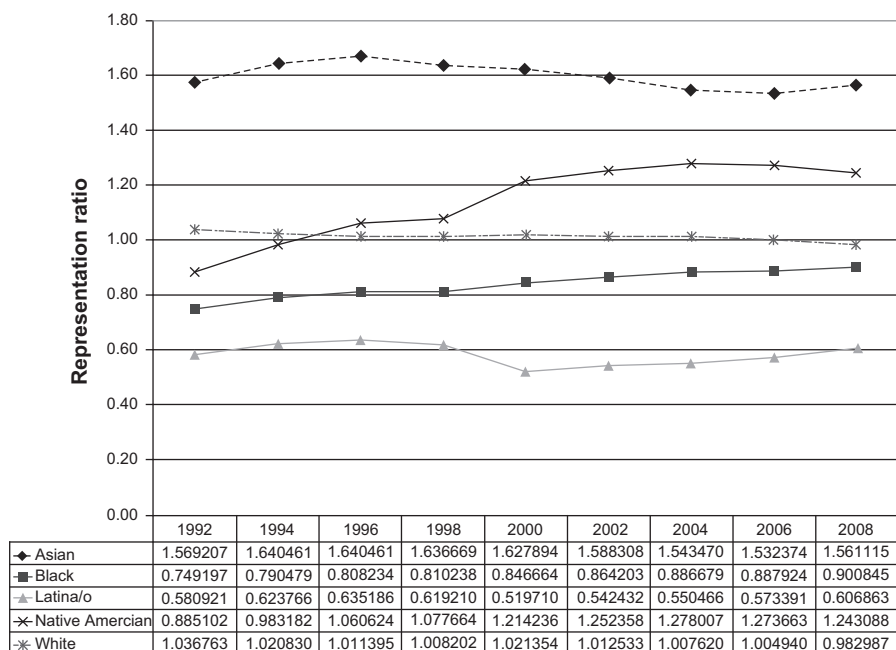
These trends reveal that the 20 years of curriculum reform efforts in high schools has had a modest but important corresponding relationship with improvement in preparation for and access to public four-year colleges and universities. Based on earlier analyses of trends, along with ongoing concern about the misuse of research findings in the building of policy rationales, I have often been critical of federal policy on access (e.g. St. John, 1994, 2003, 2006). I think it is important to emphasize that these outcomes—improvement in indicators of preparation and representation of underrepresented minorities in public four-colleges and universities in the United States—illustrate there have been positive effects of the new policies requiring higher standards for high school graduation.

More underrepresented students appear to be graduating from high school prepared for college. Further, there has been slight improvement in the presence of underrepresented minority students relative to their share of the population of their states. These developments represent real gains in opportunity, something I did not expect given trends in federal student aid.

Degree Completion in Public Four-Year Colleges

The ultimate test of financial access is whether students who have a choice to attend college have the financial means to persist; for example, the research on the GI

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Data from NCES Integrated Postsecondary Education Data System and U.S. Census Bureau
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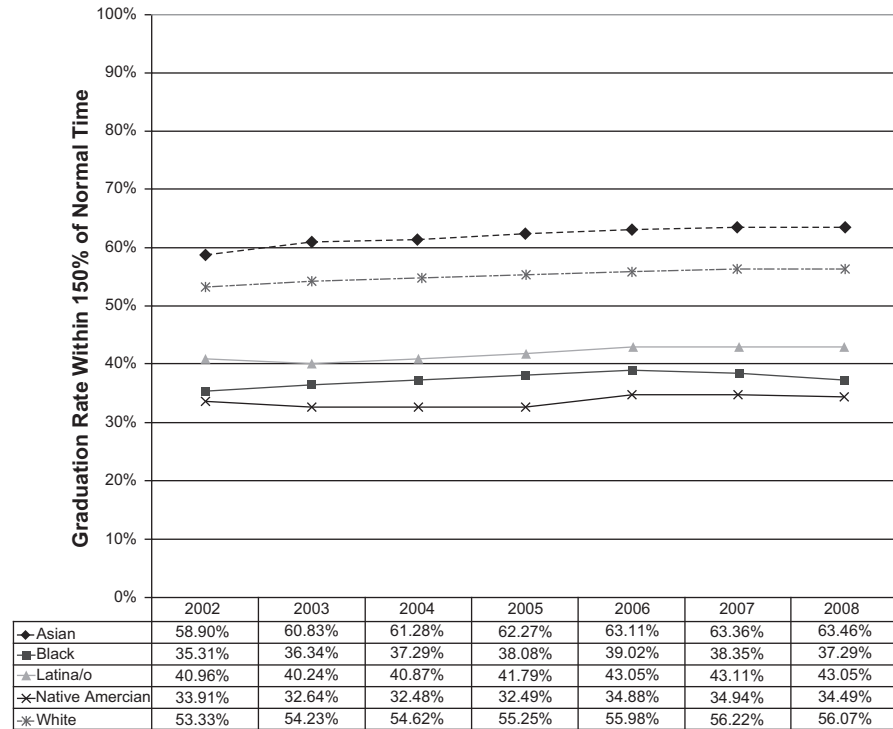
Figure 5. Racial/ethnic representation in all public four-year postsecondary institutions as a proportion of the United States population.

Bill considered the impact on degree attainment that could be attributed to the aid provided. The HEA reauthorization of student financial aid programs in 1972 (including the creation of Pell grants) explicitly recognized persistence was a crucial outcome; access and choice of institutions were not sufficient indicators of efficacy for programs aimed at promoting equal opportunity in higher education (Gladieux & Wolanin, 1976). In the 1970s and 1980s, financial aid had a consistent positive association with year-to-year persistence through degree (St. John, 1989; St. John, Kirshstein, & Noell, 1991), but this association was not as consistently positive in persistence research on students enrolling after 1980, indicating a possible inadequacy of student aid (St. John, 2003). However, analyses of the 1992 cohort found low-income students were more likely to still be enrolled after 6 years than to have dropped out (St. John, 2006).

The trends in 6-year degree completion rates in public four-year colleges indicate that in recent years there has been an erosion of persistence rates for underrepresented minorities compared to Whites (Figure 6). Specifically, between 2006 and 2008 there was a slight decline in the 6-year degree completion rate for African Americans

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(from 39% for students reaching the 6 year timeline in 2006 compared to 37% for those reaching this same timeline in 2008). In contrast, 6-year completion rate for Whites remained stable and was much higher (56%). The completion rates for Latinos also remained stable, but were lower than for Whites; Latinos also enrolled at substantially lower rates than other groups.



Data from NCES Integrated Postsecondary Education Data System
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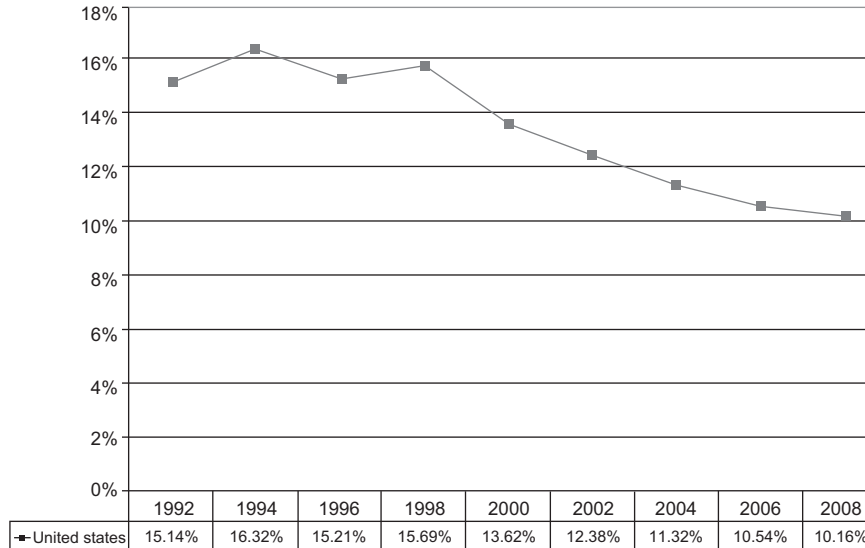
Figure 6. Trends in graduation rates in all public four-year postsecondary institutions.

It should also be noted that all racial/ethnic groups—African Americans, Whites, Asian Americans, Latinos, and Native Americans—had slightly improved 6-year degree completion rates between 2002 and 2005. The maximum Pell grant award, which had been declining relative to the average cost of attending public four colleges (Figure 3) leading to a widening of unmet need after federal grants, rose during this entire decade, so a decline in Pell does not explain the widening of the gap after 2006. Nor can this decline be blamed on academic preparation because, as noted above, not only had requirements been raised, but so had the tests scores of students. These trends reveal a serious problem.

State Financing of Higher Education

In the United States, the financing of higher education has historically been a state responsibility. Through the 1970s, states expanded college enrollment capacity as a response to the increase in the college age population without college prices rising (St. John, 1993, 2003). In the past decade, there has been a fundamental shift in state financial strategies (as illustrated in Figure 7):

- Between 1992 and 1998, states maintained a relatively stable ratio of funding for grants relative to tuition, indicating that, on average, they increased funding for grants when tuition rose.
- In contrast, after 1998 most states did not increase grants as tuition rose.
- In Figure 6, students who graduated in 2006 had entered college in 2000. This decline in 6-year persistence rates in public four-year colleges between 2006 and 2008 corresponds with the decline in state funding for need-based grants compared to tuition. While on average states had coordinated funding for need-based grants with tuition increases in the late 1990s, they no longer did so in the 2000s, the period of decline in degree completion rates for African Americans. It appears the problem is a failure of states to maintain fairness in public financing strategies.



Data from NCES Integrated Postsecondary Education Data System and National Association of State Student Grant & Aid Programs
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Figure 7. Trends in the average per FTE funding of need-based grants as a percent of the average public college tuition charge for full-time students.

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Making Sense of Rationales, Outcomes, and Public Finance

From this review it is abundantly evident that: a) the efforts to improve preparation have had a slight positive influence on expanding opportunities for enrollment in public four-year colleges by underrepresented students; b) but the erosion in state funding for need-based grants in relation to increases in tuition for these college has corresponded with a widening gap in opportunity for degree completion.

It is vitally important that researchers and policymakers consider both the policies that link to financial opportunity *and* the policies on academic preparation that link to academic success. Given the changes in policy arguments over time, it is important states don't overlook the importance of funding students who would not be able to pay for college without financial support. For many low- and middle-income students, changes in preparation may lead to improved enrollment in four-year colleges, but if these students cannot pay the costs of college, the promise of access will be false.

Since WWII it has been recognized in the federal policy on education that access to four-year degrees corresponds with entry into the middle class, providing a mechanism for economic development as illustrated by the remarkable record of success mustered by the GI Bill. The GIs invading Europe during the period of legislative action of the GI Bill did not suddenly attain better college preparation as a result of the invasion. Nor were the high schools they attended required to offer advanced math and science courses to all of their students. The GIs returned to the states and many enrolled in college and completed four-year degrees because of the grant aid and other support provided through the GI Bill of Rights.

The legacy of the GI Bill, carried forward in federal Pell grants, is that portable grants became a policy mechanism for expanding opportunity and promoting diversity in higher education. Pell grants shifted the focus of federal aid from specialized groups, a feature of the GI Bill, to grants based on financial need, an equity-based strategy that improved fairness. The evidence illustrates that the implementation of Pell grants—a process of redistributing grants from specialized populations to student with financial need—resulted in a brief period of near equity in opportunity to enroll in higher education. But the gradual decline in funding for Pell grants after 1972, coupled with the failure of states to invest in need-based financial aid as prices rose in the 2000s, has eroded the potential gains of national and state efforts to reform high schools.

CONCLUSIONS AND IMPLICATIONS

The GI Bill of Rights, a set of initiatives that provided student aid for veterans returning after World War II coupled with liberal student aid policy for the next generation of students who enrolled in the 1960s and 1970s, created a stimulus for economic growth and social change. Just as the GI had an influence on desegregation of higher education systems, the federal investment in need-based student financial

aid in the 1960s and 1970s provided a mechanism for reducing inequality in educational opportunity.

The global transition has ushered in neoliberal arguments about education, including new reasoning for expanding college access: Neoliberal arguments for improved preparation as an educational right, and neoconservative financial strategies emphasizing markets and using loans in lieu of public subsidies to colleges and students. In the United States, the push for high school reform as a strategy for promoting college access has overshadowed historic arguments about financial access and, as an artifact of this neglect, contributed to the decline in fairness of higher education opportunity in the US since 1980.

Decades earlier, the GI Bill had demonstrated that public investment in student financial aid could promote economic uplift while expanding educational opportunity. But the shift in focus in the access debates in recent decades, from providing financial fairness to transforming high schools, came at a cost with respect to fairness: inequalities in college opportunities resulted from the decline in Pell grants, while the erosion in state grant funding corresponds with the decline in college completion rates for underrepresented students. Since academic preparation for college as measured by test scores has improved in the United States, the argument that weaknesses in high school preparation have led to failure in college completion is challenged.

Indeed, it is crucial to step back from ideological debates to ponder the ways policy can be crafted to improve fairness during this global transition that emphasizes markets and accountability in education. It is essential to figure out how to use the mechanisms of the market, accountability, and educational improvement to improve fairness. Perhaps the most serious problem is that theories from the 20th century—a sustained period of economic progress—have been used to rationalize educational policy in recent decades, resulting in new patterns that undermine fairness.

NOTES

- ¹ This chapter uses indicators at the National Center for Institutional Development (NCID) at the University of Michigan (<http://www.ncid.umich.edu/promotingequity/data/states/kn.html>), maintained with support from the Ford Foundation. This financial support is gratefully acknowledged. This chapter presents the interpretations of the author and does not represent policies or positions of NCID or the Ford Foundation.
- ² In the United States there has historically been a high correlation between race and income, especially for African Americans and Hispanics compared to Whites (St. John, 2003, 2006).
- ³ There has always been racial bias in the opportunity to attend universities in the United States, although even this disparity was substantially reduced during the 1970s as discussed in this chapter.
- ⁴ The quote from: <http://www.ourdocuments.gov/doc.php?flash=true&doc=84>, downloaded September 26, 2012.
- ⁵ For the document see: <http://www.ourdocuments.gov/doc.php?flash=true&doc=84>, downloaded September 25, 2012.
- ⁶ A thorough analysis of the legacy of the GI Bill should include analyses of access to and persistence in community colleges and proprietary schools, given that federal aid is portable. I don't undertake that task here because of constraints on the length of the chapter.

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AFFILIATION

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PART II

**EXCELLENCE, EQUITY, EFFECTIVENESS—
A COMPARATIVE LOOK AT THE POLICIES
OF ACCESS**

MARJA JALAVA

THE FINNISH MODEL OF HIGHER EDUCATION ACCESS

Does Egalitarianism Square With Excellence?

INTRODUCTION

Recently, interest has grown in the Finnish education system, encouraged by the success of Finnish students in PISA surveys. While the results of surveys undertaken by the Programme for International Student Assessment of the OECD (PISA) suggest there is no single key factor behind Finland's high performance, a whole network of interrelated factors from free school lunches to the social and cultural context of learning and of the entire education system have been brought up to explain the "miracle" (Väljärvi et al., 2003, pp. 3, 52–53).

Faced with the increasing international competition for students, personnel, resources, and visibility, the Finnish educational politicians and planners seem to be looking forward to a similar kind of "miracle" in the field of higher education. As a quick glance over the latest strategic plans of the Finnish universities conveys, they all strive for excellence in research and teaching (see e.g. University of Tampere, 2010, pp. 6–8; Aalto University, 2012, pp. 12–15; University of Helsinki, 2012, Ch. IV). At the same time, and similar to the comprehensive school system, they are strongly committed to the imperative of egalitarianism. To cite the 2012 Strategic Plan for the University of Helsinki, while the University strives to rank among the 50 leading universities in the world by 2020, it also "must be a forerunner in the promotion of equality" (University of Helsinki, 2012, Ch. II).

Despite the wide-ranging consensus on the dual objective of excellence and egalitarianism, there is no agreement on the means for achieving it. Due to the fact that the education system has been a cornerstone of the Nordic welfare state regime, the conflicting interpretations of the past, present, and future of the Finnish university system have been linked with the wider debate on the welfare state. According to critics, the bureaucratic state apparatus has constrained individual freedom, creativity, and the entrepreneurial spirit, which has resulted in the mediocre "mass university." The adoption of managerial and entrepreneurial steering mechanisms is touted as a great leap forwards by its advocates. On the other hand, the supporters of the welfare system emphasize the crucial role of the interventionist state and the generous benefit systems in the decommodification of social relations, considering education at all levels a human right and a public good indispensable for both a

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democratic citizenship and the professional and public service ethos (e.g. Ahonen, 2002, pp. 176–179; Patomäki, 2005; on international level, see also Taylor et al., 2006, p. 91).

In this article, I will trace the educational expansion in Finland after WWII, with special emphasis on access policy and the quest for social and regional equality. Secondly, I discuss the effects of “the Crisis Decades after the 1973 Oil Crisis” (the concept of Hobsbawm, 1996, p. 408), for instance, the gradual shift in focus from societal priorities to economic considerations manifested by the new national technology and innovation policy. Finally, I will give a quick overview of both the present situation and future visions, arguing that the Finnish higher education system is, at present, at a crossroads together with the entire Nordic welfare regime.

THE POSTWAR “CULTURAL POLICY REVIVAL”

After the Second World War, practically nothing suggested that Finland would become the educational model of the present-day PISA surveys. As late as in the 1950s, the country was predominantly agrarian with more than half of the population working in the primary sector. Although an elementary-school system provided by municipalities had been established in 1866, a “learning obligation,” compulsory education required of all persons, was legislated only in 1921. Even then, rural municipalities were granted a transition period.

Thus, in the 1950s, Finland was still characterized by a low level of general education and *stark educational* disparities. Some eighty per cent of the population over fifteen years of age had completed nothing more than elementary school. Early on, after four years at school, the pupils were divided into two segregated career tracks: the majority went to two-year secondary general school and then to vocational school or directly to work, whereas some twenty per cent of the age group continued to upper-secondary school which prepared students for higher education. However, even as late as in the early 1960s, only around seven per cent finally entered the university (Ahonen, 2003, pp. 107–113; Antikainen, Rinne & Koski, 2006, pp. 90–94, 109; Jäntti, Saari & Vartiainen, 2006, pp. 7–11, 31).

The most obvious pressure on the segregated education system was brought about by the postwar baby boom. Although the educational elite and the conservative politicians wanted to protect the upper-secondary schools from the “student flood” through tuition fees and admission tests, the number of both private and public upper-secondary schools expanded spontaneously from the late 1950s onwards due to the enormous demand. The universities continued to admit only a few students while the majority went to vocational schools, thus making the elementary school an educational and occupational dead end for most (Antikainen, Rinne & Koski, 2006, pp. 96–97).

The labor market position of less-educated people was further aggravated by the rationalization of agriculture and forestry. Since the Finnish economy was busy integrating into the Western economic communities such as the OECD, EFTA, and the EEC, to be able to successfully compete in the open market economy,

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the government advocated a state-sponsored program of massive investment in industrialization. Forestry, the country's main export industry, moved from raw wood and timber to high-quality paper, and the importance of machines, textiles, chemicals, and other non-forest products increased, resulting in a notable overall improvement in the average value added of exports. At the same time, however, Finland was no longer a low-wage country. While the general level of labor costs was rising, the competitive edge of the country's products depended to a greater extent on other factors of production. A prime candidate for this "other factor of production" soon turned out to be higher education (Kaukiainen, 2006, pp. 150–151; Jalava, 2012, pp. 45–46).

In the new situation, described as "the cultural policy revival" (Numminen, 1964, p. 12), there was thus both the supply and demand for higher education. Since the world was characterized, at least in the eyes of most Finnish policymakers, by the forcefully tightening competition for price and quality, they argued that Finland could survive only by mobilizing its "ability reserves," the children from rural areas and low-income families who, despite their talents, did not continue their schooling beyond the compulsory age (see e.g. Niitamo & Multimäki, 1964, pp. 67–68, 77). In general, due to the Cold War both the Western and the Eastern bloc had a common impetus to increase the numbers and quality of educated manpower, closely related to the heightened importance of applied sciences and technology. At the same time, the theories of "human capital," promoted, among others, by the OECD, the World Bank, and the International Monetary Fund (IMF), offered a scientifically sanctified account of higher education's emergence from a consumption luxury to a productive investment (Jalava, 2012, pp. 44–50).

However, in the postwar development of the welfare state, similar to the case with "proper" social policy reforms such as universal child benefits, national pension, and unemployment insurance, the Nordic countries started to use educational policy as a strategic means of social equalization (Husén, 1998, p. 101; Tjeldvoll, 1998, p. xii). Referring to economists such as Gunnar Myrdal from Sweden, these policies assumed a "virtuous circle" between democracy, social justice, and economic growth (Kuusi, 1964, pp. 34, 73–78; Kettunen, 2001, p. 239; Jalava, 2012, pp. 50–51). For the preachers of the "educational Gospel," educational policy thus became one of the most influential spearheads in the removal of all types of social inequalities as well as economic backwardness. Although the expenditure on education was largely funded by progressive taxation, it was generally considered fair to users and non-users alike, since education was seen as a public good benefiting society as a whole (Niitamo & Multimäki, 1964, pp. 63–68; Telhaug, Mediås & Aasen, 2006, pp. 249, 253; Rinne, 2010, p. 99).

THE RISE OF STATE INTERVENTIONISM

As a manifestation of the new pro-interventionist attitude, from the mid-1950s onwards the state started to tighten its grip on education in Finland. Although

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the flagship of the Nordic ideal of educational equality was the publicly funded, compulsory nine-year comprehensive school with one nation-wide curriculum for all children, established in Finland in 1968, the universities also entered into the discussion at an early stage. The emphasis was first placed on the regional economic development of remote rural areas which, due to their destitution, were also considered potential hotbeds of pro-Soviet “backwoods communism.” (Jalava, 2012, pp. 56–60).

At this point, the traditional academic elite still mostly protected the interests of the old Southern universities, opposing the regional expansion of higher education. However, they were soon challenged by politicians, regional interest groups, and a new group of “reform technocrats,” united by a common pro-interventionist “social engineering mentality.” Thanks to their energetic lobbying, the new state university of Oulu was founded in Northern Finland in 1958, being the first “backcountry university” of the Nordic countries. By the mid-1960s, a decision had already been made about the foundation of several other regional state universities, and some former colleges were allowed to raise their status to research universities (Salo, 2003, pp. 68–77; Hakkarainen, 2008, pp. 45–53; Jalava, 2012, pp. 56–60).

Since the Finnish economic sector was heavily investing in industrialization, there was no private capital to support the simultaneous educational expansion. The private universities were faced with serious financial problems, and state subsidies soon covered between 75 and 90 per cent of their expenses. To avoid bankruptcy, they were nationalized in the 1970s and their tuition fees abolished. While it was obvious that the state was going to pay the piper, it also wanted to call the tune. In 1966, the Ministry of Education was restructured and the number of its civil servants doubled, and in 1971, all universities came under its control. The regional decentralization of higher education was thus paralleled by the administrative centralization, aiming to realize state-led national education policy to reform the whole education system at once (Autio, 1993, pp. 223–226; Jalava, 2012, pp. 68–70).

The landmark of the new era was the 1966 Higher Education Development Act. By approving the Act, the parliament agreed that higher education should be available for all those who were qualified by ability and attainment to pursue studies. Therefore, the state guaranteed a firm quantitative framework for the financial development of higher education over the fifteen-year period from 1967 to 1981. However, it also demanded a set of profound qualitative reforms. This resulted in the wave of reforms in which the Ministry of Education aspired to a leading role (Jalava, 2012, pp. 63–67).

STRIVING FOR EQUALITY

The most far-reaching consequence of the period from the mid-1950s to the 1980s was arguably the development of regional state universities. Although a similar regional decentralization took place in many other European countries, in the Finnish case the strong position of the Agrarian League (from 1965, the Centre Party) and

its alliance with diverse regional interest groups created an ideology that sought to combine teaching and research in the same institutions. Also the Left opposed the creation of mere bachelor-level institutions, assuming they would become an undervalued pathway of rural and working-class students to low-wage White-collar jobs. Thus, while the new regional colleges in Sweden and Norway mostly lacked postgraduate education and research, in Finland it was decided – partly on the basis of the Nordic experiences – that all institutions of higher education should become full-scale research universities. The growth of the regional universities was fast: in 1966, some 47 per cent of all Finnish university students were located at the University of Helsinki, whereas in 1981 the proportion was 28 per cent (Silius, 1987, p. 418; Jalava, 2012, pp. 68–67, 107, 119).

In favor of the decision that was made, it has been argued that it enabled a more balanced regional development, allowing the new university towns to develop into regional centers that have attracted industry, commerce, and other cultural institutions to their areas (e.g. Nevala, 2002, pp. 441–456). Quite the contrary, the critics have claimed that an excessive decentralization without a clear distribution of work led to “equality in mediocrity.” The resources were spread thin and wide, resulting in all too many small, overlapping units (e.g. Kivinen, Rinne & Ketonen, 1993, pp. 254–257). Be that as it may, the establishment of a relatively large number of multidisciplinary research universities,¹ all fully dependent on public funding, boosted competition. In the beginning of the new millennium, the imperatives of cost effectiveness and specialization have already forced some of these universities to merge and close down branch campuses. After the 2010 Universities Act, the total number of Finnish universities decreased from 20 to 17 (see e.g. Nori, 2011, p. 27).

As a part of welfare arrangements intended to manage social risks, equality in higher education was also promoted by introducing student benefits. These included the low-interest student loans secured by the state in 1969 and the 1972 Student Benefits Act which introduced a study grant, a direct monetary support to university students, paid by the governmental agency Social Insurance Institution (*Kansaneläkelaitos*). This grant was expanded in 1977 by a housing allowance. While student benefits were made independent from parents’ income, they have received broad support within middle-class families. Together with the equalization of regional educational differences and the abandonment of tuition fees, the introduction of student benefits led to highly increased participation in higher education. By the end of the 1970s, some 80,000 students – around 20 per cent of the age cohort – participated in higher education. The proportion of students from working-class backgrounds had increased from 12 per cent in the 1940s to 20 per cent in the 1970s, after which the development stagnated. However, since the number of upper-secondary school graduates increased even more rapidly, from the 1970s onwards there has been a constant glut of applicants for universities, and the competition for student places has been intense (Nevala, 1999, p. 265; Nori, 2011, p. 21). In 2009, about 34 per cent of those applicants who participated in the university entrance examination were accepted, whereas the proportion of fresh upper-secondary school graduates was

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only some 20 per cent of the accepted ones (KOTA Online Service, 2012; see also Ahola & Välimaa, 2010).

In addition, the postwar welfare arrangements contributed to the equalization of gender distribution of university students; women became the majority by the late 1950s. However, the criticism of gender inequality at the university grew louder in the 1990s as a part of the general disillusionment with the ability of the welfare state to create an equal society. At that time, the statistics showed that the proportion of women in the professoriate had ceased to grow or had even started to decrease, despite the increasing number of female students and academics (Husu, 2005, pp. 58, 70–76). Currently the situation is not much better: women continue to constitute a much lower percentage of all university professors (24.5%) than their share of doctorates awarded (52.4%) (See KOTA Online Service). Moreover, on average, the monthly salary of a senior male academic is 370 Euros (487 USD) higher than that of his female colleagues (Kosonen, 2012, p. 30).

The 1973 Child Care Act was meant to help women reconcile a full-time work load with family life; in other words, it was meant to facilitate their participation in the active labor force (Jallinoja, 1985, pp. 255–259, 267–269). Nevertheless, as the Danish sociologist Gøsta Esping-Andersen (2006) has noted, high-quality and universal child-care programs in tandem with low child poverty have managed to remarkably reduce the influence of social heritage in all Nordic countries by offering children cognitive resources developed in early childhood that are decisive for later educational achievements. In common with PISA results, this strongly suggests that the education system is not a sphere that can be studied autonomously, but it is closely linked with society as a whole.

The “Golden Age” of the welfare state was marked by the inner democratization of Finnish universities. In all Nordic countries, similar to the traditional German model, the university system had been one with strong professorial power, with professors virtually omnipotent in their respective subjects (see e.g. Elzinga, 1993, p. 215). In the mid-1970s, the administrative reform resulted in institution-specific changes mostly based on the tripartite principle in which the professoriate, the other members of the academic staff, and the students were each given one third of the seats in the governing bodies. This “youthful turn” was a remarkable shift from an academic gerontocracy to a more equal distribution of power within the universities (for a brief English summary, see Autio, 1993, pp. 483–484).

Finally, the 1970s university degree reform was preoccupied with reconciling equality with excellence – although the latter term was seldom used in Finland at that time. Broadly speaking, the reform envisioned a polytechnic degree model to be applied to all forms of higher education, to combine scientific specialization with vocational competencies and theoretical approaches with practical problem-solving abilities and overall social targets. In the optimistic spirit of the early 1970s, the educational reformers firmly believed that it was possible to establish a steadily expanding, mass higher education system, in which all institutions and study programs were substantially of equally high academic quality. In other words, it was

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decided that a consistently good education system is better than a strongly diversified one with only a few exclusive enclaves of excellence (Jalava, 2012, pp. 104–109).

On the one hand, this “one formula fits all” approach led to some unexpected results; for instance, the latter-day Finnish PISA “miracle” has been partly explained by the fact that the degree reform upgraded the basic degree of comprehensive-school teachers from the BA to the MA degree in 1978. On the other hand, the top-down implementation of the reform was a prime example of the increasing centralization and bureaucratization of higher education, in which the Ministry of Education was the key actor, backed by earmarked budgets, detailed administrative regulations, and strong politicians as the ministers of education. As a result, possibilities for private initiative in higher education became more limited, and all universities were developed according to the same nation-wide principles. (See the extensive discussion in Jalava, 2012).

THE BREAKTHROUGH OF NEW PUBLIC MANAGEMENT

Educational optimism suffered a blow in the mid-1970s, when the consequences of the 1973 Oil Crisis, during which the price of oil increased dramatically internationally, hit Finland. As a result, budget preparation as well as economic and sociopolitical planning and decision-making started to concentrate in the Ministry of Finance. Although the budget cuts of the education sector in Finland were still modest when compared with many other OECD countries, limited resources raised serious questions about the setting of priority objectives. Internationally, the economic stagnation coincided with the rise of conservative governments, which encouraged harsh criticism against the public sector that was blamed for being bureaucratic, ineffective, and bloated – an accusation that was not entirely ungrounded. In reaction, the Finnish Ministry of Finance approached, for instance, the OECD’s Public Management Committee (PUMA), which promoted management by results and market-based models in the public sector (Heikkinen & Tiihonen, 2010, pp. 204–209; Saari, 2010, pp. 472–475).

In 1977, the Finnish government adopted the policy of resuscitation, which has been considered a major turning point in Finland’s postwar history, signifying the change from “the project of the social state to the project of the competitive state” (see e.g. Saari, 2010, pp. 472, 482). The importance of higher education as a means of social policy declined, and economic considerations were given top priority. The efforts to revitalize the Finnish economy included the emphasis on research and design (R&D) product development and the systematic elaboration of national science and technology policy. A crucial task was the transformation of Finnish industry, over-dominated by forest exports, by adopting advanced information technology. Supported by the Finland-based multinational corporations such as Nokia, this new governmental policy led, among other things, to the establishment of the Finnish Funding Agency for Technology and Innovation (Tekes) in 1982 (Autio, 1997, p. 294; Lemola, 2002, pp. 476–481).

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As a result of the strengthened economic imperative, the 1980s were a decade of unprecedented growth in Finland, which made it possible to pursue a variety of educational objectives simultaneously. The true breakthrough of the new higher education policy, based on the principles of New Public Management,² took place in the early 1990s. Once again, an international economic crisis paved the way for the new paradigm, coinciding in Finland with a poorly managed dismantling of restrictions on the financial markets and the collapse of the Soviet Union, which suddenly ended the profitable bilateral trade. Between 1992 and 1994, the state expenditure on universities fell annually by 6.7 per cent, resuming the level of the 1991 budget by 1998. Simultaneously, the structure of financing changed, establishing the trend that was already visible in the 1980s: the proportion of public funding decreased by nineteen per cent, whereas external funding grew fivefold (Välimaa, 2001, pp. 35–37; Eskola, 2002, pp. 362–363).

In the mid-1990s, the Ministry of Education adopted the steering system called “management by results,” which utilizes lump sum budgeting based on operational expenditure and performance agreements between the Ministry and the universities. To some extent, this reform enhanced the economic autonomy of the universities, as they were now able to allocate their budget funding freely, without earmarking by the Ministry. However, this did not reduce centralized administration or bureaucratization. Contrary to the initial promises of the NPM doctrines, the grip of the Ministry on the universities actually tightened, since it was the Ministry that largely defined the result indicators and output objectives according to which the universities were monitored and rewarded. In other words, the Ministry now obtruded further into the inner practices and values of the academic community. New power relations were normalized in the 1997 Universities Act, which also fortified the position of rectors, deans, and heads of departments. Moreover, the Act allowed the universities to recruit members of their inner decision-making organs from outside the academic community so as to bring the universities closer to the rest of society – “society” meaning here, above all, industry and commerce (see e.g. Välimaa, 2001, pp. 37–41).

FROM EQUALITY TO EXCELLENCE AND DIVERSIFICATION

Since the mid-1990s, Finnish society has witnessed an increase in income inequality, which has been more rapid than the average of the OECD member countries (OECD, 2008). While the changes in the higher education system are arguably related to more general social and political trends, it is no surprise that the signs of growing stratification are visible also at the Finnish universities.

First, the ideal of solidarity in wage policy, central to the welfare state regime, has deteriorated. From the 1980s onwards, the emphasis on “equality” has been gradually replaced by “equity,” which emphasizes the right of each individual – especially the exceptionally gifted – to fulfill his/her capacity regardless of the “mediocre mass.” This resulted already in the 1980s in the claim for a productive bonus to distinguished

academics, realized in 1998 when a new wage bracket for “super professors” was established, together with an option to pay diverse supplementary rewards. The development was completed in 2006 with the introduction of a new performance-based salary system, applicable to all salaries at the Finnish universities (Kallioinen, 1999, pp. 119–128; Jalava, 2012, pp. 161, 165; for the concept of “equity,” see e.g. Brown, Halsey, Lauder & Wells, 1997, pp. 22–23).

Second, another milestone in the inner differentiation of the academic sector has been the establishment of the Centres of Excellence (CoEs), which the Ministry of Education adopted in 1993 as one criterion for distributing its performance-based funding. The nominations are designed to support “top researchers” with generous funding, with the goal of either providing Finland with the potential to become a world leader in a particular field or a given unit of excellence to become the national leader in its field (see e.g. Academy of Finland, 1997). In 1995, the first twelve units were nominated as the CoEs; at the moment, there are fifteen units nominated for the period 2012–17 (see <<http://www.aka.fi/en-GB/A/Centres-of-Excellence-/Ongoing/>>, accessed on January 25, 2012).

On the one hand, since the CoEs cover all branches of science, including the humanities and the social sciences, and the regional universities have succeeded quite well in nominations, the policy of CoEs has underpinned the creation and consolidation of creative research environments that have established themselves as internationally acknowledged centers without gathering the most talented researchers in a few central institutions. On the other hand, critics have reproached the CoE’s policy for the “Matthew effect”³: the units that have managed to gain economic and social capital through the CoE’s nomination can leverage these resources to gain more credit and capital (e.g., by receiving more public and private research funding and by gaining the privileged position of a strategic target area in their host universities) which makes it easier for them to renew their CoE nomination. This may hinder the recognition and adequate funding of new innovative initiatives, which have to compete for the same resources in such an asymmetrical situation (For a recent Finnish debate in the subject, see e.g. Nyman, 2011; Mustonen, 2011).

The Finnish higher education sector was further diversified when twenty-two vocational higher-education institutes (*ammattikorkeakoulu*) were set up in 1991. The Ministry of Education entitled them “polytechnics,” but they have preferred to call themselves “universities of applied sciences,” regardless of the fact that a holder of a polytechnic master’s degree is not eligible for doctoral studies in a university. There was growing pressure to expand the provision of tertiary education, since the percentage of upper-secondary school graduates in the age cohort was already more than fifty per cent – a number beyond the capacity of the research universities. In the midst of the 1990s economic recession, it was also assumed that the polytechnics would contribute, above all, to the support and development of local industry and commerce. Consequently, the total number of students in the tertiary sector has rocketed from some 80,000 in 1980 to more than 300,000 students in the beginning

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of the new millennium, some 170,000 of them at research universities (Ahola, 1997; Välimaa, 2001, p. 34; Lampinen, 2003, pp. 66–67).

At least so far, it seems that the universities and polytechnics have been quite “unequal” regarding educational selection, as the children of university-educated parents systematically apply to the university sector. In addition, they favor old Southern universities and fields of study such as medicine, law, technical sciences, and economics, which lead to socially prestigious, well-paid positions in society. As a result, the Finnish universities and academic disciplines differ from one another in socio-economic background: the elitist institutions and students are located in the Helsinki metropolitan area, whereas the students of the pedagogic and humanistic fields at the regional universities in Lapland and Eastern Finland have a background that is rather evenly distributed among diverse socio-economic groups. In all, the offspring of the most educated and high social-status parents have clearly benefitted most from the postwar educational expansion, since their probability of entering a university is eight times that of their less fortunate peers; less than 10 per cent of the offspring of parents who have only basic education (comprehensive school) will become university graduates. In other words, the seemingly egalitarian Finnish education system has laid the foundations for a new type of social stratification. According to some educational researchers, today we can even talk about a growing “White-collar proletariat” showing a rather high degree of persistence of family background, if not a downright decline in social mobility (Ahola, 1997; Nevala, 1999, pp. 268–270; Nevala, 2002, pp. 444–445; Rinne, 2002, pp. 83–84; Lampinen, 2003, pp. 66–67; Asplund & Leijola, 2005; Nori, 2011).

ENVISIONING THE FUTURE

The most recent milestone in the development of the Finnish higher education system has been the new Universities Act, which was implemented in January 2010. Another significant reform was the Bologna process, based on the Bologna Declaration, which strives to create a common European Higher Education Area. Although Finland signed the declaration in 1999, the process was only put into practice six years later. The long-term consequences of these profound reforms are still very much unknown, and their discussion is based more on scenarios and diagnoses than on consistent empirical findings.

However, arguably the most remarkable single transformation is the alteration of the legal status of the Finnish universities in 2010 (for a brief introduction of the reform in English, see e.g. Virtanen, 2009). They are now either independent legal entities or based on a private foundation. While the state still continues to finance their basic functions, the universities are strongly encouraged to increase their external complementary funding by donations and business operations. Moreover, as the universities have become fully responsible for their own liquidity – in principle, a university can go bankrupt – the significance of strategic economic management has increased. As a result, at least forty per cent of the University Board

members today come from outside the university, including the chair. The role of the rector as “the managing director” of the university business is emphasized, as the rector is responsible to the Board for the execution of its decisions, and also appoints all personnel. The status of university personnel has simultaneously changed from civil servants of the state to contracted employees of the university. As a result, the universities are able to exercise more independent human-resources policy, which has already led to the increased polarization of wages between the academic leaders and the other members of the academic staff. For instance, in the beginning of 2010, the rector’s salary at the University of Helsinki rose by 61 per cent at one stroke, and the average rise of other top salaries was around 20–30 per cent, whereas the general collective agreement guaranteed only a modest 5.5 per cent increase in all salaries for support personnel (*Ylioppilaslehti*, 2011; TTL, 2012).

As a whole, the new Universities Act represents a highly instrumental attitude toward the universities, which are expected to do much more with fewer resources than before. For instance, although the student-teacher ratio of Finnish universities has deteriorated from 12.7 students per teacher in 1985 to 22.3 students per teacher in 2005 (Välimaa, 2001, pp. 33–35; Pekkala Kerr, 2012), the academic staff is also expected to conduct world-class research, serve the economic life and the rest of society, successfully compete with the world’s top universities for funding and talent, and develop the distinct research profiles of their universities, to say nothing of the increased demand for reporting on their activities.

While the policy-makers increasingly emphasize the imperative of cost effectiveness and results-based management, in which government funding is largely dependent on the number of completed degrees, Finnish university students have been placed under considerable pressure to graduate faster and earlier than before. In Finland, similar to some other Nordic countries, the average age of university entrants is 22 years, and it takes an average of seven years to complete a master’s degree. Since these numbers in some other European countries, such as Belgium, UK, and France, are nineteen and five years respectively, some are calling for the introduction of tuition fees, vouchers, and graduate taxes as incentives to shorten time-to-degree (Kivinen & Nurmi, 2011). Indeed, it has even been argued that the free university education is actually a profoundly unequal system, since it means a massive transfer payment to the well-educated upper strata of society. Instead of a public good, higher education is in these statements considered to be a private investment that chiefly benefits the student’s individual prosperity after graduation – for instance, the annual salary of university graduates with a master’s degree is estimated to be 17,000 Euros higher than that of vocational secondary-school graduates (Virén, 2011, pp. 332–335).

However, the economic calculations on the consequences of delayed graduation are complicated by the statistics indicating that Finnish master’s students usually find work that corresponds to their education within a year after their graduation, whereas the European average is three to ten years. The main reason for this is that many Finnish students during their studies are already involved in work relevant

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to their education, which contributes to better job opportunities and higher salaries after graduation. In other words, what is lost with delayed graduation is soon gained back with a smoother integration into working life (Kivinen & Nurmi, 2011).

Moreover, in the current unstable economic situation in which a university degree is no longer an axiomatic ticket to socio-economic advancement, working during school protects students from an excessive debt burden upon graduation. When part-time work is combined with free education, a study grant, and diverse student discounts, even students without a privileged background can take the risk of studying academic subjects that do not necessarily lead to economically profitable occupations. While international comparisons seem to indicate that tuition fees and other decreases in student benefits unavoidably diminish the participation of children from lower socio-economic groups in higher education, ultimately the question on the future of free university education is closely related to the future of the Nordic welfare regime, in which such welfare benefits as education have been comprehensive and universal (Nori, 2012, pp. 214–215). From the scholarly point of view, it has also been argued that high tuition fees and tight completion rates create a bias toward very predictable research outcomes, as graduate students avoid time-consuming basic research with a higher risk of error or delay in order to complete a PhD in three years (Reisz, 2008).

At the moment, we may conclude that the Finnish higher education system is at a crossroads together with the entire Nordic welfare regime. On the one hand, from an international perspective Finland still manages to combine a high degree of equality and fairness by offering higher education free of charge for all students from the EU/EEA countries while maintaining a high rate of access, a high attainment rate, a wide regional coverage, an extensive program of loans and grants, and a student body that reasonably represents the broader society (see e.g. Usher & Medow, 2010, pp. 54–55). Although there still exists a strong intergenerational correlation between one's parents' and one's own educational level and social status, Finland, along with other Nordic countries, has managed to reduce the degree of family background persistence, thereby creating social conditions in which the economic position of the offspring is not as highly dependent on origin as in most other countries of the world (Asplund & Leijola, 2005; Jäntti, Saari & Vartiainen, 2006, pp. 36–37). Considering that Finland is a country with a total population of some 5.4 million and still recruits most of its academic staff and students nationally, the nomination of the University of Helsinki in the Top 100 list of the world's best universities arguably demonstrates that the Finnish system succeeds in combining equality with excellence in research.⁴

On the other hand, some current trends suggest a more sinister vision of the future. For instance, if the stratification of the Finnish universities and academic disciplines continues, the social and regional polarization between wealthy Southern Finland and the rest of the country will inevitably increase. This stratification may also create a few exclusive enclaves of excellence at the cost of a more evenly balanced higher education system. The Bologna process strives to establish the bachelor's degree as the basic academic degree; in Finland the basic academic degree is the master's

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degree. Adherence to the Bologna process may result in, the division of Finnish universities into the mediocre majority, which mostly produces lower degrees for immediate labor-market needs, and the privileged minority, which is able to recruit the most talented staff and students. On a more general level, how Finland as a whole will survive in the global education market is still a question; for instance, how will Finland be able to attract more fee-paying non-EU/EEA degree students to a relatively peripheral country where it is difficult to get a job without a proper knowledge of the local languages (Finnish and Swedish)? In the worst case, Finnish universities will be torn between the Scylla of state control and the Charybdis of market forces, leading to decreased academic standards and an excessive emphasis on economically profitable applied research. If this scenario takes place in the overall context of growing social inequality, it may erode the trust and social solidarity on which the Nordic welfare regime as a whole has been based.

NOTES

- ¹ In 2001, in a country with some 5.2 million inhabitants, there were ten multi-faculty universities, three technical universities, three schools of economics, and four art academies. In addition, the universities had smaller branch campuses, which further expanded the university network; see Välimaa, 2001, pp. 30–31.
- ² Here the concept of New Public Management (NPM) refers to diverse reforms from the late 1970s onwards, in which the leading principle has been the application of market-based models to the public sector; see e.g. Pollitt et al., 1997, p. 47.
- ³ The term “Matthew effect” takes its name from a line in the Gospel of Matthew: “For to all those who have, more will be given, and they will have abundance; but from those who have nothing, even what they have will be taken away” (Matthew 25: 29).
- ⁴ In addition of being the oldest Finnish university, with a strong academic traditions and the widest selection of disciplines, the University of Helsinki is the only Finnish university that recruits a significant number of its student body from outside its own region; see e.g. Nevala, 1999, pp. 189–191.

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CHINESE HIGHER EDUCATION: EXPANSION AND SOCIAL JUSTICE SINCE 1949

INTRODUCTION

There is a long tradition of education in Chinese civilization. Although China long had its own forms of higher learning institutions, the modern university was an import of the late 19th century (Hayhoe, 1996). It was originally copied from Europe and later largely followed the mold of the American system, but in the 1950s this was succeeded by the Soviet Union Model. In the 1960s, Mao abandoned this latter model by initiating a revolution in the field of education, with the intention of establishing a proletarian-dictated system. His goal was not realized before he died in 1976, and his opponents, party reformers, abandoned his higher education policy (Tian & Zhang, 2001). It seems that Chinese higher education has experienced continual transformations shifting between these main patterns which have been prevalent in different parts of the world.

The Chinese higher education system has recently been rapidly developing. By 2006, it overtook the American system in size, with an enrollment leap to more than 20 million students, becoming the largest higher education system in the world. Comparing this figure to the enrollment of 116,000 students in 1949, it makes for one of the fastest expansions in the history of higher education. When China gained the position of largest higher education system, it was still a country with a real GDP per capita of less than 1,000 U.S. dollars. This has fascinated the world.

Revealing the mechanisms of the system is crucial to understanding the changes in Chinese higher education. For instance, how have the two pairs of dominating factors, expansion and equality, government regulations, and university autonomy, shaped Chinese higher education? Will higher education expansion finally lead to the improvement of equity? Will the introduction of market mechanisms into higher education benefit university autonomy? This chapter is a socio-historical analysis. By examining the evolution of Chinese higher education since the establishment of the People's Republic of China in 1949, we have tried to answer these questions.

A REDISTRIBUTIVE SYSTEM: MAO'S EXPERIMENT (1949–1976)

Institutionally, China is a unique country where the market mechanism as a governance structure had been completely abandoned. Instead, a redistributive economic system was set up during the Mao era. Sociologist Polanyi has defined it

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as a structure of social organizations in which goods and services are distributed by central direction from lower level production units towards a center and then back again (Polanyi, 1944). It was very different from a market mechanism, in which buyers and sellers exchange goods and services directly. It was in this institutional context that the Chinese higher education system was embedded. Its demand and provision and allocation were entirely regulated by a national plan.

The Chinese higher education system during this period has had several unique aspects:

1. Enrollment at higher education institutions channeled through the standard national college entrance examination (*Gao Kao*). The quota of programs, departments and institutions in each province was strictly prescribed by a macro annual national plan.
2. Although not articulated in any documents, the establishment of the National Textbook Compiling and Censorship Commission in fact standardized the production process in higher education institutions, promulgating national program outlines, curriculum outlines and sets of textbooks at intervals.
3. Higher education institutions were financed by either central government or provincial ministries according to their affiliation and were free for enrolled students. On the other hand the employment of graduates was subject to an annual national plan, meaning that the individual graduate had to accept any job allocated to him or her by the party-state.
4. All organizational aspects of life in higher education institutions were under direct control, including faculty and staff appointments, salary, accommodations, health care, etc. Professors had secure positions, at relatively modest pay, which was called the “iron-bowl” (Otsuka, 1998; Postiglione, 2005).

Obviously, there were huge differences between Mao’s higher education system and those of other nations especially the United States, especially in that Chinese higher education institutions lacked the institutional autonomy that American higher education institutions enjoy. Chinese higher education institutions were more like “puppets” controlled by the party state. To illustrate this, for example, a university such as Tsinghua would have been required to make a formal application to the Ministry of Education, its affiliated department, even for repairing a toilet.

Nevertheless, the Chinese higher education system enjoyed strong legitimacy in Mao’s era. Adjusted to the precise needs of industrialization and socialist nation-building, Chinese higher education institutions served the function of consolidating the nationally planned economy by providing college graduates to the functional departments of the party state, according to annual government recruitment plans. Although this was labeled by western scholars as “mechanical efficiency” (Hayhoe, 1996, p119), it was a strong element in the redistributive social system.

At the same time, this system provided an effective elite selection and cultivation mechanism. By abolishing student fees and providing People’s scholarships, student access to higher education was hardly affected by their family’s socio-economic

status. Neither was student performance in college, since curriculum and job/status allocation were delivered in a uniform way. Such a merit-based ethos earned the system wide recognition from the public.

It appears that Chinese higher education in the 1950s realized the goals both of expansion and enhancing equity. Enrollment grew steadily during the first two five-year plans, from 1950 to 1960 (Figure 1), as did the proportion of enrolled college students with a background as workers and peasants (Figure 2).

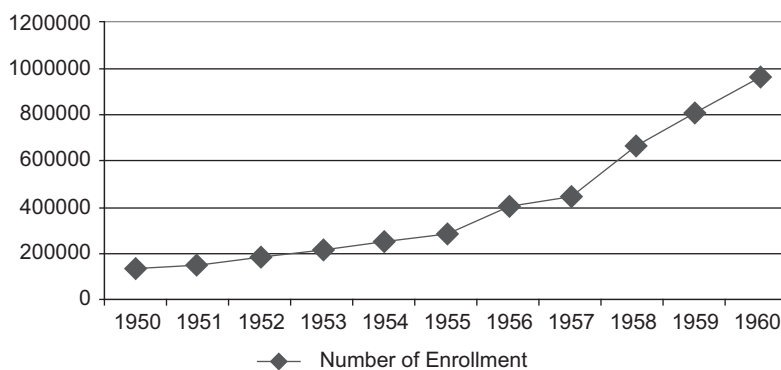


Figure 1. Chinese higher education enrollment (1950–1960).
Source: *Thirty Years of National Education Statistics: 1949–1978*, p. 44.

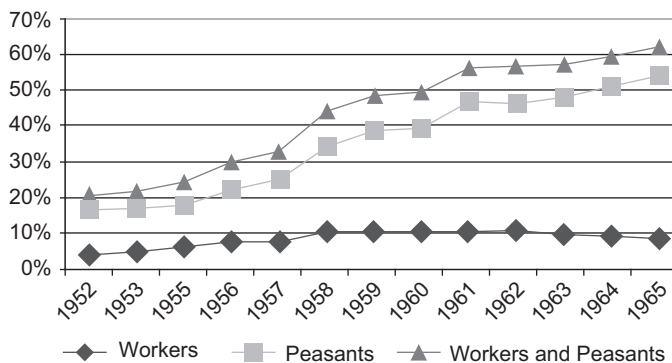


Figure 2. Proportion of enrolled college students from the background of workers and peasants (1952–1965).
Source: *Thirty Years of National Education Statistics: 1949–1978*, p. 85.

However, Mao had his doubts. As an incisive social critic, Mao detected that workers, peasants and their children were still not being proportionately represented in higher education. For instance, in the year 1952 the proportion of workers, peasants and

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their children enrolled in tertiary institutions was about 20.5% which represented a wide gap compared to their proportion in the entire population of more than 80%. With the socialist transformation taking place in China in the 1950s, China was restructured into a society mainly consisting of two social classes – people who redistribute and people who produce, namely the cadres and the mass of peasants and workers. The proportion of the two groups was quite stable during the 1950s (Li, Y., 2005).

Having hoped to produce a new type of proletariat elite coming from the proletariat class to form the foundation of the proletariat dictatorship, Mao was dissatisfied with the system. Subsequently, in 1957, he started to clean up the “old” elites in the system by initiating an anti-rightist movement, looking to provide room for the worker-peasant class and their knowledge in the higher education institutions.

This proved very effective. In 1957, the proportion of workers, peasants and their children enrolled in tertiary institutions jumped to 36.3%, and in the next year, it rose further to 48%. In 1965, the proportion showed a further sharp rise and reached 64.6%, just before the *Cultural Revolution* commenced in 1966.

THE CULTURAL REVOLUTION

The reasons Mao launched the *Cultural Revolution* are still a subject of controversy among academics. Some scholars believe it was related to the ideological and power struggle between Mao and his opponent, the in-service chairman Liu Shaoqi (Hu, 1991). On August 22, 1964, Liu released a paper expounding his theory of “Two Types of Education Institutions”. This had a big impact on the formation of Chinese education in general and higher education in particular, as it argued that in addition to the full-time school system, part-time educational institutions covering all the educational stages should be set up and provided for workers, peasants and their children (He, 1998). Given the fact that enrolled college students from worker and peasant families already made up the main body of the student population and their proportion seemed set to continue increasing, Liu’s concern could be interpreted as being focused on further expansion of the scale of the education system. However, Mao interpreted Liu’s idea as a criticism of the vision of establishing a proletarian-dictated system. So he declared, “the situation where our schools (educational institutions) are under the control of capitalist intellectuals would no longer be tolerated” (Hu, 1991, p. 413). In 1966 he started another round of cleansing in the field of education. Mao named it a “cultural revolution”. This was extreme if we recall Mao’s first round of cleansing was named “anti-rightist struggle”.

The examination of the strategies and incidents of Mao’s Cultural Revolution is not the purpose of this chapter. However, Mao’s revolution brought about significant changes to Chinese higher education. First, he abolished the national college entrance examination and established a mass-review system instead, which examined the individual’s ideology and political loyalty. Academic achievement could still be

considered, but it was not such a vital factor as previously. With the same goal of expansion, Mao advocated that factories and communes (state-owned at the time) run their own form of tertiary education institutions, which he called “people-run”. Ironically, most of these new types of institutions proved to be part-time in nature, which actually was not different from what Liu had advocated. Because of this, we may surmise that what really concerned Mao was whether such institutions were run *for* the proletariat class and *by* the proletariat class, instead of whether they were part-time or not. Mao also revolutionized knowledge classification by emphasizing practical knowledge and skills while preaching against theoretical knowledge. He said the proletariat class needed the practical knowledge to raise horses rather than pure theories about the function of a horse’s tail.

In 1997, Deng and Treiman published a paper based on their empirical study in the *American Journal of Sociology*. They found that the advantages of coming from an educated family or an intelligentsia or cadre family were drastically reduced during the Cultural Revolution (1966–76), and that Mao’s China during the period of Cultural Revolution was a highly egalitarian society with respect to social origins (Deng & Treiman, 1997). Although official data is not available, it is reasonable to estimate that during the Cultural Revolution the proportion of worker-peasant students must have been higher than 64.6%, which was the figure in 1965.

Setting Mao’s specific ideological considerations aside, what Mao actually did was to privilege the disadvantaged social groups in accessing higher education by reforming the enrollment policy and knowledge classifications of higher education institutions.

Though Mao established justice in the sense of social equality, his strategies turned out to damage the higher education system. Due to the wide cleansing of “old” intellectuals (defined as capitalist intellectuals by Mao and his followers) in higher education institutions and due to the recruitment of unqualified “new” faculty from factories and communes, the number of courses provided in colleges and universities decreased dramatically, as did the number of programs. Some institutions were even required to relocate their campus to rural areas. Without sufficient facilities and equipment, these institutions did not actually function at all. As a result, the number of enrolled students dropped dramatically during Mao’s revolution. In 1970, the number was at its lowest ever of only 47,815 in total, only 41% of the 1949 figure when the People’s Republic was founded. Although it started to increase in 1971, enrolled students only numbered 500,993 in 1976 when the revolution finally ended, only about 59% of the 1960 figure when Chinese higher education reached its peak in the Mao era.

China’s experience under Mao shows there is no given relationship between educational expansion and equity – in the pre-Cultural Revolution period, Chinese higher education expanded with a greater degree of equity; while in the Cultural Revolution period the size of Chinese higher education shrank, even though equity had been enhanced.

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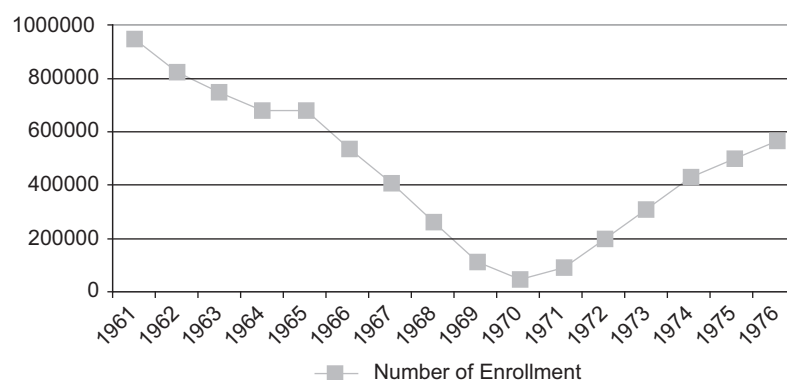


Figure 3. Chinese higher education enrollment (1961–1976).
Source: *Thirty Years of National Education Statistics: 1949–1978*, p. 44.

SOCIALIST STATE AND GLOBAL CAPITAL: DENG'S REFORMS SINCE 1978

Even when Mao was still alive, there were controversies concerning the various approaches to social policies within the Party. Deng, once Liu Shaoqi's ally, survived Mao's revolution. After the death of both Liu and Mao one after the other, Deng rose to a position of power in the regime in 1977 and became the top leader of the Republic in 1981.

Different from Mao, Deng's approach to policy was focused on efficiency rather than ideological and political considerations, and this was well reflected by his famous saying "a cat is a good cat only if it catches rats". His attachment to the efficiency of institutions was rationalized by the crisis the Republic faced in the 1970s. Flanked by its two opponents, Japan and Taiwan (ruled by the Nationalist Party),¹ both of which had achieved a great growth in their economies and had been effectively integrated into the world economy during the 1960s and 1970s, the Chinese Communist Party and its regime were under the enormous pressure of a legitimacy crisis. If socialism is superior to capitalism, as people were educated to believe during Mao's era, a China ruled by the Communist Party should provide its people with a more prosperous life.

For this very reason, Deng's pragmatism in reform was well accepted by most people in China at the time. When people now consider Deng's reforms, they tend to think immediately of the economic transformation with the market transition at its core, but fail to remember another policy that persisted throughout Deng's era – constant adherence to the Four Fundamentals: adhere to the socialist road, Marxism-Leninism, the people's democratic dictatorship, and the leadership of the Chinese Communist party. This was partly because during the first decade of Deng's era more emphasis was given to economic reform than to political ideology. But the most important reason is more likely that both Westerners and some Chinese expected privatization

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of the economy to eventually bring about the political byproduct of democratization. If this was not wrong, it was at least incomplete, because market transition was not actually the real goal of the “reform”. It was just a means to reach that goal.

Let us reflect on Deng’s “reform and open policy”. Clearly, the target of the “reform” was the redistributive social system, but what was the target of the “open policy”? Item 18 of the 1982 Constitutions of the Republic tells us it is global capital, stating that “overseas capital is allowed to invest and draw reasonable profits” in the Republic. It was thought that when the blood of global capital filled and functioned in the body of the Chinese socialist state, the political-ideological difference would not represent a barricade and would hence significantly reduce threats from powers dominated by capital. Deng looked forward to consolidating the party state regime by integrating his socialist state within the global capitalist economy. This is the real goal of Deng’s reform and open policy.

Deng and his allies started their reform with the reconstruction of the meaning of the system by providing a new set of cognitions about what higher education is and why people need it.

OBTAINING NEW LEGITIMACY THROUGH SOCIAL COGNITIVE MOVEMENTS

Educational reform in post-Mao China was initiated by an educational ideology debate, which was in fact part of Deng’s grand ideological plan, the *Thoughts Emancipation Movement*. In order to erase the influence of Maoism in which the nature of education was stated as being a part of a superstructure dictated by productive relations for serving the politics of the proletariat dictatorship, Deng and his cohorts launched the *Debate on the Nature of Education* in 1979. Severing the close ties between education and politics, the reformers applied human capital theory to reconnect education with economy. It is within this framework that the reformers anchored the conception of educational investment and rewards, and hence cost-sharing and tuition fees. Given that education is closely related to economic development and as there is solid evidence to support that individual investment in education leads to increased income earning ability in the future, why should universities shut their doors to the public if the public are willing to make the investment by paying the tuition fee?

The discourse concerning the nature of education was thus reconstructed, and so was the legitimacy of education institutions in general and higher education in particular. As a result, higher education was no longer public goods enjoyed by social elites as during the Mao period, nor offered by the party state to serve the needs of the party state. It was now defined as a type of goods generating both public and private benefits.

REFRAMING FINANCING AND THE END OF THE GOVERNMENT MONOPOLY

In line with this new idea concerning the nature of higher education, a new division of resource allocation responsibility between the government and the market came into

being. Since private return to tertiary education is usually higher than the social rate of return (Li & Zhang, 2008), it was considered reasonable for the market to play the principal role in higher education resource allocation, and the role of the government changed. Instead of being the only funding source, the major provider and sole regulator of Chinese higher education, the government became one of many. Government was no longer held exclusively accountable for higher education development, and the government monopoly in the provision of higher education was over.

Such a change was made within a process of increasing the efficiency of resource allocation, and has in fact been implemented through a series of higher education finance reforms in recent decades.

First, the government transferred part of its funding responsibility to the market. Since the 1980s, the central government had used marketization as an excuse to reduce the reliance of higher education institutions on government input. [Figure 4](#) illustrates the proportions of fiscal allocation, tuition and fees, and other revenues of tertiary institutions respectively in total institutional revenue. This actually mirrors several policy initiatives of the past 20 years:

- The revenue sources of higher education institutions became diversified, while the share of government funding decreased over time (Bao, 2011). Government fiscal allocation, the self-generated income of tertiary education institutions (mainly through charging tuition and fees), and bank loans became three major revenue sources for tertiary education institutions. In recent years, although the total amount of government input has continued to increase, its share in total revenue dropped from 92% in 1993 to 48% in 2007. The government's role as the major funder of public colleges and universities has been eroded.
- Although the government does control tuition rates in a certain sense, the proportion of tuition and fees in total revenue has increased substantially (Yang, 2010).
- The government has also encouraged tertiary education institutions to increase their revenues from business services. From the mid 1980s to 2005, most Chinese postsecondary institutions established their own enterprises and have used their revenues to make up the budget deficit resulting from inadequate government allocation (Shi, 2010).
- Central and local governments backed the universities so they could borrow from banks. Most universities have refinanced their debts by trading campus land for cash. Running with large debts was a reflection of the convergence of interests of tertiary education institutions and financial institutions under the guidance of the government. Universities' borrowing behavior has reinforced the re-stratification of the Chinese higher education system and the reproduction of the institution gap.

The second stage of the reform included two parts: one was a redistribution of management and funding responsibility between central and local government; the other was a redistribution of management and funding responsibility between

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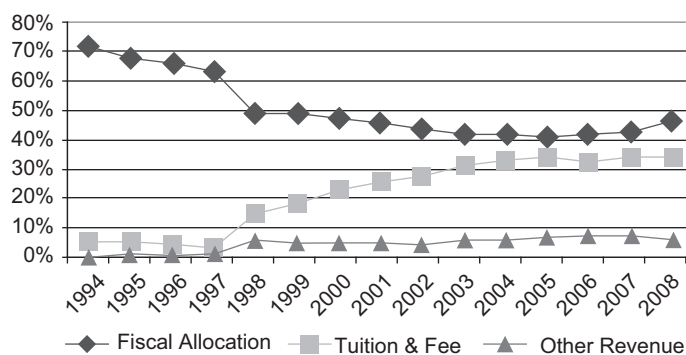


Figure 4. Major revenue sources of Chinese HEIs (1994–2008).
Source: China Statistical Yearbook for Educational Expenditure (1995–2009).

the Ministry of Education (MOE) and other Ministries. Before 1985, the central government financed all public tertiary education institutions. However, in a series of policy changes, the central government handed off most public tertiary education institutions to local governments. The total number of institutions supervised directly by MOE at present is under 80. Figure 5 illustrates the change in the number of central- and locally-controlled public tertiary education institutions from 1988 to 2009. The central government also redefined its funding responsibility. It only provides full funding for a small number of directly MOE-affiliated elite institutions. Local governments have begun to shoulder the funding responsibility for the majority of non-elite local institutions. During this time, there has been a trend to diversify funding and management mechanisms among provincial governments (Yang, 2009a).

From 1999 onwards, most Ministries in China began to hand over their affiliated higher education institutions to the MOE or to local governments. In most cases, local governments were accountable for financing these institutions. In this way, the direct link between tertiary institutions and other Ministries was severed.

Finally, there has been a significant change in the structure of government fiscal allocation. The government gradually reduced its support for universities' recurrent expenditures, but increased its support for earmarked grant programs. This change, in fact, increased the government's control over institutional behavior. In addition, the government chose to concentrate its limited resources on a handful of elite research universities. This is the best evidence of the government's imbalanced fiscal allocation mechanism.

The Institutional Context: Divide to Rule

Along with changes in government financing, government regulation also changed. Although it is stipulated in the *People's Republic of China Higher Education Law*

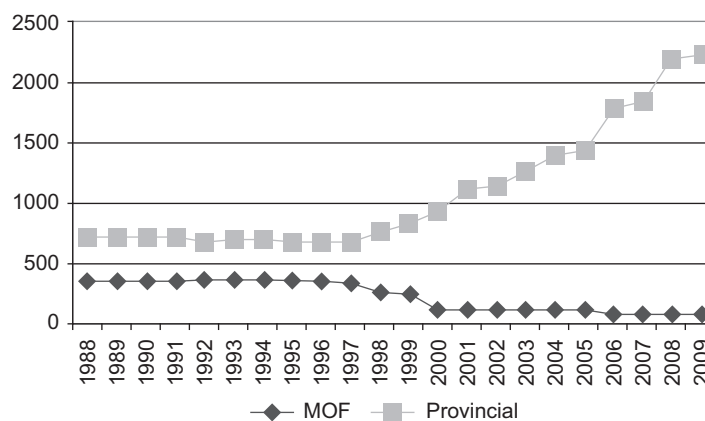


Figure 5. Number of HEIs by affiliation (MOE vs. provincial government).
Source: China Statistical Yearbook for Education (1989–2010).

of 1998 that all tertiary education institutions are legal entities, their nature is not clear, as there has been no further illustration or expounding on the term. According to the *People's Republic of China Civil Law*, there are four types of legal entities: enterprise, government, Shi Ye Dan Wei (public non-government) and She Hui Tuan Ti (private non-government). Shi Ye Dan Wei is a unique type of social organization, usually established by the government, hence functionally affiliated to a certain government department. Government covers the salaries of personnel, and for this reason these organizations play a certain regulative role for the government. The other part of their revenue, however, needs to come from the market through services provided. Obviously, this type of organization is the result of the market transition in China.

A good example to illustrate this is the National Center of Academic Degree and Postgraduate Education. In Mao's era, all institutions were required to be recognized by the Ministry of Education (MOE) before they could confer academic degrees to students. As the MOE no longer has this function, the National Center of Academic Degree and Postgraduate Education was established to perform this role. Redefining the function as a kind of service, the National Center of Academic Degree and Postgraduate Education gets fees from the applicant institutions for its services; these service fees allow the organization to operate. As Fang, a famous Chinese scholar in the field of legal studies, argues, Shi Ye Dan Wei appear to be public non-government, though in effect they are a distortion of government and market—the redistributive attribute of the government has not been reduced at all although the financial cost is shared to a large degree by the market (Fang, 2007).

It is well recognized in the field of education in China that all public educational institutions in general and higher education institutions in particular are categorized

as Shi Ye Dan Wei (public non-government). Apart from the function of teaching students, all Chinese public higher education institutions play the roles of political supervision and social control as well. For this reason, the salaries of all the faculty members and a certain number of staff were covered by the national finance budget, and the public tertiary educational institutions were actually deprived of the right to set their own tuition fees. In 2006, the Ministry of Education and the National Commission of Reform and Development, together with the Ministry of Finance, promulgated a document. It prescribed that the level of tuition fees of all ministry-affiliated public universities should observe the limits defined in the document and be open to public scrutiny. For all programs other than arts and medicine, the tuition fees were not allowed to exceed 5,000 RMB per year. For independent colleges of ministry-affiliated universities, however, tuition was allowed to be charged at 10,000 RMB per year. As the independent colleges were usually much inferior in terms of student selection, faculty qualifications and resources such as libraries and laboratories, this actually presented a Chinese higher education paradox—one pays a significantly higher price to be enrolled at an institution with an inferior reputation and quality.

Obviously, this is not market logic. If we consider the fact that all kinds of governmental financial aid privileges students enrolled at ministries-affiliated universities, in particular the top universities (985-project universities),² and also research funding, we arrive at the understanding that this is a way for the Party state to govern its elite universities. Low tuition fees are for reducing the social exclusion effect on students; all types of government funds are for reducing the willingness of institutions to absorb resources from the market. As a result, Chinese elite public universities faithfully play the role of selecting and training elites for the Party-state.

Different from the elite public universities, provincial public tertiary education institutions could set their own tuition fees. In order to empower their capability to absorb resources from the market, they were usually encouraged to build separate campuses; land for such campuses was actually granted by local governments. Provincial tertiary institutions were encouraged to borrow from banks, and banks were eager to lend them money, as the institutions were entitled to the right to “manage” their property, including the precious land granted by the local government. It creates a joint feast for the state-owned banks, local government and tertiary education institutions.

Compared to the public universities, the regulative frameworks for Chinese private tertiary education institutions are very tough. Although enjoying the freedom of tuition pricing, Chinese private higher education institutions are largely excluded from the entitlement to confer bachelor and further degrees, as such entitlement was the privilege of public universities. As a result, private tertiary education institutions in China provide mainly vocational education conferring associate-bachelor degrees or no degrees. Even worse, in 1998 the State Department of China released a document entitled *Regulations on the Registration of People-run Non-enterprise Unit*, in which “all social organizations run by non-state owned estate

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yet to provide non-profitable services” are called non-enterprise people-run units, and since then all private education institutions in China have been required to register as People-run Non-enterprise Units. This actually creates a special type of legal status for private institutions. In 2002, the *Law of the People's Republic of China on Promotion of Privately-run Educational Institutions* was promulgated. It entitled private education institutions to draw profits. However, they hardly had time to celebrate before another document entitled *Notice Promulgated by the Ministry of Finance and the State Taxation Administration on Educational Taxation* was released in 2004. It prescribed that all accounts not included in the national finance budget management information system were liable for enterprise taxation. As all private tertiary education institutions meet this criterion, they had to pay enterprise income tax, 17% for non-certificate-awarding institutions and up to 33% for certificate-awarding institutions.

This creates a very difficult situation for Chinese private higher education institutions. But if we consider it from the view of the Party state governing a type of non-state-owned estate, we may be able to understand. Considered to be subscribed as private education institutions, these institutions are expected to respond to the demands of the market. If they are run properly, they may generate income, however once profit is made, tax must be paid.

In conclusion, Chinese higher education is subscribed to monopoly markets—a public-supported elite higher education system, strictly supervised by the party state, and a mainly private-supported mass higher education system, which has been arranged into a hierarchy, with the privately-run institutions at the bottom.

DISCUSSION AND CONCLUSION

This organizational differentiation—stratify different types of higher education institutions into a status hierarchy has led to individual variation (inequity). First, access to elite HEIs is biased toward socially advantaged groups. The expansion of higher education has enhanced common people's opportunities for higher education. However, high quality tertiary education resources are still under strict government control. By implementing policies such as university recruitment recommendation and the National College Entrance Examination (NCEE) bonus in addition to the NCEE, advantaged social groups are privileged in gaining access to elite universities. [Figure 6](#) illustrates the distribution of father's education for students from various types of HEIs in Beijing.

Since the government provides high SES families with high quality education at a relatively cheaper price, it creates a regression in educational resource allocation and threatens social justice. Li (2010) argues there is more inequality in 4-year academic institutions than in 3-year vocational institutions after tertiary education expansion, in terms of inequity for different social classes. Resource allocation is more advantageous for elite institutions. Student financial aid has been proved to have positive impacts on individual development (Yang, 2009b); however, empirical

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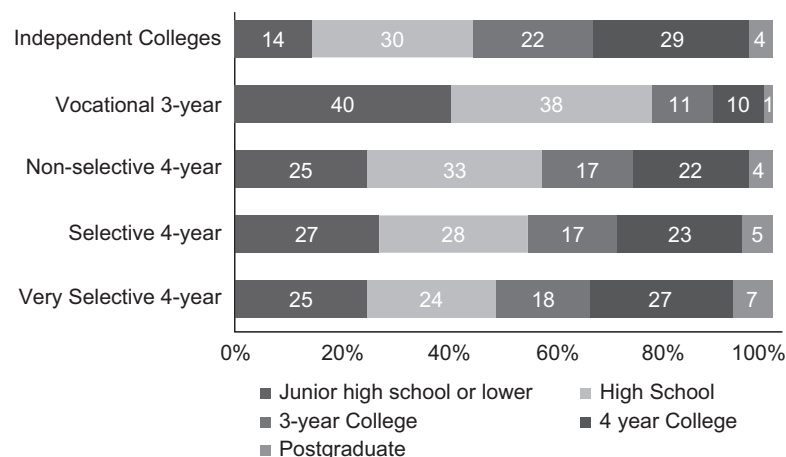


Figure 6. Institutional SES composition by father's education.
Source: 2010 Beijing College Student Development Survey.

studies show that aid distribution is advantageous for selective institutions. Students from Project 985 or Project 211³ universities have a much higher chance of obtaining financial aid than those from non-selective institutions (Yang, 2010).

There is a substantial institution gap in learning resource allocation as well. For instance, a recent survey of college students in Beijing showed that students from Project 985 institutions were on average more satisfied with their residency hall conditions, computer, internet, lab, and library access among other provisions (Beijing Education Committee and Peking University, 2010). In short, the allocation of financial aid, teaching and residential facilities all favor elite schools. This mirrors the inequality in the educational process and becomes a root of social injustice.

The unequal access to and process of tertiary education finally leads to unequal educational output and outcome. Two major indicators of unequal outcome are the probability of employment and the rate of return to higher education. Based on a survey of 2010 college graduates in February 2011, the employment rate of graduates of Project 985 institutions was 91.2%, whereas the rate for graduates of vocational institutions was 85%. The average starting salary for Project 211 institution graduates was 2,756 RMB, 23% higher than that of graduates from non-selective institutions (MYCOS, 2010). Elite institution graduates enjoyed the advantage of finding jobs and retrieving higher benefits from their education.

The findings described above indicate that the Chinese higher education system has institutionalized a stratified resource allocation pattern. The social elites enter at the top of the system and receive a high-quality education at a very low price. The disadvantaged groups, on the contrary, are forced to the middle- or low-tier of

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the higher education system for an inferior-quality education at a much higher cost. The Chinese higher education system has ceased to play the role of social equalizer as it did in Mao's era. It not only fails to correct injustice due to unequal social resource allocation following marketization, but reinforces inequality. Resources have been rapidly concentrated toward elite institutions under tight state control, and mediated through this process to be finally concentrated on the advantaged social groups. It fails to bring equity or enhance the welfare of disadvantaged groups; instead, it allows reverse deprivation.

The evidence of Chinese higher education transformation in the post-Mao era also casts doubt on the Market Transition Theory (Nee, 1989), which hypothesized that the emergence of markets in the state socialist redistributive system would eventually enhance the autonomy of the "direct producers" previously at the bottom of the state socialist hierarchy. As we have argued, "marketization" was not the goal of the reform taking place in China, but a means to consolidate the regime of the Communist Party. The institutional change in Chinese higher education was deeply embedded in this grand logic of Chinese "reform and open policy". This explains why, after a 30-year reform introducing the market into a socialist redistributive system, the tertiary education system in China did not faithfully follow market logic in the allocation of its resources. As the government has continued to control institutional resources with its regulative system, such as enrollment quotas and tuition pricing, degree conferment, academic program accreditation, and human resources allocation, the autonomy of Chinese higher education institutions still appears to be under great constraint.

The bold and drastic experiments in Chinese higher education in the past 60 years have generated at least two thoughts for reflection: 1) higher education expansion does not necessarily lead to equity, which is largely dependent on institutional arrangements and policy value-orientations; and, 2) the market system does not necessarily generate university autonomy. A state-controlled monopoly market mechanism may produce institutional inequity within a system just as the redistributive system does. It may harm the institutions' internal management and operation by embedding them in a constraining regulative context.

Although the huge higher education demand and supply generated by the market system has contributed to a great expansion of the Chinese higher education system, reforms in the past 30 years illustrate the need for an alternative growth route—a balanced market mechanism. Growth without institutional and social justice is not a real improvement. This is the lesson the Chinese experience teaches other higher education systems in the world, especially in developing countries.

NOTES

¹ China declared war against Japan in 1937 and finally won in 1945. The Chinese Communist Party won in 1949 against the Chinese Nationalist Party and built the People's Republic of China on the mainland. After retreating from mainland China, the regime of the Republic of China established by the Nationalists survived in Taiwan.

- ² The 985 project is meant to promote the development and reputation of the Chinese higher education system. It was codenamed after the date of the 100th anniversary of Peking University on May 4, 1998 (using the Chinese date format), when it was first announced by CPC General secretary and Chinese President Jiang Zemin in a speech. Originally, the project funding was made available to an elite group of 9 universities; later the list was extended to 39 universities.
- ³ The 211 project is a network of National Key Universities and colleges initiated in 1995 by the Ministry of Education of China, with the intent of raising the research standards of high-level universities and cultivating strategies for socio-economic development. The name for the project comes from an abbreviation of the 21st century and 100 (approximate number of participating universities). All 985 project universities are part of the 211 project before they are selected for the 985 project group.

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ACCESS POLICY AND SOCIAL JUSTICE IN HIGHER EDUCATION: THE COLOMBIAN CASE

The Colombian Government, like many governments in Latin America, confronts multiple quandaries where the provision of higher education is concerned. Given limited resources, one dilemma is whether to develop policies and strategies to enhance academic standards or, instead, to stimulate expansion by admitting a large number of less academically prepared students. During the 2002–2010 period, known in Colombia as the ‘Educational Revolution’, the government sought to stimulate expansion by passing a series of national policy initiatives to increase enrollment. These policies, supported by the World Bank, constituted a substantial program to improve equity and access to higher education for underrepresented social groups.

This chapter examines Colombia’s specific policy goals and efforts in the area of higher education access and equity as well as the main outcomes of these policies. The analysis of the Colombian case is viewed in light of the World Bank’s policy prescriptions for the country. It specifically discusses how a boilerplate model – prescribed by the World Bank to remedy higher education systems in developing countries – was adapted to Colombian national demands and thereby addressed domestic rationales for higher education reform. Especially noteworthy is the magnitude and variety of the goals and undertakings for increasing equitable access in Colombia during the analyzed period, in particular through the means of public policy. Given that Colombia has long been characterized by deeply rooted social and educational inequalities, it is critically important to examine the outcomes of these endeavors.

For this study, I analyzed policy documents created by the Colombian Ministry of Education and the World Bank (e.g., development plans, reports, proposals, and project appraisals). I also conducted in-depth interviews with 35 former and current key players in the Colombian Government and the World Bank, including policy implementers and external analysts and observers, and I analyzed primary statistical data from official databases of the Colombian Ministry of Education (particularly SNIES and SPADIES),¹ the government agency in charge of student aid, ICETEX,² as well as household surveys conducted by the Department of National Statistics (DANE). In contextualizing Colombia within the Latin American region, I also incorporated select UNESCO and ECLAC statistics. Information from secondary data sources is utilized when necessary.³

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THE HISTORICAL DYNAMICS OF COLOMBIAN HIGHER EDUCATION –
EXPANSION AND DIVERSIFICATION

The Spanish educational culture was the first to influence Colombian higher education. The Spanish model, inspired by the philosophies of Aristotle and Aquinas, served as a platform for educating the elite. Indoctrination was put in place toward the formation of a new society under a social order conceived by the State and Church (Uribe, 2006). As such, the first universities in Colombia (1580–1653) were fundamentally private, founded by Catholic religious orders, and under the control of the Spanish Crown until the end of the Colonial period. Following independence, the Liberators established national public universities (1826–27) and introduced the Napoleonic model of educating for professions and promoting the consolidation of the Republic. From 1850–1950, initiatives to establish private institutions emerged and expanded, some by political enterprises amid struggles to steer the new state and others by intellectuals who supported secular, non-religious and apolitical institutions (Uribe, 2010).

Colombia became a Latin American leader in the number of private and non-elite higher education institutions. Institutional diversity related to type, size, objectives, and education echelons (technical, technological, and university levels) was especially prominent. This resulted in a highly stratified higher education sector, with enormous differences in institutional legitimacy and quality and considerable vertical differentiation.

Institutional expansion in the Colombian higher education system resulted, not surprisingly, in an increase in the student population. In the latter part of the 20th century, higher education changed from being an exclusively elite system to one accommodating, at least in part, the growing demands of the middle classes. Enrollment grew 47 times in 40 years. However, by the late 1990s a decline in the dynamic of enrollments took place (World Bank, 2003) attributed to the worst economic crisis in Colombian history.

Restricted Access and Inequality

Although the number of enrollees actively expanded, the Colombian higher education system remained restricted in relation to the relevant age cohort; in this sense, Colombia lagged behind most of its Latin American peer nations. At the start of the 21st century, while enrollments reached almost a million (934,000), the gross enrollment rate (GER) for higher education was only 24 percent. By contrast, countries such as Panama and Peru, with similar levels of per capita national income (GNI), had a GER of 44 percent and 31 percent, respectively (UNESCO, 2009).

In addition, there was substantial inequality in access among different income groups. In 1997, only 16.8 percent of students in public institutions came from the two lowest income quintiles. Within the private sector, 10.9 percent of the student body came from the poorest 40 percent of the college-age population (Lopez C,

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2001). During the 1990s, the age-specific enrollment rate for the highest quintile increased from 23 percent to 40 percent, while the rate for the lowest quintile increased from two percent to just six percent (World Bank, 2003).

There are multiple reasons for the limited enrollment of economically disadvantaged students in Colombia. Historically the country has exhibited a regressive type of public higher education: access was highly subsidized for few students, most of them coming from economically privileged backgrounds (Clavijo, 2011; Lasso, 2006; Zapata & Ariza, 2005). Additionally, the structure of admission to both selective public and private universities was almost exclusively based on merit.⁴ These policies placed low-income students at a disadvantage relative to their high-income counterparts who are more likely to be able to afford private high schools and obtain better university entrance exam scores (Sarmiento, 2005). Another barrier is cost. During the late 1990s, many private universities increased tuition levels and fees at rates higher than the Consumer Price Index. Although lower in cost, public universities also charged tuition fees. Limited availability to student aid represents a barrier for low-income college aspirants, since public loans reached only 6.6% of the total student population enrolled in 2002. Inequality existed not only with respect to family income, but also in relation to geographical location. By 2002, in 16 of 30 departments⁵ (provinces) the gross enrollment rates failed to reach 10 percent of the relevant age population.

WINDS OF MODERNIZATION AND THE INVOLVEMENT OF THE WORLD BANK IN HIGHER EDUCATION

When Alvaro Uribe Velez took over the Colombian presidency in 2002, the socioeconomic situation still suffered from the prior economic crisis. Despite a sustained period of economic growth, the Colombian economy experienced a downturn in the 1990s, reaching its worst point in 1999 with a decline in GDP of 4.1 percent (World Bank, 2002c). In addition, continued violence had frightened away many international and national investors. Colombians suffered from the impact of terrorism, armed conflict, the drug trade, and organized crime. According to the World Bank (2002c), the economic crisis in these years wiped out more than a decade of progress in poverty reduction, as poverty increased 7 percent from 1995 to 2001 affecting roughly 60 percent of the population. In 2002 the poverty rate in Colombia exceeded that of the Latin American region, which averaged 44 percent (CEPAL, 2009).

These economic and social realities provided many challenges for the newly elected president, who needed considerable financial resources to fulfill his ambitious development plan (at the time, Colombia placed third in highest public indebtedness among Latin American countries). By 2002, public debt had risen to 52% of GDP compared to 28% in 1995 (Clavijo, 2002). Under these circumstances, according to the Department of National Planning, the World Bank constituted the most experienced and best prospective lender, offering low rates compared to other

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alternatives (CONPES, 2005). Indeed, the World Bank later became Colombia's biggest individual creditor in many areas, particularly in economics, poverty reduction, employment generation, security, and education.

The role of the World Bank in higher education was significant. Through its loans and technical assistance to Argentina, Chile, Mexico, Venezuela, and Brazil, the World Bank had supported financial reforms, quality improvement, and institutional diversification in higher education. Throughout the 2000s, projects funded by the World Bank intensively focused on higher education access and equity, mostly by means of student aid, which leads to an increase in demand-based funding. In recent years, projects have concentrated on science and technology development.

Some researchers have criticized the lack of consistency and clarity in the World Bank's education policy, noting gaps between what it states and what it actually does. For example, some World Bank policy papers favor basic education while others underscore the importance of higher education assistance (Psacharopoulos, 2006). In theory, the World Bank supports the idea of public investments in the expansion of higher education when improvements have been made at the primary and secondary levels. When the opposite is the case, the World Bank seeks to provide assistance for public investment in the lower educational levels and encourages private efforts to expand higher education. In the case of Colombia, by 2000 the GER of primary education had reached 90 percent (UNESCO, 2005) and that of upper secondary education was at 58.3 percent (UNESCO, 2009).

The World Bank advanced a number of rationales in support of higher education expansion in developing countries: as a source of economic development, increases in productivity, income growth and social mobility, reduction of social inequalities, and expansion of choices (World Bank – UNESCO, 2000; World Bank, 1994). The central justification for higher education assistance is that systems in low- and middle-income countries are falling behind those of high-income countries. The Bank attempted to provide policy justifications for reforms to solve problems such as inadequate funding, low quality, ineffective management, and – despite enrollment growth – elite-oriented education.

The World Bank Model of Higher Education Reform

The World Bank “model” of higher education for developing countries consists of five main areas. One objective is to establish more equitable systems that serve as instruments of social justice and tools for economic efficiency, since more individuals would be educated and better able to contribute to productivity (World Bank, 1994). A second World Bank goal is institutional diversification. The Bank promotes greater private provision and the introduction of non-university higher education as optimal means of incorporating individuals from different backgrounds “without sacrificing quality” (World Bank, 2002a). The third and fourth goals are improved efficiency and funding diversification. Typically these mean an increase in cost-sharing by families accompanied by recommendations for increasing the availability

of loans for economically disadvantaged individuals. The fifth and final focus of World Bank policy concerns adjusting quality requirements and the relevance of higher education in the face of the knowledge economy and increasing global market competition. These changes in a higher education system are only possible through a redefined role of the State. Under the World Bank model, the State is expected to create incentives and regulations for enrollment expansion and quality education as a result of market mechanisms and competition as well as institutional accountability and autonomy.

Although this model for reform and assistance is apparent in World Bank policy documents related to the developing world, it does not reflect many of the actual higher education projects supported by the Bank. Except for a few countries, the World Bank's involvement in higher education has been fragmentary (World Bank, 2002a); Involvement of the World Bank in Colombia appeared to be rather more integrated than fragmentary, with less scope, however, than seen in an initial comprehensive view of the World Bank's concern (Uribe 2012).

World Bank prescriptions for Colombia coincided, to a large extent, with those reported in the general model for developing countries. Policy recommendations for Colombia dealt with the provision of money for equitable and expanded access, the need for an enhanced loan scheme, requirements for internal efficiency in the management of public institutions, and for increased quality and governance of the system as a whole (World Bank, 2003). Of course other blueprints—for example, expanding coverage by means of institutional capacity or charging tuition – did not fit the Colombian case, since its higher education system was already diversified and had a cost-sharing component.

The World Bank's initial ambitious goals were to improve the quality and equity of the Colombian system and enhance the relevance of higher education. By doing so, the higher education sector would contribute to increased human capital formation and improved competitiveness in the global market. Even though the real involvement of the World Bank was narrower than explicitly stated, the role of the agency went beyond the lending function. It provided evaluations of and prescriptions for the higher education system, some consensus-building in the early stages of the reform, and the setting up of indicators for efficiency and coordination improvement. These recommendations came from background studies and in the concrete *Improving Access* project which was later scaled up in a second effort.

The concrete objective of the project called ACCES⁶ consisted of expanding the student aid program not only to increase by ten times the number of beneficiaries of tuition loans but also to introduce grants for students from the poorest economic groups. Even though student aid became one of the fundamental components of the World Bank's assistance project and of Colombia's higher education access policy, other reforms were undertaken by domestic entities without World Bank assistance. The Colombian Government engaged in several policy objectives and efforts to increase coverage, equity, quality, efficiency and relevance.

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POLICY EFFORTS AND OUTCOMES

Since the 1980s, Colombian development plans had recognized that efforts were required to address the inequitable access to low-fee public universities. Nevertheless, few concrete steps were initiated or carried out. By the start of the 21st century, the Colombian governments had made tangible efforts to improve access, equity, and efficiency.

During the Educational Revolution, President Uribe set big enrollment targets: 400,000 new entrants during the first quadrennial governmental period (2002–2006) and 320,000 during the second (2007–2010)⁷. Further efforts targeted: 1) greater provision of technical education; 2) achieving equitable access for under-represented groups; and 3) improving the efficiency of the higher education system.

Non-University Higher Education

The policy reform favored 2 and 3-year higher education institutions based on rationales of multiple societal benefits including easier absorption of student demand and possible accommodation of a large mass of low-income students enrolled in a more affordable type of education. Such reforms came along with fiscal savings for the Colombian Government, as it “would reduce the required investment burden by more than a half” (World Bank, (2003, p. xxi). In addition, non-university programs would strengthen provision of the manpower required by the labor market and for increased national productivity.

By using incentives and competition, the Colombian government made a strong effort to stimulate the quality, relevance, and demand for non-university higher education, traditionally discredited by the social imagery of being third-class. For instance, a mechanism of funding projects called “*bolsas concursables*” (competing funds) was introduced to increase student access to and the quality of new or updated non-university courses in public and private institutions.

A related strategy was the induction of vocational-technical schools to articulate with the higher education sector. In order to do this, the Government lowered entrance standards by allowing those students passing the 9th grade to enroll in 2-year programs while still taking high school courses and without taking a national entrance examination. As a result of this strategy, about 40,000 high-school students benefitted from public grants to attend higher education; one of every six higher education institutions was involved in dual enrollment programs. Later, based on preliminary results of the strategy’s implementation, the government acknowledged its limitations, including risks to the quality of higher education and that the technical high schools would mostly offer similar or uniform academic programs among schools.⁸ In addition, public grants were supplied only for the first two semesters of professional technical programs, so the remaining studies might not be affordable for students.

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Policies favoring non-university higher education proved to be innovative in contrast to previous initiatives and represent a non-conventional policy choice in the Latin American context. These policies challenged the traditional way of transferring public resources to higher education, historically directed almost exclusively to public universities. In this case, public money went to support numerous private institutions using a variety of strategies and incentives in open competition aimed at fulfilling Government goals on access and quality.

Another, highly controversial, strategy involved the integration of the SENA (the National Service of Apprenticeship) into higher education, with an emphasis on the provision of 2 and 3-year programs in addition to the traditional work-related courses. The shift in the SENA program is considered the most successful public policy, not only because of enrollment outcomes, but also in terms of efficiency in public expenditure. The Government achieved enrollment goals without the disbursement of supplementary public resources as SENA collects contributions from industry and offers free education. The data show that SENA contributed more than 282,800 new entrants to higher education from 2003 to 2010, which corresponds to 41% of all new enrollments during this period. Apart from SENA, there were only 55,421 new enrollments in non-university higher education institutions.

Equity

Equity efforts were two-pronged: first, a better balance in the supply of regional higher education and, second, a focus on vulnerable social groups, in particular with respect to income. The former strategy entailed public resources through open competition among higher education institutions for the creation of Regional Communitarian Centers of Higher Education (CERES) located in under-served municipalities. A total of 141 CERES centers were funded by the Government and created by joint-ventured private and public universities (MEN, 2011b). While the degree of quality of CERES-based academic programs is a concern to Ministry authorities, such efforts reached some of the most deprived populations in isolated areas (personal in-depth interview with Burgos).

In general, the percentage of municipalities that reported enrollment in higher education increased from 25 to 62 percent in 2010 (MEN, 2010b). Nonetheless, despite significant gains in almost all Colombian regions, transition rates (the percentage of high school graduates that gain access to higher education) varied substantially among departments, fluctuating from less than one percent (*Vaupés*), and 3.7 percent (*Putumayo*) to above 75 percent in more prosperous areas and the capital city, Bogotá (MEN, 2010d).

Regarding equity through student aid, the World Bank had warned in 2002 that the lack of access to grants among low-income students (as well as previous inequalities in education levels) prevented the Colombian system of higher education from improving equity standards. A World Bank background study (2003) also criticized

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the student aid scheme by ICETEX as limited to very few students and “biased toward the middle class,” since most loans required two guarantors (World Bank, 2009).

The new aid program introduced, for the first time, grants for higher education among students from the poorest economic groups. Converted into actual effort, this policy recommendation went against international policy trends toward the reduction of the grant element such as those McPherson and Schapiro (2002) and St John (2006) found in the United States.

Grants were established to pay tuition costs for the chosen college after the admission process. From 2007, students could use such grants at their own discretion either for paying off part of the tuition or as a stipend. The policy greatly favored students who decided on 2–3 year programs by giving them loans of 100% of the tuition instead of the 75% for students enrolled in longer programs (ICETEX, 2007). Interest rates for such loans were low and repayment periods extended.

The role of the World Bank in Colombian student aid had less to do with the amount of the money received than it did with establishing good managerial practices. According to the ICETEX President, what most attracted the Colombian Government to the World Bank was neither the money loaned to Colombia nor the technical assistance, but the opportunity to develop management schemes that followed international standards. Such conditions, the President argued, were “the best pretext” for changing the old and slow higher education administration. New managerial practices allowed the Colombian student loan agency to reduce corruption in favoring certain aid applicants without clear selection criteria.

To ensure the adequate management of financial resources for student aid, ICETEX transformed, becoming a financial entity with administrative autonomy and its own assets. Financial resources were significantly increased, not only because of the World Bank loan, but through improved practices in the collection of old debts and the leverage of additional money from third parties to increase the ICETEX portfolio. Such operations resulted in a 500 percent growth in resources invested between 2003 and 2010, compared to the previous 8-year prior period (1995–2002) and a grand total of US\$1.43 billion in aid disbursed to students during the same period.

The World Bank partnership also served to improve credibility and cooperation among the Colombian higher education institutions (personal interview with Martha Lucia Villegas, President of ICETEX, the national agency in charge of student aid). That is perhaps one of the most interesting achievements of ICETEX in that it secured the commitment of the vast majority of Colombian autonomous colleges and universities to the project. They became a third party in administering student loan applications and agreed to a financial contribution through a “shared sustainable fund” created by ICETEX to cover the portfolio for risks resulting from student dropout. Furthermore, some institutions committed themselves to either a loan or a

subsidy corresponding to 25 percent of the tuition for students from the bottom two financial strata.

Financial aid efforts resulted in a massive increase in the number of public loans from 65,218 in 2002 to 223,558 in 2010. From 2002 to 2010, there was a total of 304,033 new beneficiaries of student aid, including all loan lines. Grant efforts reached 41.6 percent of the poorest students who were also receiving public loans.

A shift is clearly visible in the social composition of beneficiaries. In 2001, of all the beneficiaries of loans for undergraduate education, only 35 percent came from the two lowest (of six) socioeconomic strata. By June 2010, 74 percent of student beneficiaries came from these social strata. A question to emerge involved whether students would be able to fulfill their financial responsibilities on gaining access to the labor market, in order to accomplish what one World Bank official pointed out: “the poor student borrows but it is the professional who repays.”

Coverage of public aid (students enrolled in higher education with ICETEX loans) jumped from six percent in 2002 to 16.2 percent in 2010,⁹ although the latter figure is lower than the stated goal of reaching 20 percent of HE students (MEN, 2008b). Resources proved to be insufficient in facing demands for aid, since only one half of all applicants received aid during the Educational Revolution period. Of course, the expansion of student aid during this period led to a surge in demand for aid.

Higher education system data from SPADIES indicate that the demographic composition of first-time students by income group (Table 1), measured by minimum wages earned, shifted to one of greater participation among the lowest two income brackets during the Educational Revolution period compared to prior years (1998–2002). The percentage of students from the two lowest groups increased from 3.8 to 12.7 percent and from 26.0 to 37.4, respectively. By contrast, the percentage of student entrants from the two highest income groups declined from 12.6 to 6.3 and from 9.3 to 5.2, respectively. Data from SPADIES also reveal that access among low-income groups increased significantly in absolute numbers (Table 2).

Table 1. Demographic composition of entrants to higher education – share by family income (Quinquennia)

<i>Family income</i>	<i>1998–2002</i>	<i>2003–2007</i>
Less than 1	3.8	11.6
Between 1 and less than 2	26.0	35.8
Between 2 and less than 3	24.6	23.4
Between 3 and less than 5	23.7	16.7
Between 5 and less than 7	12.6	7.1
7 or more	9.3	5.3

Source: Author's calculations using SPADIES

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Table 2. Number of entrants by family income (5-year periods)

<i>Family income*</i>	<i>1998–2002</i>	<i>2003–2007</i>	<i>Absolute Difference</i>	<i>Percent growth</i>
Less than 1	25,901	141,223	115,322	445.2
Between 1 and less than 2	177,572	436,390	258,818	145.8
Between 2 and less than 3	168,092	284,734	116,642	69.4
Between 3 and less than 5	161,844	203,730	41,886	25.9
Between 5 and less than 7	85,781	86,393	612	0.7
7 or more	63,562	64,861	1,299	2.0
Total N =	682,752	1,217,331	534,579	78.3

Source: Author's calculations using SPADIES.

**Measured by Colombian legal minimum wages*

An analysis of household survey data shows improvements in relative terms among all income groups regarding net enrollment rates for 18–24 year olds, but substantially greater gains for students from middle-income brackets (Table 3). A remarkable finding, however, is that all income groups increased the net enrollment rate at a higher rate than the highest quintile, as shown in the following:

Table 3. Net enrollment rate by income quintiles – selected years

	<i>2002</i>	<i>2006</i>	<i>2010</i>	<i>Difference between 2002 and 2010</i>
Q1 – Lowest	2.9	8.1	8.0	5.1
Q2	5.6	7.5	11.0	5.4
Q3	12.2	12.5	22.0	9.8
Q4	23.4	24.9	31.0	7.6
Q5 – Highest	44.1	43.0	48.0	3.9
Total	16.3	17.8	24.0	7.7

Source for 2002 and 2006 data, DANE – Household Surveys in Orozco 2010. Source for 2010 data, Banco de la República in Lopez 2011

Results from household surveys show a very slight reduction in the gap in higher education participation between the lowest and the highest income quintiles. For the 18–24 age cohort, this decline is just one percentage point from 2002 to 2010 (41.2 vs. 40.0 percent). Outcomes from household surveys are consistent with ECLAC/CEPAL data. The analysis of the net enrollment rate by income for the 20–24 age-cohort shows that the gap between the lowest and the highest quintiles declined by 2.3 percent points from 39.6 in 2002 to 37.3 in 2010. While these are only slight improvements in equalization of opportunity, analysis of results in the 1990s indicates there had been an opposite trend in which the gap widened by 13 percent points. Data from CEPAL confirm greater gains in higher education enrollment rates for middle-income students followed by the lowest quintile during the Educational Revolution period.

Based on UNESCO data for 18 Latin American countries, Colombia (together with 12 other countries) managed to increase equality in educational attendance between the lowest and the highest income quintiles between 2002 and 2010. In three (of the 18) countries (El Salvador, Costa Rica, and Brazil) inequalities in attendance increased; in two countries (Ecuador and Peru) there was little change in the gap. Nevertheless, along with Uruguay, El Salvador and Costa Rica, the Colombian system in 2010 is still behind more equitable countries in Latin America in terms of the attendance gap by income groups. Those four countries, together with Brazil, Chile, Paraguay, Ecuador, Mexico, Guatemala and Honduras, are above the Latin American average gap of 31.1 percentage points in 2010¹⁰ (between 2002 and 2010 the average gap declined in Latin America by 6.5 percentage points). Finally, the data indicate that Uruguay, Colombia, El Salvador, Brazil, Mexico, Nicaragua and Guatemala have the lowest attendance rates for the poorest quintile in 2010 (less than 17 percent).

These outcomes are not surprising; comparative research on equity shows that very few countries have achieved substantial reductions in disparities among socio-economic groups. Indeed, empirical evidence of equalization in the odds of participation has only been found in two countries--Sweden and The Netherlands (Shavit & Blossfeld, 1993).

Efficiency

Policy has been directed at reducing dropouts from the higher education system, since more than half of the students who entered higher education institutions in 2002 left without a diploma. The most important effort to reduce dropout rates was the creation of the monitoring system SPADIES, which followed student departures by cohort. Other strategies included the provision of public funding in open competition among higher education institutions to advance affirmative action (mainly outreach programs, tutoring, and remedial courses). The evidence suggests that these strategies were insufficient and limited in the face of very large dropout rates. An analysis of SPADIES data reveals that more than one million students, representing 48.7 percent of all students enrolled from 2002 to 2009, dropped out of the system completely (1,169,402 of 2,403,463 enrolled). Indeed, three quarters of the students who left did not survive the third semester of their studies.

In spite of this unresolved problem, the percentage of dropouts is lower in recent years than it was during the 1998–2001 period (on average 56.1 percent). Given the inclusion of more students from lower socioeconomic groups and with less academic preparation, this lower percentage of dropouts in recent years is quite remarkable.

Another policy measure was directed at increasing the number of students within existing public universities. Pressures to expand enrollments, an unequal distribution of state funds among public universities, and a perceived lack of accountability among public institutions led, ultimately, to efficiency policies. This perception of a wasteful management of public resources was shared by a World Bank study in

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which the high unit cost of Colombian public universities (29% more per student than for private counterparts) was underlined. Such a pattern put the Colombian public university system (according to the World Bank) on the highest cost scale (105 percent of the GDP per capita) when comparing per student expenditure internationally.

Starting in 2004, the Government established an alternative allocation mechanism and assigned a portion of the state budget based on institutional performance and indicators of coverage and quality. This decision aligns with the suggestion stated in the World Bank (2003) study that “the internal efficiency of the public sector could be spurred by introducing performance-based funding” (p. xxi). However, the principle of autonomy fostered legal battles by some public universities, who were reluctant to be supervised by the Government or to lose their traditional budget. This controversial policy was finally annulled by the Constitutional Court in 2005.

While the Colombian Government did not give up its efforts to improve efficiency, it recognized that more transactional mechanisms were required including incentives and persuasion. The rationale for convincing boards to push expansion was that those institutions could address this objective without the disbursement of additional investments (personal interview with Gabriel Burgos, Vice-Minister of Higher Education, 2007–2010). Evidence indicates that the Government was able to persuade a significant number of public universities to augment enrollments by using similar amount of resources than prior expansion (personal interview with Burgos). The student population in public universities increased by 52.6 percent during the 2003–2010 period, whereas national public funding increased by only 17.8 percent (in constant 2010 pesos) during the same period. The average per student appropriation from the national government to public universities was reduced in 28 of 32 institutions from 5.3 to 3.9 million constant (2010) Colombian pesos on average between 2003 and 2010.

While public universities contributed 27.0 percent of the total enrollment increase during the 2003–2010 period, an unexpected, and somewhat perverse, effect of the efficiency policy was that new regional inequalities emerged. As state expenditures declined, many institutions increased tuition as a strategy for cost recovery. For several public universities, mainly located in regional centers, the financial burden for families increased significantly. In 23 out of 32 public universities, tuition’s share of overall revenues increased, and in eleven of those institutions it reached more than 30 percent of institutional revenue. In some institutions, family cost-sharing reached more than 40 percent.

Colombian authorities recognized the associated distortions. According to Ministry authorities, public universities “were able to be more efficient,” but “tuition fees in absolute terms became more expensive in smaller public universities located in the more needy regions than in those bigger universities situated in big cities. The increase of enrollments in those [smaller-regional] universities was, therefore, supported by the students, and among them, by the poorest ones” (personal interview with Vice Minister of Higher Education Gabriel Burgos).

A Balance in Enrollments at the End of the Analyzed Period

In absolute numbers, enrollments grew by 67.4% during the 2002–2010 period, moving from just over one million enrollments in 2002 to 1.67 million in 2010. By 2009, Colombia had achieved a gross higher education enrollment rate of 37.2 percent, almost exactly the Latin American average of 37.1 percent, near Brazil's (36.1%) and greater than Mexico's (27.0%). However, the Colombian rate was still lower than that for several other Latin American countries including Ecuador (42.4),¹¹ Panama (44.6), Chile (59.2), Uruguay (68.7), Argentina (67.6 in 2007), and Puerto Rico (80.9). Except for Ecuador and Uruguay for which data on 2002 are not available, the latter group had already reached gross enrollment rates of more than 40% by the beginning of the 21st century.¹²

The Colombian enrollment rate grew 12.1 percentage points between 2002 and 2009. This is one percentage point higher than the average (11.1) for Latin America and the Caribbean region, and more than double the world average (5.6 according to UNESCO estimations). The increase in the Colombian gross higher education enrollment rate during this period is higher than all world regions except Central and Eastern Europe (with an increase of 15.1 percentage points). The increased GER in Colombia was resoundingly higher than the increased GERs in Central Asia (0.9), Sub-Saharan Africa (1.6), the Arab states (3.4), South and West Asia (3.6), and North America and Western Europe (5.9).¹³

CONCLUSION: PUBLIC POLICY AND FAIRNESS IN
THE COLOMBIAN HIGHER EDUCATION SYSTEM

The chapter has documented significant improvements in absolute numbers of entrants into higher education and some progress in relative increases of enrollment rates nationally, regionally, and by income groups. In this respect, equity in the Colombian higher education system improved, and there was improvement in reducing the gap between the lowest and the highest income groups. While a slight decline in such a gap shows progress in equality of opportunity that shifts a negative trend during the 1990s, the difference in net enrollment rates between the lowest and the highest income quintiles still prevails and has reached 37 percent. This confirms previous findings of limited improvements in equalization resulting from policy (Brennan & Naidoo, 2008; Thomas, 2001). Such a reality also confirms that expanding enrollments does not, in and of itself, substantially improve social equality (Furlong & Cartmel, 2009). The Colombian case also parallels prior research findings that middle class students are the ones who benefit the most from expansion (Furlong & Cartmel, 2009; Iannelli, 2007; Summerfield & Gill, 2005) when systems have not reached universal access for upper social groups.

The enrollment of more low-income students is the most important positive result, while attrition became a barrier for effective participation. Attrition was found to be mainly attributable to low academic preparation as a greater percentage of

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individuals with low entrance test scores entered higher education. The majority of students who dropped out from the Colombian higher education system come from low-income backgrounds. This outcome would substantiate assumptions that higher education cannot compensate completely for accumulated disadvantages (Brennan & Naidoo, 2008; Hale, 2006; Thomas, 2001).

Coverage and equity were central concerns and guiding principles for higher education policy by the Colombian Government and the international partnership. Policy efforts become intended enabling factors (Levy, 2005) for access to, persistence in, and attainment of higher education.

A lesson that can be learned from the Colombian experience is that public aid alone is insufficient for expanding the system to low-income students and for them to persist in education, as recognized by the international agency (World Bank, 2008a). The problem is likely to prevail given the lack of a strong private loan market for higher education in Colombia. In addition to resources, low academic preparation of students is still a prevailing difficulty.

Efforts were substantial in the amount of resources employed and in the variety of mechanisms used to try to increase access. While some efforts were innovative, others were clearly common to worldwide trends on access policy. Some examples of commonalities to policy trends are efficiency policies, expanded student aid, and financing-demand strategies (Marcucci & Johnstone, 2010; OECD and the World Bank, 2009).

As to the assessment of international assistance, technical backing provided by the World Bank appeared to be less a real need than a mechanism to push improvement of domestic practices. Recommendations by the agency and implemented efforts by domestic partners show remarkable consistency. The bulk of remedies for Colombia appear to be similar to a rather generic World Bank agenda for higher education throughout the continent and even the world (e.g. enrollment expansion, equity, and efficiency improvement). But modernization and efficiency criteria matched the ideology of the Uribe administration toward policy. In this regard, as Levy states, “without receptivity and reform, there would never be partnership or adequate impact” (Levy, 2005, 71).

From another perspective, the efficiency policy of cost sharing produced significant, if controversial, outcomes. Clearly it created new regional inequalities when smaller, public universities with lower levels of public funding increased tuition fees disproportionately, decreasing the financial capacity for families to pay for higher education. However, cost-sharing in public universities by families with financial means allows better distribution of the burden in financing higher education.

NOTES

¹ The SNIES captures statistics of applicants, seats, first semester students, and total students enrolled in each higher education institution registered at the Colombian Ministry of Education. SPADIES is

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the system for prevention and analysis of dropout in Colombia which follows each individual entering higher education from 1998 at about 260 (out of 279) higher education institutions housing 94% of the total population enrolled. The student body composition, graduation and dropout rates can be characterized using this database which comprises relevant variables such as salary income, gender, mother's education, and test scores, among others.

- ² ICETEX is a Spanish acronym for the Colombian government agency in charge of student aid created in 1950.
- ³ For a deeper discussion of the methodology, theoretical framework and findings, see Uribe (2012) from which this chapter is drawn. For this chapter, with no citations regarding statistical data, figures or percentages are the author's calculations drawing from the SNIES database (National Information System of Higher Education), or SPADIES for attrition and graduation rates.
- ⁴ Colombia has established not only uniform national entrance examinations but also specific admission tests determined discretionally by institutions. Most, if not all, public and private selective Colombian universities rely on test scores for admission.
- ⁵ Colombia is divided administratively and politically into 32 departments that in turn comprise municipalities.
- ⁶ ACCES is the acronym of *Acceso con Calidad a la Educación Superior* (Access with Quality to Higher Education).
- ⁷ An increase in enrollments of such a magnitude appears ambitious when contrasted with the actual HE enrollment growth achieved during the 25 years prior: in all that time, the country provided education to 758,000 new students.
- ⁸ Intervention by the Vice-Minister of Higher Education Javier Botero during a meeting with rectors of higher education institutions in Cauca Department – Consensus Process for a Higher Education Reform. Popayán, Colombia- June 2012.
- ⁹ Total number of beneficiaries of loans and grants to study within the country divided by total number of students enrolled in HE. The Colombian government registered an increase of 18.06 percent by 2010 using a formula that includes only new beneficiaries of loans and new entrants in HE instead of the total HE enrollment.
- ¹⁰ Author's calculations by aggregating data from eighteen countries for which CEPAL figures are available.
- ¹¹ Data for Ecuador and Argentina are for the year 2008. According to Ministerial reports, by the end of the Educational Revolution plan in 2010, Colombia registered a gross enrollment rate of 37.1 percent for college students aged 17–21, showing an increase of 12.7 percentage points over the 2002 figure.
- ¹² Data drawn from UNESCO (2010).
- ¹³ Author's calculations using UNESCO (2010) as the source. South and West Asia data are for the year 2008.

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GLOBALIZATION AND ACCESS TO HIGHER EDUCATION IN KOREA

BACKGROUND

For the past few decades, policies that promote economic development and competition have been favored over those that promote social good and equal opportunity worldwide (St. John, in press). Inspired by neoliberalism and a market mechanism, globalization of higher education in many countries, including South Korea, has mostly been driven by economic rationales rather than addressing broader social consequences. Governments increasingly consider universities as strategic means of facilitating global economic competitiveness (Powers, in press). For example, based on the rationale of economic advancement, national pursuits of building world-class research universities, especially among Asian countries, represent intensifying global competition in higher education across the world.

In an attempt to catch up with Western countries, South Korea has also embarked on an ambitious plan to strengthen the research capacity and a global knowledge network (Wildavsky, 2010). The Brain Korea 21 project launched in 1999 aims to develop ten top-tier research-oriented universities focusing on science and technology, and the government has concentrated funding to leading research institutions (Sa, in press). In the same vein, the government launched the World Class University (WCU) program in 2008 to invite renowned foreign scholars to teach and conduct collaborative research with Korean professors (Byun & M. Kim, 2010; Wildavsky, 2010).

However, the trend toward those policies developed to foster national economic growth and competition in response to globalization is raising concern about increasing inequalities in higher education in that government resources are concentrated toward selected flagship institutions on a competitive basis. Non-research-oriented institutions serving perhaps less advantaged students, given increasingly stratified postsecondary opportunity by social class (J. Kim & Shim, in press), are excluded from government support, which consequently penalizes students who attend low-resource institutions. Thus, the Korean government's strategic response to the global economic challenges through higher education exacerbates the trends towards social and educational inequality in access, instead promoting a market-oriented approach while devaluing the social good within higher education (St. John, in press).

Recognizing this challenge to finding a balance between social justice and economic development, this chapter discusses access to higher education in Korea,

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focusing on how the academic and financial aspects of access to higher education were influenced by the larger process of globalization and national policies surrounding higher education.

ACADEMIC ACCESS

Changing Context of Educational Access

Koreans are well known for their high educational aspirations. Such educational aspirations, which people have termed as 'education fever,' seem to be unavoidable in Korea's current social and cultural structure as education carries out the selective function of distributing social status and resources (Arita, 2005). In other words, education fever is not simply an educational phenomenon; rather, it reflects the complex structure of the social mobility and economic reward systems of Korea (C. Lee, 2005). Thus, as with most educational systems around the world, multiple layers of societal contexts inevitably shape the content and structure of Korean schools at all levels.

The dramatic changes that have been taking place in Korean society over the past two decades or so are particularly noteworthy and are well reflected in the educational policy reforms and ongoing debates over equity and excellence in education. One aspect of the change is the emerging pattern of social inequality in Korea since the Asian financial crisis in 1997 which is manifested in all aspects of social life from work, patterns of consumption and life style, to educational opportunities (Koo, 2007).

It is important to note that these changes were in part shaped by the larger process of globalization (Bae, 2011). For instance, the financial crisis further accelerated the neoliberal restructuring of the labor market because it was argued that such neoliberal action would help business firms become more competitive in the global market (Koo, 2007). This meant that the level of job insecurity among White-collar and managerial workers grew as the corporate world increasingly adopted flexible production and hiring systems in lieu of the traditional hierarchical and rigid industrial structure that implicitly guaranteed life-time employment. Koo (2007) states that while this change served as a major threat to the stability of the middle class, a select group of workers, especially CEOs and professionals, thrived in the new business environment that enabled them to differentiate themselves from the larger middle class, creating a new privileged upper-middle class. Koo (2007) further contends that as the consumer market also became closely linked to the advanced capitalist market, high-quality goods flowing in from the advanced market increased the role of consumption as a mechanism of class distinction. Thus, while adopting market-driven and neoliberal approaches helped Korea overcome the financial crisis successfully, it came with at the price of enhanced economic inequality and social polarization (Bae, 2011). These ongoing societal changes intensified the already heated educational competition among students to enter elite universities that

promise higher rates of return, prestige, and social status in the society (J. Kim & Shim, in press).

The larger forces of globalization are also reflected in the skills and qualifications that define educational pursuits in Korea. One prominent feature has been the increasing emphasis on English education. With Korea becoming closely integrated to the global economy, English competency has become an important skill that is increasingly required, especially in the highly sought-after jobs in Korean business firms (Koo, 2007). This is reflected in educational policies that emphasize English education at all levels to develop international communication skills (G. Kim, 2002; Andrew et al., 2007).

Efforts to seek better English education for their children have been taken up by parents, creating a new phenomenon of “goose families” who choose to send their children abroad with the strong belief that this will enhance their children’s educational achievement and future job prospects (H. Park, 2005; Choi, 2005). Studies indicate that approximately 50,000 goose families exist in Korea (H. Park, 2005) which is seen as a social problem since it leads to family break-up, high educational expenditures, and inequalities in education among those from different socioeconomic backgrounds (Choi, 2005). In addition, early opportunities to study abroad have contributed to the mobility of college-bound students who choose to attend colleges and universities abroad rather than in Korea (Ministry of Education, Science and Technology, 2008).

The ideas behind the Seventh National Curriculum issued by the Ministry of Education, Science and Technology also serve as a good example of the growing presence of globalization in shaping educational policies. The Seventh National Curriculum is a comprehensive plan to reform all aspects and levels of education in Korea (Andrew et al., 2007). Since its first implementation in 1997, amendments have been made to the plan whenever the need came up, but the basic framework and ideas has been maintained. The ultimate goal of the National Curriculum was to address the specific needs of the knowledge-based economy; namely “to cultivate creative, autonomous, and self-driven human resources who will lead the era’s developments in information, knowledge and globalization” (Ministry of Education, Science and Technology, 2005). It is clear from this statement that education is perceived as a major source of human resource development for economic growth in the global era. Infomatization, globalization, and localization of the Korean education system are key concepts that have guided recent educational reform policies (Andrew et al., 2007).

Policies surrounding higher education admissions have not been free from these larger influences. Higher education reform plans in the past two decades increasingly emphasized deregulation and competition, and such shift in focus further intensified the ongoing debate over the question of whether admissions policies should strive for excellence or equal access. The next section takes a closer look at the policies regarding higher education admissions and the public discourse surrounding the efficacy of the policies.

The Three-No's Policy

Koreans strongly believe that success and education are tightly bound, and this belief is reinforced through the social structure and cultural values (Sorenson, 1994). As stated earlier, the competition to enter prestigious universities is intense, as they are perceived to be a narrow gate to a good and successful life. As a result, university admission is the most sensitive part of the education policy about which virtually every citizen has something to say. Stakeholders such as the government, politicians, universities, teachers, students, and parents express different opinions about admissions policies and have different ideas about how to make them work. As these diverse views conflict with one another, no one seems to be satisfied with the current educational system in Korea and the solutions to the problems of the system seem even more elusive (S. Kang, 2006; Koo, 2007).

The lack of consensus on the future direction of education policies is particularly visible in the controversies surrounding the Three-no's policy which was first implemented in 1999 as a government measure to protect equal access to higher education institutions. Under the policy, universities are prohibited from ranking students based on their high schools, administering their own admissions exams, and awarding admission by financial contribution (Andrew et al., 2007). Although each of the three aspects relates to different dimensions of access to higher education, they are referred together as the Three-no's policy (Jeong, 2007) and serve the main purposes of normalizing the public primary and secondary education systems and alleviating the burden of private tutoring costs.

We first discuss the first two policies pertaining to high schools and university admissions exams, which have been studied extensively and have been central to many ongoing debates. The third policy regarding admissions based on financial contribution will be discussed in the next section within the context of financial access.

*Access versus Excellence: A Persistent Debate over
High School Equalization Policy*

The prohibition of colleges and universities from ranking students based on their high school is closely tied to secondary school equalization policies implemented in the late 1960s and 70s. These policies were well-intended government efforts to create an egalitarian public education system because, prior to the policy, students were required to take entrance examinations to go to middle school and subsequently to high school. With the expansion of primary schools in the 1950s and 60s, the demand for secondary schools had grown dramatically, which created great pressures for young students to take school entrance examinations (S. Kim & J. Lee, 2003). As a result, the government first implemented the middle school equalization policy in 1969. While this policy was successful in eliminating competition for middle school, the competition to enter prestigious high schools continued as it was perceived as

a gateway to elite universities. In fact, parents and students became more reliant on private tutoring to enter good high schools because they were dissatisfied with the level of education provided by the “equalized” middle schools (Koo, 2007). As the examination problem moved onto the high school level, the government followed up by implementing the high school equalization policy in 1974 as a measure to reduce disparities in educational conditions and opportunities faced by students from different social classes (G. Kim, 2002; J. Kim & Shim, in press). Thus, central to the equalization policy was the abolishment of prestigious high schools, which were perceived as a major source of competition and ever-expanding private tutoring.

Under the equalized system, individual high school entrance examinations were replaced by a nationwide examination that had much lower-stakes: there were no longer students who could not enter high school by failing to pass the entrance exam (Huh, 2011). As a measure to alleviate the intense competition for elite high schools, students were randomly assigned to high schools in their residential areas by a lottery system. As a result, universalization of high school education was achieved but with two major setbacks which undermined the benefits of the equalization policy. First, while the lottery system was originally designed to equalize the quality of schools and student intake, in reality quality varied substantially across schools. In particular, as growing class differences in educational opportunities were linked to geographical locations, certain areas such as Seoul’s Kangnam (a wealthy district, south of the Han River) provided far superior educational opportunities with better quality schools along with top-ranking private institutions and cram schools (Koo, 2007). Thus, the policy goal to equalize the quality of high schools has never been achieved and students’ academic achievement remains different by school.

Second, as the quality of high school education suffered, wealthy families became more reliant on private tutors or cram schools to prepare their children for college entrance exams (Lee, Lee & Jang, 2010; S. Kim & J. Lee, 2003; Koo, 2007). In other words, the struggle for better education occurred not in the public school system but largely outside the school system (Koo, 2007). As shadow education, or any form of supplementary private tutoring, is available mostly for students from wealthy families who can afford to pay, it has been a major source of social inequality. This has been clearly observed in the rising family expenditure for private education (Lee, Lee & Jang, 2010; Koo, 2007).

With the growth of organized efforts against the equalization policy, especially among the owners and teachers of established private schools, the Chun Doo-Hwan administration (1980–1987) slowed down the implementation of the policy during the 1980s (S. Kim & J. Lee, 2003). Moreover, Sung (2011) points out that there was a growing social sentiment that the equalization policy did not accord with the global standards, and the discourse of school choice from the advanced countries was increasingly shaping government policies. Such influences together presented a dilemma for the government to think of ways to diversify high schools without directly countering the equalization policy.

The government developed a policy initiative to expand gifted education, which provided the means to establish special high schools for foreign languages and sciences (J. Lee, 2007). Special high schools were allowed to identify and select a population of students who were scientifically gifted or had exceptional foreign language capacity. Such policy initiatives were expanded in the 1990s when self-funded private high schools and international high schools were lawfully established; these new forms of private schools were able to directly select students, choose their own curriculum, and set their tuition fees (Sung, 2011). While these special high schools were denoted as institutions of gifted education, they clearly became the single most important deviation from the equalization policy as these schools mostly attracted high achieving students (S. Kim & J. Lee, 2003). Consequently, the promotion of gifted education only served as a rationale for the lawful existence of these institutions; these high schools became widely recognized as the best preparatory schools leading to entry into the most prestigious universities.

In this context, the Three-no's policy banning universities from ranking high schools in college admissions seems to be the last resort to maintaining equal treatment across high schools. However, studies have shown that the top three elite universities in Korea favor graduates from special high schools (Sung, 2011). According to the Ministry of Education, Science and Technology report on the newly admitted college students for the academic year 2010, the proportion of special high school graduates in the top three institutions were 25.9 percent at Seoul National University, 28 percent at Yonsei University, and 20.7 percent at Korea University (J. Lee, 2010a). This suggests that despite government efforts, elite universities in reality favor graduates from special high schools in their admissions policy. What is more, studies have persistently indicated the growing disparity of student academic performance between special high schools and all other high schools (J. Lee, 2010b). Consequently, the long-standing debate over the efficacy of the equalization policy is further intensified.

S. Kang (2006) points out that the reason for the heated debate over the issue is that the equalization policy, along with the Three-no's policy, not only touches upon the differences in educational philosophies among people but also encompasses societal problems of growing socioeconomic inequality reflected in shadow education, the normalization of the public education system, nurturing globally competent human resources, and the admissions system both at the high school and college levels. Thus, it is no wonder that coming up with a consensus on the right solution to the problems is virtually impossible. Colleges and universities have been major critics of the equalization policy, arguing that the current system may discriminate against high-achieving students; the standards for a high-achieving student in a low performing school and a high performing school are clearly different, yet the equalization policy forces universities to assume that all schools are the same (J. Kim, 2007b). They argue that high school ranking in college admissions should be permitted in order to help colleges and universities select the best-qualified students. Furthermore, presidents and deans of major colleges and universities contend that

creating a world-class university is not possible if the government continues to prohibit ways to select high-achieving students (J. Kim, 2007a).

Conservative political parties and media also argue that the academic disparities among high schools should be acknowledged, as it is not something that should be ignored simply to enforce the equalization policy. They assert that high school equalization policy has already failed, as the high school system has long become hierarchical with the establishment of special high schools. Critics further contend that returning to the high school ranking system can promote parental rights in school choice. More elite and diversified high schools should be established to expand the options available for parents and students (Sung, 2011). Educators and politicians in this camp argue that the high school equalization policy only led to a downward standardization of the high school system, which is outmoded for surviving competition in the age of globalization. In other words, their arguments convey a certain dichotomy in which the equalized educational system inhibits competition while the hierarchical educational system promotes competition that is more suitable to meet the demands of the global era.

Parents of high ability students implicitly oppose the Three-no's policy prohibiting high school rankings as they are the ones interested in sending their children to special high schools. Furthermore, prior research indicates that parents who are highly educated and those from high socioeconomic status favor the hierarchical educational system (S. Kang, 2006). This is understandable as parents are more likely to support policies that would be favorable towards their children's educational future.

Nonetheless, high school equalization and the Three-no's policies continue to garner strong support from the government and egalitarian communities as they feel the absence of such policies would only aggravate the current state of affairs (Byun, 2010). Moreover, permitting colleges and universities to differentiate high schools fundamentally conflicts with the high school equalization policy; the fact that most students do not have the choice of which high school to attend exacerbates the problem.

Progressive political parties argue that doing away with the equalization policy will further restrict social mobility through education. With a substantial proportion of special high schools already taken up by students from the privileged class, education is increasingly functioning as a mechanism for class reproduction rather than social mobility (Koo, 2007); allowing colleges and universities to use high school rankings will reinforce social inequality. Thus, advocates emphasize that the equalization and the Three no's policies are basic mechanisms necessary to maintain equal access to higher education.

Proponents of the policy also criticize the other camp for blindly adopting the neoliberal ideals that promote market mechanisms and competition in education. However, S. Kang (2006) contends that the discourse surrounding neoliberalism used by both critics and advocates of the equalization policy is fundamentally flawed. He points out that it is the school environment created under the equalization policy that

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actually promotes competition among high schools as they constantly strive to send more students to good universities. Under the hierarchical educational system, fair competition among schools cannot be promoted because the elite high schools can consistently attract and select high-achieving students, which ossify the academic disparity among schools over time. Once elite high schools become successful in monopolizing the high ability students, they no longer have to compete fiercely with other schools (S. Kang, 2006).

Thus, the ongoing debate over the equalization and the Three-no's policies is fundamentally over equity and excellence. Colleges and universities emphasize excellence and have persistently proposed to do away with the Three-no's policy of banning high school ranking in college admissions. Most prestigious universities have already implicitly favored special high schools in their admissions; as those students who gain access to these special high schools tend to be from privileged backgrounds, the concerns expressed by the government and progressive political parties are understandable. They argue that although the policy may have already lost its effectiveness, it should never be abolished as it symbolizes the ideals of equal access, which should not be forgotten by all stakeholders of education. However, the current Korean high school system with its superficial equalization system is increasingly contributing to the differentiation of educational opportunities by academic ability and socioeconomic background. This indicates more should be done to promote equal access at all educational levels rather than simply holding on to the symbolic names of the equalization policy and the Three-no's policy.

The University Admissions System: A Step toward Deregulation?

The prohibition of colleges and universities from administering their own entrance exam is another aspect of the Three-no's policy central to the debate over academic access. As the tension between the government and the universities has existed for many years, it helps to understand some of the major policy changes regarding the university admissions system.

Prior to 1980s, colleges and universities were largely given the autonomy to set up admissions criteria and administer their own entrance examinations. This was possible in part because it was the period of growth for colleges and universities, and the government did not have clear directions for higher education policy; moreover, the number of students applying for college was generally lower than the enrollment capacity of most colleges (S. Kim & J. Lee, 2009; J. Kim, 2008a). As the number of students going to college increased, the competition to enter college intensified which dramatically increased private expenditures on shadow education and the number of students who retook the college entrance exam when they failed to enter college on their first try (S. Kang, 2006). High levels of government regulations became visible after the 1980s, which is particularly well reflected in the introduction of the centralized and standardized national college entrance examinations (J. Kim & Shim, in press). This system assumed the goal of alleviating the high costs and stress

from the ‘examination hell.’ Nonetheless, national college entrance examination administered by the government did not serve as an effective mechanism to dampen the heated competition. Although the government proposed various reforms to eliminate undesirable side effects, frequent policy changes only confused the public and reduced the credibility of the government’s reform agenda (S. Kim & J. Lee, 2003).

Since the mid-1990s, Korea has advanced into a knowledge-based society engaged in the worldwide globalization movement (Bae, 2011). Thus, securing national competitiveness became an important government agenda especially as Korea went through the difficult period of financial crisis. The shift in government reform is clearly reflected in the 1995 *May 30 Education Reform* presented by the Kim Yeong Sam administration (1993–1998). It highlighted an open education system, an orientation toward individual consumer needs, diversification of educational programs, and the autonomy and accountability of school operations (Sung, 2011); these ideas lend support to an unregulated liberal approach to university operation.

Under this new policy environment, government regulation was significantly reduced and university autonomy emphasized. Subsequent reform measures gave universities complete control over their admissions policy except for the Three no’s policy banning them from administering their own exams (Y. Kim, 2008). Recent reforms in university admissions policy reflect more diversity especially in terms of student selection methods (Y. Kim, 2008). In the prior admissions systems and to a large extent under the current admissions system, student ability and academic potential have been evaluated based on exam scores. However, as the rhetoric of higher education as a major means of producing highly-skilled, creative individuals in the knowledge-based society became dominant, the government and universities together saw the need to diversify the measures to evaluate student ability. As a result, ways to incorporate qualifications other than exam scores (S. Kang, 2006). However, diversified screening methods increased the complexity and confusion regarding preparation. This was a major setback as obtaining accurate information posed a major barrier to parents, students, and teachers in preparing for college admissions. Nonetheless, admissions processes continue to diversify.

The admissions officer system was introduced in 2007 when the government provided financial resources to forty universities to hire admissions officers that have a role similar to those in Western countries (H. Kim & J. Lee, 2009). Under the system, standardized test scores became just one of many considerations in college admissions decisions as students are also evaluated through other aspects such as personal essays, recommendation letters, non-academic activities (e.g., volunteering, leadership, awards), and interviews. Despite concerns of unfairness in the system due to the subjective features of some new components of admission decisions, it is gaining support with colleges and universities, increasing the number of spaces assigned through the admissions officer system (Yoon, 2012). The proponents of the system argue that taking holistic measures to evaluate the student can increase access and promote students to engage in more diverse academic and extracurricular

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activities (H. Kim & J. Lee, 2009). Furthermore, this system can be beneficial for colleges and universities, as it will help them select students who have a good fit with the values and culture of the college. A recent study conducted at a private university tracked students admitted through the admissions officer system; the results indicate these students more successfully transitioned into college life compared to those students admitted through traditional admissions processes (Yoon, 2012).

Nonetheless, people have also expressed concerns about fairness as the introduction of admissions officers and other non-academic criteria to the college entrance process inevitably bring subjectivity to the system (S. Park, 2008). In addition, teachers and school administrators point out that the admissions officer system further complicates the already complex university admissions system, which brings confusion to teachers, students and parents (J. Choi, 2012). However, despite the negatives, the general trend indicates that the admissions officer system is here to stay. For the 2013 admissions round, the proportion of students who will be selected through the admissions officer system has increased to 12.3% of the total admission quota for all four-year universities, a dramatic increase from 1.2% in 2009 (J. Choi, 2012). Thus, the next big step for this new system is to gain social trust by being objective and fair.

Despite the general movement towards deregulation, why does the Three-no's policy ban university-managed exams? The debate over this issue is in line with the discussion surrounding the equalization policy. Universities' attempts to restore individual entrance exams have been particularly visible in the past decade with a policy environment that supports freedom of university operations. College presidents and deans of admissions argue that entrance examinations fall under university jurisdiction and, therefore, colleges and universities should have control. They further emphasize that complete liberalization of university admissions is necessary in order to select the most qualified students and for colleges and universities to effectively compete with higher education institutions around the world (S. Han, 2005). Conservative scholars, politicians, and newspapers have criticized the government arguing that public regulation and restrictions have prevented elite universities from becoming more responsive to global competition (Sung, 2011).

The government has maintained a firm stance that allowing universities to craft and administer their own exams would worsen the problem of shadow education and work against the normalization of public education system; in order to enter the most prestigious universities, students and parents would focus on preparing for the individual university exams and the objective of holistic education the public schools strive for will be undermined. In addition, if universities are permitted to administer their own entrance exams it is highly likely that the other Three-no's policy banning high school ranking in college admissions will lose its efficacy (J. Kim, 2007b). One can conjecture that those students who do well in these university entrance exams are more likely to be those students attending special high schools or schools in wealthy districts. Thus, progressive political parties criticize

universities and conservative parties for taking an elitist stance without considering the negative social consequences of doing away with the Three-no's policy.

From a macro perspective, Korean university admissions policy has oscillated between a regulatory approach and an unregulated liberal approach (Y. Kim, 2008). Numerous reforms have come in between, but with the consistent goals of normalizing secondary education, reducing the financial burden of private tutoring, and increasing university autonomy (S. Kang, 2006). But these reforms have largely failed, and parents and students say they would rather have no more change (J. Lee, 2010a). Since education is the utmost important social concern for every Korean family with children, policy reforms regarding university admissions have often been used as a political tool to garner support; this is well reflected in the fact that every presidential administration proposed a change in admissions policy. Thus, the reforms have been too superficial to provide workable solutions to the deeply rooted educational problems in Korea that have persisted since its birth (C. Kang, 2007). It is also important to note that the evidential base for all the policy reforms and ongoing debates is surprisingly weak. In other words, empirical research that can document the effects of equalization or the Three-no's policies are virtually absent (S. Kang, 2006). Consequently, the policy debate surrounding academic access and university admissions has been largely based on logic and ideals.

Despite the lack of empirical evidence, the fight over ideals is an important one as it consistently raises the question of how to maintain the delicate balance between academic excellence and equity in policies that guide access to higher education. As we have seen in the recent changes taking place in Korean education, the issue is much more complicated as educational institutions become engaged in the global environment. In the next section, we discuss the changing context of financial access to higher education. As colleges and universities increasingly face financial burdens that threaten their sustainability, various policies regarding college finances have become hot-button issues recently.

FINANCIAL ACCESS

Quantitative Expansion of Higher Education and the Consequences

Since General Park Chung-Hee came to power in a military coup in 1961 (10 years after the Korean War), South Korea underwent over 25 years of military dictatorship until the late 1980s. President Park was assassinated by his subordinate officer after 18 years in office in 1979 amid mounting public discontent with his lengthened dictatorship. Soon after Park's death, the next military government of General Chun Doo-Hwan seized power for the following eight years (Chang, 2008). After almost three decades of dictatorship, South Korea finally celebrated the return to democracy and political stability in the early 1990s.

The shift to democracy had a significant influence on higher education policy and the expansion of college access. Traditionally, all public and private institutions

of higher education have been supervised by the central government (i.e., Ministry of Education, Science, & Technology), and university establishment and student population policies were especially important means of government control. However, coupled with the democratization and liberalization of the society since the 1990s, sweeping neoliberal educational reforms that emphasize deregulation, competition, and marketization in higher education called for reducing the centralized government's control.

Accordingly, the government's approach to higher education policy shifted from regulation to an approach that was more liberal. For example, the strict evaluation standards of approving the establishment of new universities were replaced by a simple check of whether the university met the standards for facilities, teachers, and finances stipulated in the university establishment and operation regulations (Y. Kim, 2008; J. Kim & Shim, in press). This made it much easier for universities to be established, and many new universities have been created since the mid-1990s; between 1990 and 2010, the number of postsecondary institutions increased from 265 to 411 (an increase of 146), mostly of which were private (see Table 1). Due to the increasing number of new private institutions coupled with almost no change in the number of public institutions, the proportion of private institutions rose from 79.2 percent to 87.3 percent over the past 20 years. In addition, since the mid-1990s the government has liberalized the right to determine university quotas (except for institutions training medical doctors, nurses, and teachers) as a way to allow more institutional autonomy. This liberalization of admission quotas was also felt in existing institutions (Oh, 2011).

*Table 1. The number of institutions of higher education
by type: 1990–2010*

<i>Year</i>	<i>Total</i>	<i>Public</i>	<i>%</i>	<i>Private</i>	<i>%</i>
2010	411	52	12.7%	359	87.3%
2009	407	53	13.0%	354	87.0%
2008	405	52	12.8%	353	87.2%
2007	408	54	13.2%	354	86.8%
2006	412	56	13.6%	356	86.4%
2005	419	60	14.3%	359	85.7%
2004	411	61	14.8%	350	85.2%
2003	405	62	15.3%	343	84.7%
2002	376	62	16.5%	314	83.5%
2001	374	61	16.3%	313	83.7%
2000	372	62	16.7%	310	83.3%
1990	265	55	20.8%	210	79.2%

Source: Korean Council for University Education (<http://stat.kcue.or.kr/>)

As a result of the two-decade expansion of college seats, in 2011 82 percent of Korean high school graduates attend postsecondary institutions: 71% of them enter four-year

institutions (compared to 40% in 1995) while 36% go to two-year institutions (27% in 1995) (S. Choi, 2012). However, national leaders have expressed concerns about social and economic costs resulting from excessive college entrance and “over-education,” suggesting the Korean government allowed too many universities to open. President Lee Myung-Bak admits the expansion has gone too far, suggesting that fewer people should go to college than currently – 3.8 million undergraduate and graduate students from a total population of 50 million (McNeill, 2011).

Poor job prospects and increasing unemployment rates among college graduates, perhaps due to a mismatch between educational credentials and the real needs of the labor market, appear to substantiate the over-education phenomena (K. Ahn, 2011; J. Park, 2009). Although great numbers of students graduate from college every year, many of them (over 40% of new college graduates) fail to find jobs commensurate with their education. As Table 2 indicates, full-time employment rates are declining for both two-year and four-year college graduates between 2006 and 2009 (67.1 to 57.7 for two-year colleges and 49.2 to 39.6 for four-year college graduates). High-paying and prestigious jobs are inadequately available for increasing number of people who attained higher education. Accordingly, the government intends to lower the number of students going to college through promoting structural reforms and downsizing poor-performing or financially unstable universities to quell the “higher education bubble” (Bader, 2011).

Table 2. Employment rate by institutional type (%)

Type of Institution		Two-year	Four-year
Regular Full-time Employment	2009	57.7	39.6
	2008	64.5	48.0
	2007	65.1	48.7
	2006	67.1	49.2
	2009	86.5	68.2
All Employment Rate	2008	85.6	68.9
	2007	85.2	68.0
	2006	84.2	67.3

Source: Korean Council for University Education (<http://stat.kcue.or.kr/>)

In addition to the labor market consequences, rising costs of college attendance have been a constant issue as more private universities have been established over the past 15 years. The fundamental reason for increasing tuition burden is that financial investment in Korea’s higher education is highly dependent on private sectors given low government funding allocated to higher education (87% of postsecondary institutions are private). Because private universities receive lower levels of government funding relative to public and national universities, private universities rely heavily on tuition revenue: on average, tuition revenue makes up almost 70 percent of the total budget in private universities (K. Kang & M. Kim, 2010).

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Most private universities have not secured additional funding resources, thereby increasing reliance on tuition fees (K. Song, 2008). However, a considerable proportion of the private universities established after 1996 proved to be financially unstable due to their inability to fulfill student quotas (Oh, 2011; J. Park, 2009). Consequently, these universities' financial difficulties have caused them to raise tuition at a higher rate, motivating other universities to also raise tuition fees.

Rising College Tuition and Public and Political Debates over Reducing the Tuition Burden

The military dictatorship until the 1980s enforced strict control over educational policies including college tuition, and thus had fewer conflicts over tuition hikes than in the present (K. Park, 2006). Up until 1988, the government offered a legal guideline for setting universities' tuition, and university presidents decided tuition levels based on the guideline (B. Kim, 2006; KCE). Mounting calls for democratization coupled with rising advocacies of neoliberalism led to the policy shift toward more liberalization and deregulation. As a consequence, the government has allowed universities to independently set tuition fees within reasonable limits for private universities since 1989 and for national universities since 2003 (J. Kim & Shim, in press). However, this has resulted in fierce conflicts between universities and students who opposed payment hikes, and increasing tuition costs have often been a target of student activism and protests within universities every spring when universities announce their annual tuition (Y. Kim, 2008; B. Kim, 2006). This suggests that as the Korean society has become more democratized, the student protests against military government in the past are over, and student activism is now focused on rising college costs.

When the Asian financial crisis of the late 1990s hit Korea, the government temporarily recommended universities freeze their tuition fees for the next few years. Since 2000, institutions began raising tuition at a rate greater than the rate of consumer prices (See Table 3). Tuition issues have evolved beyond college towns to become a national priority along with the labor market crisis and the economy.

For the past 12 years, college tuition has increased dramatically under an emphasis on the user-payer principle based on parents' willingness to financially support children's studies (K. Kim & Woo, 2009). As a result of the eroding sense of the public good in higher education, various movements away from the user payer principle occurred during the past decade. Tuition has been one of the biggest issues driving public discontent with higher education, and parents and student groups have formed the consensus that the current level of college tuition and the rate of increase are too high for the country's average income levels (e.g., GDP) and consumer prices (McNeill, 2011).

Since 2006, student activism against tuition hikes by individual universities developed into shared activism among groups of universities, and collaborations among student leaders, faculty unions, civic groups, and worker unions became

more common (B. Kim, 2006; KCE). This collaborative movement on a large scale significantly influenced the political parties' involvement in tuition issues, and numerous parties suggested alternatives to address tuition burden (K. Song, 2011). However, public discourses were developed mainly for political purposes based on populism with the intention of influencing future parliamentary and presidential elections. For example, continuous protests against college costs forced President Lee Myung-bak to pledge during his 2007 campaign that he would halve tuition, a promise he has yet to keep (McNeill, 2011). In 2008, 510 progressive civic groups organized a collaborative association called a "social network to relieve tuition burden" and protested for halving tuition fees. This network insisted that the government adopt new policies such as stricter tuition controls, income contingent loans (ICL), and zero interest rates for student loans in order to address tuition burden (J. Kim, 2008b).

The constant and unified voices asking for reduced tuition led the government to adopt two important policies in 2010: a) income contingent loans (ICL) and b) controls over tuition increases. Under the ICL (referred to as Study-Now-Pay-Later) scheme, students who are from families with incomes in the bottom 70 percent make no payments during the study period and are required to start paying back after their annual earnings reaches 16 million won (\$20,280) (T. Lee, 2010). In addition, beginning 2012 the government reduced interest rates on both the ICL and existing government-guaranteed loans while lowering the GPA eligibility criteria in an attempt to increase the accessibility of loans (M. Song, 2012).

Taking control over tuition fees has been deemed necessary for the successful implementation of the ICL program. The public is especially concerned that the debt burden students take on will grow excessive unless tuition rates are curbed while students are receiving the loans. In response to this public concern, opposition parties tried to institute the regulation of tuition amounts, but faced harsh objection from the ruling party. Consequently, a compromise of regulating the rate of annual tuition increases was agreed upon: the government capped annual tuition fee increases for both private and public colleges starting in the 2011 academic year (HGU Press, 2010). Specifically, tuition increase rates set by individual universities should not exceed 1.5 times the average rate of increase in consumer prices for the prior three years (Hyun, 2011).

University presidents (especially those from private universities), however, expressed dissatisfaction and concern about the new tuition control policy, suggesting that the adoption of the price control in higher education represents a regression to the past and is an intrusion on institutional autonomy (Y. Lee & J. Lee, 2011). Critics also warn that tuition control has the potential of lowering the quality of educational services provided to students because decreasing the flexibility of a university's financial budget may lead to reluctance to invest in institutional capacities and financial aid for low-income students (J. Ahn, 2010; Hong, 2010; Hyun, 2011).

Alternatively, many university leaders and market-driven economic research institutes favor awarding admission based on financial contributions (strictly banned by the government) as a way to increase universities' financial sustainability. The advocates argue that allowing students to be admitted because of a financial

contribution will increase university revenue and institutional competitiveness and will also allow universities to expand need-based financial aid for low-income students (Y. Lee, 2011). However, social consensus has not been reached on admission by financial contribution yet due to deep social antipathy to the system. Based on social justice and fairness rationales, opponents suggest the system will officially award privileges for wealthy students to attend highly prestigious institutions and thus opportunities to receive higher education will be further stratified by income. Although more than 150 presidents of universities proposed introducing the system to the MEST in 2005, the government did not officially allow individual universities to adopt this admission policy (Hyun, 2011).

Table 3. Increases in annual tuition in four-year universities in comparison to consumer price

Year	Public		Private		Difference	Consumer Price Increase in 2011
	Amount (\$)	% Increase	Amount (\$)	% Increase		
2001	2,033	4.9	4,224	5.9	2,191	4.1
2002	2,184	7.4	4,516	6.9	2,332	2.7
2003	2,346	7.4	4,819	6.7	2,473	3.6
2004	2,566	9.4	5,105	5.9	2,539	3.6
2005	2,753	7.3	5,363	5.1	2,610	3.1
2006	3,028	10.0	5,720	6.6	2,692	2.8
2007	3,390	9.7	6,114	6.9	2,723	2.2
2008	3,683	8.6	6,526	6.7	2,842	4.7
2009	3,703	0.6	6,558	0.5	2,855	2.8
2010	3,875	4.6	6,706	2.3	2,831	2.9
2011	3,891	0.4	6,860	2.3	2,969	4.7
Cumulative	–	70.3	–	55.8	–	37.2

Source: Bahn (2011). Current status of college tuition and financial aid

Despite the universities' concerns, the half-off tuition slogan re-emerged in 2011 and was used as an anti-government campaign organized by progressive opposition parties to gain an advantage in the next upcoming elections. Public demonstrations for tuition issues have been most fierce during 2011: College students, opposition political parties, and progressive civic groups have for weeks called for halved college tuition during mass street rallies, accusing President Lee of failing to keep his word on what was once his key campaign pledge (Xinhua News, 2011). Criticizing the government's passive attitudes, liberal and left-leaning opposition parties even made bold promises of introducing tuition-free or half-off nominal tuition by investing in more public funding allocated to subsidizing tuition fees.

Giving in to popular demand, the ruling party and the government promised to increase the higher education budget by 2.5 trillion won, with the extra money used to lower nominal tuition fees in universities and interest rates of government-guaranteed

student loans, in addition to further expanding national need-based grants for low-income students starting in 2012. In order to receive governmental support, individual universities should make efforts to lower or freeze tuition increases. Conforming to the government's policy direction, over half of the total institutions (204 out of 346) have cut tuition by an average of about 5 percent for the 2012 academic year (MEST news, 2012).

Improving College Affordability through Structural Reforms of Universities

The increased governmental funding invested in lowering tuition costs is, however, not targeted for all institutions. There has been a growing consensus among the government and economic institutes that structural reforms (especially among financially unstable universities) are needed to maximize managerial efficiency and save public money. Based on this notion of efficiency, the structural reform of institutions has been recommended as a viable way to resolve the issue of rising tuition (K. Ahn, 2011; J. Lee, 2011).

In reality, a majority of Korean universities have attempted to expand in size and offer a comprehensive selection of majors (called a "department store" type) rather than focusing on differentiation and specialization of majors (Y. Kim, 2008; K. Kim & Woo, 2009). However, continuous expansion in size has been problematic as demand for university admission has been plummeting due to the shrinking school-age population (See Table 4). The university-age population in Korea has continuously declined since 1990 and is expected to decrease by approximately half by 2050 (from 609,000 in 2010 to 311,000). By 2016, it is anticipated that higher education admission quotas will be higher than the number of high school graduates (KDI Public Finance Center, 2010). Some universities (especially private ones located in smaller cities outside the Seoul metropolitan area) have already been unable to fulfill student quotas and a few of them are in danger of closing due to financial difficulties. The decline in the freshmen population will continue in the future, forcing many institutions to shut their gates or merge (K. Byun & M. Kim, 2010).

To prepare for the declining youth population, the government has been promoting structural reforms through mergers, integration, and reductions in class size and departments among public and private universities and instituting more rigorous requirements for new universities since 2003 (Y. Kim, 2008). Financial incentives by the government were given to universities that implemented structural reforms such as merging of similar departments or revising the degree system (J. Park, 2009). As a result, 18 national universities were combined into 9, and the student population was reduced by 7,267 between 2004 and 2009. In the private sector, 14 universities were merged into 7, and the student population was reduced by 9,807 during the same period (KDI Public Finance Center, 2010).

More recently, as the conflict over half tuition becomes increasingly intense, the government has sought to link the tuition issue to structural reforms of universities. In other words, the central governments responsible for education and economics (i.e.,

Ministry of Education, Science & Technology and Ministry of Strategy and Finance) and the nation's leading economic research institutes (e.g., Korea Development Institute) advocated structural reforms of institutions first and then concentrating public incentive funding to surviving institutions to curb tuition costs. Attributing the fundamental problem of continuous tuition hikes to universities' structural and financial issues, their position is that it would be a waste of money to subsidize poor-performing or financially unstable institutions that heavily rely on tuition fees.

As a specific step, the government launched a legal committee to promote structural reforms within universities in 2011. Based on the evaluation results by the committee and audits conducted by the Board of Audit and Inspection (BAI) in regard to university accounting, the government announced the list of universities ranked in the bottom 15 percent (5 national and 43 private institutions out of a total of 346) for which public financial support and/or government-guaranteed loans for students are restricted (B. Kang, 2010). In the long run, these universities restricted from governmental financial supports are likely to close due to financial hardship and student avoidance. In addition to this Blacklist, the government ordered two private institutions to shutdown in late 2011 due to their habitual accounting misbehavior over the past five years (e.g., exaggerating the number of enrollees, covering up financial problems, and hiking student fees to unacceptable levels) (McNeill, 2011).

The government's approaches to addressing tuition costs through structural university reforms, however, have been harshly opposed by university unions, faculty unions, and progressive student groups. Stating that half tuition issues and structural reforms are distinct matters, students and progressive civic activists criticized that half tuition issues are being employed as a way to advocate for structural reforms and, especially, the downsizing of universities. Considering the lower tuition prices charged by national institutions relative to private ones, reducing enrollment seats at national universities has a potential to reverse the policy goal of improving affordability.

Table 4. Changes in the school-age population (in thousands)

Year	Pop Age 6–21	% Total Pop	Elementary Age 6–11	Middle School Age 12–14	High School Age 15–17	College Age 18–21	Age 18: Eligible to College admission
1970	12,604	39.1	5,711	2,574	2,101	2,218	609
1980	14,401	37.8	5,499	2,599	2,671	3,632	923
1990	13,361	31.2	4,786	2,317	2,595	3,663	920
2000	11,383	24.2	4,073	1,869	2,166	3,275	827
2005	10,537	21.8	4,018	2,064	1,840	2,615	609
2010	9,857	20.0	3,264	1,961	2,073	2,560	682
2020	7,602	15.2	2,618	1,360	1,376	2,248	493
2030	6,252	12.8	2,229	1,131	1,204	1,728	421
2050	4,563	10.8	1,552	831	882	1,299	311

Source: Korean Council for University Education (<http://stat.kcue.or.kr/>)

Opponent groups also expressed distrust of the fairness of evaluation criteria that ignore the specific conditions in which each institution is situated, thereby disadvantaging certain groups of institutions (J. Kim, 2011). The main criteria for measuring institutional performance involve fulfillment of enrollment quota and job placement rates. The increasing concentration of population and industries in the Seoul metropolitan area caused institutions located outside the metropolitan area to experience difficulties in recruiting students relative to institutions near Seoul, and consequently most institutions included on the Blacklist are located outside metropolitan area. Furthermore, colleges of music, theatre, or fine arts received lower evaluation scores due to the lower job placement rate of their graduates who are mostly either self-employed or unable to find secure full-time employment. Universities, especially those disadvantaged in the evaluation, warn that forcing structural reforms based on these uniform quantitative criteria will eventually result in market-driven academia because majors and departments with low job placement rates or those that are less popular could be eliminated.

Despite rising public concern about the government's ambitious plan for restructuring universities, structural reform policy is likely to be prioritized as a way to address both rising tuition costs and the shrinking school-age population. Unfortunately, this policy is mainly driven by economic and market efficiency, lacking a careful consideration of social justice or equity in postsecondary opportunity. The basic idea is that there is an over-supply of university seats relative to enrollment demand because too many universities operate, and thus seats should be reduced for the purpose of maximizing organizational efficiency. However, it is questionable if the government will be able to determine the "optimum" number of college graduates without considering individual and societal demand for receiving higher education in addition to organizational differences across individual institutions.

Merging of or closing low-performing institutions based on questionable criteria may further lessen students' rights to attend institutions of their choice. The evaluation process may function as an external constraint, but institutional changes toward efficiency could be marginal due to structural inertia, a tendency adhering to current structures deemed legitimate. If possible, reducing the enrollment quota of over-expanded institutions rather than shutting down poorly evaluated institutions might be more desirable in order to protect students' postsecondary opportunity and reduce inequalities across institutions.

During the past two decades, Koreans have seen enormous expansion in postsecondary opportunities, but the expansion has been made possible more through expensive college costs paid by students and their parents than through a concerted effort by the government. In the face of a sweeping global economic crisis it becomes more and more difficult for middle- and lower-class families to pay for tuition costs which are increasing at a faster rate than their incomes. In order to prevent the erosion of social justice and fairness, governmental financial support should be focused on expanding the educational opportunity of socially and economically disadvantaged groups. Facilitating competition across institutions and

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restructuring low-ranked institutions should be reconsidered: If these institutions are more likely to serve disadvantaged groups who have lower chances to attend highly selective and prestigious institutions located inside the metropolitan area, then closing or merging them may negatively affect the educational opportunities of students from disadvantaged social and economic status.

CONCLUSION

The changes that are taking place in Korea conform to the global pattern of widening social and economic gaps. As market mechanisms and global competition become catch phrases in national policy reforms, economic inequality and social polarization emerge as a serious social problem. What is particularly troubling is that education seems to be adding to social inequality in Korea. As Korean higher education institutions increasingly become engaged in the global environment, the question of how to be globally competitive while maintaining equal opportunity to students of all backgrounds has become a major dilemma. As we have seen, this dilemma is at the heart of all policy debates surrounding college admissions and financial access. The debate will continue because of the everlasting problem of shadow education and normalization of secondary education. Recent neoliberal reforms, like many prior educational reforms, do not seem to be providing good solutions for the problems the Korean educational system faces. Student and parents continue to run the educational race to college, but they seem to be ever more distressed as the competition never seems to end. College education no longer guarantees a successful life for Koreans as the dramatic expansion of postsecondary opportunities came with increased unemployment, job-quality mismatch, and over-education. What awaits students who have passed through the “examination hell” to colleges and universities is another battlefield over prestigious jobs. It is no wonder people see despair rather than hope in the Korean education system. Seeking workable solutions to the problems seems urgent especially in the fast changing society in the global era.

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THE EFFECTS OF COLLEGE COST AND FINANCIAL AID IN GERMANY

*Why Are Students Sensitive to College Costs in a Low-Cost / High-Aid System?*¹

INTRODUCTION

Over the last decades, educational research in Europe has paid little attention to the costs of higher education and how they affect students' decisions on whether to enroll in higher education. Researchers and policy makers seem to assume that the costs of a college degree play a minor role in enrollment decisions, and that other factors such as information and academic preparation are more important explanations for why some high school graduates enroll in higher education and some do not (e.g. Winter et al., 2010). The situation is very different in the U.S. and other countries discussed in this volume where the effects of college costs have been a prominent and well-researched issue for many years (e.g. Leslie & Brinkmann, 1987; Heller, 1997). One explanation for the scant attention to the effects of college costs in Europe is that the costs a student has to pay for college are much lower in Europe than in many other parts of the world. Unlike the situation in the U.S., European higher education is characterized by relatively low personal costs, high financial aid, and high public subsidies.

In Germany, for example, almost all universities are public and most states do not charge tuition fees for public higher education; those who do only charge a moderate amount of 1,000 Euros (\$1,200) per year. A grant/loan program covers about 30 percent of the living expenses for most students of low socioeconomic status² (low-SES students).³ The average student from a low socioeconomic background can therefore finance his or her college education with a combination of grant/loan aid, employment and parental support (Isserstedt, Middendorf, Kandulla, Borchert, & Leszczesky, 2010). The majority of students do not need to take out additional student loans; those who do can borrow money through a subsidized loan program and therefore are not credit constrained.

Given that personal college costs are very low, it is often assumed that costs are not an important factor to explain the stark underrepresentation of low SES students in higher education in Germany. Among students who have qualified to enter higher education and have obtained the *Abitur* degree, 85 percent move on to a full-time college if the parents have a college degree, compared to 70% if the parents do not

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have a college degree (Heine, Spangenberg & Lörz, 2007). Scholars often argue that the existence of vocational training, which pays a monthly stipend, and the desire to have a secure income immediately after graduating from secondary school explain why low-SES students are less likely to pursue higher education than their higher-SES peers (e.g. Müller & Jacob, 2008).

However, recent research shows that despite being relatively low, college costs have a noticeable influence on low-SES students' enrollment in higher education (Kroth, 2013; Quast et al., 2012). Other factors, such as differences in academic achievement or expectations about employment are less important mediators for the relationship between social background and college access (Kroth, 2013). The importance of costs is furthermore underlined by the fact that even a small increase in actual costs due to the introduction of tuition fees has a substantial effect on students' decision to enroll in higher education (Kroth, 2013). The probability that *Abitur* recipients of low parental education enroll in higher education dropped by 7 percentage points from a baseline of 52 percent after tuition fees were introduced in some states.⁴ High school graduates whose parents have a college degree were not affected by tuition fees.

The strong influence of cost on students' decision to enroll is unexpected given that the increase in costs is negligible compared to the high returns from higher education and that grant and loan programs are available for students who lack the financial means to pay for their college degree. This chapter addresses the question of why students of low socioeconomic background in Germany are very sensitive to small cost increases for higher education against the backdrop of an overall generous funding system. I first describe the system of college costs and financial aid in Germany. Then, I review the empirical findings about the effects of costs and financial aid on college enrollment, especially for low-SES students. To conclude, I discuss four potential explanations for the high price-sensitivity among low-SES students and review the empirical evidence. I will discuss the explanatory power of credit constraints, low net monetary benefits, misinformation about net benefits, and loan aversion.

COLLEGE COSTS AND FINANCIAL AID IN GERMANY

College Costs

College costs are generally comprised of direct costs (e.g. tuition fees and costs for books) and indirect costs (e.g. foregone income). From 1970 until recently, German higher education institutions did not charge tuition fees. Students were only required to pay an administrative fee of approximately 100 Euros per semester. In 2006, seven German states introduced tuition fees for all public higher education. Students in these states pay 1000 Euros (ca. \$1300) per academic year. Students with disabilities or students with children (or other family circumstances) are exempt from tuition fees in some of these states. Tuition fees have been a controversial hot button issue in Germany, and five states have abolished tuition fees after a change in government.⁵

Living expenses are, strictly speaking, not part of college costs because they need to be paid regardless of whether a person enrolls in higher education or not. Yet in an analysis about the effects of college costs on enrollment it is important to consider them because students can only succeed in higher education if they have enough money to cover their living expenses. Monthly costs for rent, food, transportation, health insurance, telecommunications and other expenses are on average 779 Euros (Isserstedt et al., 2010). It is important to note that these are average costs which vary considerably across cities and are strongly dependent on students' life circumstances.

Financial Aid

Compared to other nations, Germany has a generous financial aid system. The largest financial aid program in Germany is the federal BAFöG program (*Bundesausbildungsförderungsgesetz*). Introduced in 1971 to support low and middle income students, BAFöG aid consists of 50 percent grant and 50 percent no-interest loan for a period until the expected time to degree. Eligibility and amount of aid depend on students' income and savings as well as on the income and savings of their spouse and parents. The number, age, and income of students' siblings and other household members also affect the amount of BAFöG aid. In general, students whose parents combined income is below 1,605 Euros per month after taxes are eligible for maximum BAFöG aid; students whose parents earn more are eligible for incrementally smaller amounts. On average, 23 percent of students receive BAFöG grants and loans; 41 percent of the students from the lowest SES quartile receive BAFöG aid, compared to 11 percent of students from the highest SES group (Isserstedt et al., 2010). Most students who do not receive BAFöG are not eligible because their income is too high. Among the students who have lost their eligibility, 53 percent lose it because they study longer than the expected time to earn a degree or because they have changed their major.

In 2009, the maximum amount of BAFöG aid was 512 Euros per month; the average amount is about 414 Euros (Isserstedt et al., 2010). For a student with a low-SES background whose average costs are 779 Euros per month (tuition fees are excluded), BAFöG pays, on average, 32 percent of the college costs. The repayment for the loan part of BAFöG program begins after graduation. Individuals who earn less than 960 Euros per month after taxes following college graduation can defer repayment.

In addition to the BAFöG program, the German government subsidizes college costs indirectly. Students receive free or reduced-cost health insurance and, if their parents are employed, they are covered by their parents' long-term care insurance. In addition, they receive discounts for many public services and for public transportation. Parents of students receive large tax exemptions and deductions along with add-ons to their pensions and unemployment benefits (Schwarzenberger & Gwosc, 2008).

Beyond the need-based BAFöG program, there are a number of merit-based programs, which support relatively few students. A national foundation funded

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by the federal and state governments, as well as private donors (Studienstiftung des Deutschen Volkes), award fellowships for gifted students. Furthermore, the foundations of the five major political parties award fellowships for students who have excelled academically and are engaged in political work or community service. A recent study found that these six merit programs rarely support students from low-SES families (Middendorff, Isserstedt & Kandulla, 2009). The German government introduced a new merit aid program in 2010 which supports high achieving students regardless of their financial background (Deutschland-stipendium). Fellowships from private foundations are rare, and almost no financial aid is awarded by the higher education institutions directly.

Loans

Student loans are offered by private and government-owned banks. The government-owned KfW Bank offers the most popular loan program and provides about 92 percent of student loans in Germany (Müller, 2012). The KfW loan program offers up to 650 Euros per month regardless of the students' or their parents' income or savings. The nominal interest rate is currently 3.36 percent and interest begins to accrue immediately. Students can defer repayment for two years after graduation. The KfW loan program is available to students who study full-time towards their first degree, are younger than 35, are EU citizens who graduated from a German high school or lived in Germany three years prior to college enrollment, or are Non-EU citizens who graduated from a German high school (which makes most high school graduates from immigrant families eligible for the KfW loan program).

Few German students use private loans to finance their college education. Between 5 and 6 percent of students take out loans in addition to the BAFöG aid (Ebcinoglu & Gersch, 2008; Isserstedt et al., 2010). Despite their higher financial need, low-SES students are not more likely to take out loans than high-SES students (Ebcinoglu & Gersch, 2008). Students who take out loans, on average take 400 Euros per month which covers about half of their average monthly costs (Isserstedt et al., 2010).

Financial Packages and Unmet Financial Need

Table 1 summarizes the average distribution of income sources for low and high-SES students. As described above, the sources of income vary considerably by socioeconomic background. On average, low-SES students receive support from their parents (26%), from BAFöG (32%) and from their own employment (30%). High-SES students receive a much larger proportion from their parents (63%) and a much smaller amount from BAFöG (6%) and from their own employment (21%).

The amount of unmet financial need, which is defined as the amount not covered by BAFöG, employment, parental support and other sources, is low on average.

THE EFFECTS OF COLLEGE COST AND FINANCIAL AID IN GERMANY

As described in Table 1, the average low-SES student can pay college costs and living expenses with a combination of BAFöG, employment, parental support, and other sources and does not need to take out an additional loan. However, since financial needs are barely met, the average low-SES student does not have sufficient resources to pay the tuition fees charged in some states in the amount of 1000 Euros (83 Euros per month). Students in these states have to work more hours or receive more financial support from their parents to make ends meet.

It is important to stress that these numbers are averages across a heterogeneous group of students. Unmet financial need is likely to be much higher for students who are not eligible for BAFöG because their parental or own income is just above the eligibility cut-off, because they have studied longer than the expected time to degree, or have changed their major. Unmet financial need is also higher for students who receive no support from their parents or who cannot work while in college. The next section will review the empirical evidence on how college costs and financial aid influence matriculation decisions in Germany, with particular focus on the decisions of low-SES students.

Table 1. Average sources of income per month by SES background

Sources of income	Lowest SES-Quartile		Highest SES-Quartile	
	In Euro	Percent of Income	In Euro	Percent of Income
Parents	204	26 %	525	63 %
BAFöG aid (50% loan, 50% grant)	251	32 %	50	6 %
Employment	234	30 %	175	21 %
Other (eg. savings)	94	12 %	83	10 %
Average income per month	783		833	
Average need (excl. tuition) per month	779		779	
Average unmet need per month	-4 (none)		-54 (none)	
Loans outside of BAFöG	5% of students take out these loans, on average 400 Euros per month. Loans are not included in average income breakdown because few students take out loans.			

Source: Isserstedt et al. (2010), 19. Sozialerhebung

THE EFFECTS OF COLLEGE COSTS AND FINANCIAL AID ON COLLEGE ACCESS

College Costs

Several recent studies show that college costs significantly influence the decision of students to pursue higher education regardless of social background (Becker, 2000;

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Becker & Hecken, 2009b; Heine, Quast & Beusse, 2010; Kroth, 2013). One part of the research is based on survey data regarding students' perceptions about the influence of college costs on their college-going decision. Based on a 2008 survey of high school graduates, Heine et al. (2010) report that 77% of *Abitur* recipients who do not plan to enter college mention costs as the most important reason for their decision; 60 percent state that their career goal does not require a college degree, 43 percent that they feel they are unprepared for college, and 43 percent that they are uncertain about the employment prospects of college graduates. Viewing college costs as influencing the college-going decision is also negatively associated with actual college enrollment. Heine, Quast and Beusse et al. (2010) found that viewing costs as influential is associated with a lower probability of college enrollment when other student characteristics are held constant. Measured at the mean, a one point increase (on a five point scale) in viewing costs as influential on the college going decision is associated with a 2 percentage points drop in enrollment probability after adjusting for gender, parental education, migration background, type of high school, *Abitur* grade, expected career prospects for college graduates, number of books in the household, and difficulty of obtaining information about higher education. Similar results were found in a study based on high school students in the state of Saxony in the years 2000 to 2006 (Becker, 2000; Becker & Hecken, 2009b).

However, Heine et al. (2010) found concerns about costs to be a less important predictor for college enrollment than a number of other factors. Grades, interest in academic work, expected career prospects, and type of school all had a stronger effect on actual college enrollment a year later. Since this finding runs counter to the results described above, it may be that students tend to overstate the influence of college costs on their college-going decision, although costs are still part of the decision.

The results above pertain to students regardless of their social background, but the existing research suggests that low-SES students are more strongly affected by college costs than their high-SES peers. Heine et al. (2010) found that 79 percent of students whose parents do not have a college degree see costs as a very important reason to forego a college education, compared to 71 percent of students whose parents went to college. Kroth (2013) found that concerns about college costs function as a key mediating factor for the effect of social disparities on college enrollment. Other factors, such as differences in academic achievement or expectations about the employment prospects of college graduates were less important in explaining this association.

In summary, the existing research suggests that costs influence the college going decision in Germany and that low-SES students are more strongly affected by college costs than their high-SES peers. Most of these studies are based on students' perceptions of how costs influence their intention to go to college, not how actual college costs influence students' actual enrollment behavior. Recent studies about the influence of tuition fees provide more direct evidence about the influence of college costs on actual enrollment behavior.

Tuition Fees

Two recent studies found that tuition fees, which were introduced in some German states in the amount of 1,000 Euros per year, discourage students of low parental education from enrolling in college. There is conflicting evidence whether tuition fees also affect the general student population and students of high parental education, respectively. Hübner (2009) investigated the impact of tuition fees using a natural experiment approach. He compared how college enrollment rates developed in states with and without tuition fees in the years after fees were introduced. He found that the probability of college enrollment for high school graduates from fee-states went down 2.8 percent between 2006 and 2007 relative to the change observed in states without tuition fees. The study is based on data from the Federal Office of Statistics on all high school graduates who passed the *Abitur* exam in Germany between 2002 and 2007. This study might, however, overestimate the effect of tuition fees because the data also include high school graduates who enroll only in order to receive the financial benefits (reduced fares and cheap health care), not for the purpose of learning. It can be expected that enrollment declines with the introduction of tuition fees simply because the additional costs outweigh the fringe benefits. Another limitation of Hübner's study is that states which introduced tuition fees had already announced this policy at the beginning of 2005. A comparison of the enrollment rates of the years 2004 to 2005 would therefore be more appropriate.

Kroth (2013) studied the effects of tuition fees on enrollment using a similar approach to the one used by Hübner but comparing the years 2004 and 2005 and excluding enrollees who enroll just for the financial side-benefits. Contrary to Hübner (2009), Kroth found no evidence that tuition fees affect enrollment of high school graduates in general. Her study shows, however, that *Abitur* recipients with low SES background were substantially affected by tuition fees; their probability to enroll in higher education six months after graduation dropped by 7 percentage points from a baseline of 52 percent after tuition fees were introduced relative to the change in the states without tuition fees. A preliminary analysis comparing the years 2005 to 2006 found no effects of tuition fees on enrollment intentions (Helbig, Baier & Kroth, 2012).

In another study, Heine, Quast and Spangenberg (2008) found that 4 percent of the *Abitur* recipients agreed with the statement that they had given up their college plans because of tuition fees. The authors also found that 6 percent of the high school graduates whose parents had no college or only basic vocational training stated they had given up their college plans because of tuition fees compared to 3 percent of students whose parents have a university degree. Female students were more likely than male students to state they had given up their college plans because of tuition fees. These results need to be interpreted with caution because they are based on students' perceptions about tuition fees and not their actual behavior.

Taken together, the existing research suggests that college costs and tuition fees negatively affect college access, and that low-SES students are particularly affected.

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Tuition fees might explain why low-SES students have a much lower probability of accessing higher education even when they are academically prepared. More research about the effect of college costs and tuition fees is necessary, however, because most studies only investigated how students perceive the influence of college costs—not how they affect their actual decisions.

Financial Aid (The BAFöG program)

One of the main goals of financial aid is to break the link between students' social background and their opportunity to enroll in higher education. The following section reviews the literature about the degree to which financial aid achieves this objective in Germany. As with the research on college costs, empirical findings about the effect of financial aid are scarce in Germany. So far, the only aid program studied has been the BAFöG program.

The existing research suggests that both eligibility for the BAFöG program and the amount of aid provided have a positive impact on college enrollment. Steiner and Wrohlich (2008) found that the amount of BAFöG aid provided has a positive effect on college access. They estimated the BAFöG amount offered to individual high school graduates with a detailed tax benefit microsimulation model based on data from the German Socioeconomic Panel (SOEP). To account for the fact that college access decisions are made in a time span of several years after high school graduation and to account for the right-censored character of the observations, Steiner and Wrohlich estimated a discrete-time hazard rate model with the competing risks “vocational training” and “enrollment into university.” They found that the amount of BAFöG aid positively affects college enrollment rates. An increase in BAFöG aid by 1000 Euro per year is associated with an increase in the higher education enrollment rate of 2 percentage points, from a baseline of 76 percent. Steiner and Wrohlich conclude that the BAFöG program has a strong effect on enrollment because of this finding and also because an increase in the BAFöG amount has a stronger effect on enrollment than a 1000 Euro difference in parental income. In a more detailed follow up study, the authors estimated that an increase of the monthly BAFöG amount by 100 Euros increases the transition rate into higher education by 2.9 percentage points (Steiner & Wrohlich, 2012).

In an earlier study, Baumgartner and Steiner (2006) did not find that an increase in BAFöG aid had a positive effect on enrollment rates. Their study, also based on SOEP data, uses an increase in BAFöG aid by 10 percent in the year 2001 as a “natural experiment.” The authors caution, however, that their estimates might be inefficient because they only use eligibility status for the identification of BAFöG effect and use relatively small samples. Lauer (2002) investigated the impact of BAFöG using microeconomic modeling, also using SOEP data. She found that being eligible for BAFöG aid had a very strong positive effect on the probability of pursuing a college degree. The amount of grant aid offered was found to affect enrollment decisions as well but to a lesser degree than whether or not a student is eligible.

Taken together, the findings suggest that eligibility for the combined grant/loan program significantly increases college access among low-SES students in Germany. The research also suggests that even small increases in the amount of BAFöG aid increase the college enrollment among low-SES students.

Student Loans

The existing research suggests that private student loans are not very effective at opening the way to higher education for low-SES students in Germany. As described above, only 5 to 6 percent of students use loans outside of the BAFöG program to finance their college education (Ebcinoglu & Gersch, 2008; Isserstedt et al., 2010). On average, these students take out 400 Euro per month, which covers about half of their monthly income (Isserstedt et al., 2010). It seems reasonable to assume that for those students who take out money to finance their college degree, the absence of those loan options would reduce their inclination to pursue a higher degree.

The existing evidence suggests that a key problem with loans in Germany is their low acceptance. The vast majority of *Abitur* recipients are not willing to take out loans in addition to those provided by the BAFöG program. Among *Abitur* recipients who decided against pursuing a college degree, 71 percent stated that not wanting to take out loans was an important reason (Heine et al., 2010). In comparison, only 60 percent stated they did not need a college degree for their career goals. Low-SES students seem particularly “loan averse”; despite facing considerably higher unmet financial need, they are not more likely to take out additional loans than more affluent students (Ebcinoglu & Gersch, 2008). Among both groups, only 22 percent of low-SES students considered financing their costs with loans (Ebcinoglu & Gersch, 2008).

Two studies investigated the effects of student loans on college enrollment. Lauer (2002) found that grant offers increased college access while loan offers had a less positive impact on college access decisions. While there is evidence that *Abitur* recipients usually reject student loans, one study found that loans and grants have a similar impact on college access. Baumgartner and Steiner (2005) pursued this question using a reform of the BAFöG systems as a natural experiment. Since 1990, half of the BAFöG was given as a loan and half as a grant, whereas before 1990 it was entirely a loan. Baumgartner and Steiner (2005) found that this reform had no influence on college enrollment rates. Based on this study, it appears that low-income students react similarly to grants and loans. The findings of this study might be of limited use, however, because they are based on enrollment decisions twenty years ago and the student population and the financial situation has changed since then.

Ebcinoglu and Gersch (2008) investigated the reasons students reject private student loans. In a survey of 4700 German college students, they found that on average 57 percent of the students rejected loans because they saw them as hindering investments after college. Twenty-eight percent rejected loans because they were

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concerned they would not be able to repay them, a concern found to be stronger among low-SES students among whom 35 percent rejected loans because they did not think they could pay them back compared to 25 percent of high-SES students.

Taken together, the existing research suggests that private loans are not an effective strategy for making higher education accessible for low-SES students in Germany. German students, especially if they are from low-SES families, are very averse to taking out loans for higher education. However, it is important to note that private student loans were not available prior to 2005, and it seems possible students will become less averse to loans in the future.

To conclude, the existing literature shows that college costs have a strong influence on the enrollment decisions of low-SES high school graduates in Germany. Fourteen percent gave up their plans to enroll in higher education when they had to pay 1,000 Euros in tuition fees per year (Kroth, 2013). Furthermore, concerns about college costs are an important mediator of the relationship between socioeconomic background and college access. They were found to be more important explanations than SES-differences in academic preparation or expectations about the employment prospects of college graduates (Kroth, 2013). The price sensitivity also becomes evident considering the fact that the financial aid program BAFöG positively affects enrollment decisions while loan programs are less effective in supporting low-SES students. The following section will discuss why students of low socioeconomic background in Germany are very price-sensitive.

WHY ARE LOW-SES STUDENTS SENSITIVE TO SMALL INCREASES IN COLLEGE COSTS?

The finding that low-SES students in Germany are very sensitive to small increases in college costs is surprising for several reasons. First, by international standards tuition fees are low in Germany. The fees make up merely 10 percent of a students' annual income while in college, which is a much lower fraction than in many other countries.⁶ They also make up only a small fraction of the additional lifetime income of 107,000 Euro that college graduates earn compared to *Abitur* graduates who do not complete higher education (Anger & Plünnecke, 2010). Second, the high price sensitivity is surprising because students from low-SES backgrounds on average have access to sufficient financial resources to pay for tuition fees either through additional employment or subsidized federal loans.

The following section will discuss why a substantial proportion of low-SES students give up their college plans because of tuition fees despite the fact that these fees are negligible in comparison to the high returns to education and that they can be financed rather safely with subsidized loans. Four explanations are discussed frequently in the literature: credit constraints, low net monetary benefits, misinformation about net benefits, and loan aversion.

The explanations 'credit constraints', 'low net monetary benefits' and 'misinformation about net benefits' are suggested by a rational choice perspective

such as human capital theory (Becker, 1962; 1993) or sociological rational choice theory (Erikson & Jonsson, 1996). In short, a rational choice perspective assumes that individuals act completely rationally and enroll in higher education if the long-term benefits exceed the costs. Tuition fees should only affect enrollment if students do not have sufficient funds (credit constraints) or receive very low net returns from investment in a college degree, so that even a small price increase turns a college degree to a financial loss. The mechanism ‘loan aversion’ is suggested by a psychological perspective such as behavioral economics. This perspective assumes that psychological mechanisms, such as an aversion to loans, make individuals deviate from rationality and make decisions which do not maximize their lifetime income (Kahnemann & Tversky, 1979; Shefrin & Thaler, 1988).

Credit Constraints

One potential explanation for why low-SES students are affected by relatively low tuition fees is credit constraint – an argument that is clearly not supported by the empirical evidence. As has been shown in the previous section, students on average have enough financial resources to cover their living expenses with BAFöG, parental support and employment. Furthermore, students who do not have enough financial resources are, with a few exceptions, eligible for the subsidized KFW-loan-program. The loan conditions are very favorable as the maximum loan amount exceeds tuition costs and interest rates are subsidized.

It is likely that some *Abitur* graduates in Germany do not enroll in higher education because they cannot pay their living expenses, mostly due to ineligibility for the BAFöG program or inability to work while attending college. But the vast majority of students who can pay for their college attendance in the absence of tuition fees are able to pay the additional 3,500 Euro for a Bachelor’s degree, for example, by taking out a small loan. Credit constraints are thus not the main reason why 14 percent of low-SES students gave up college enrollment after tuition was introduced. A small group of students might be genuinely credit constrained because they are not eligible for the KFW loan program, for example because they are not a first time enrollees or due to a bad credit rating.

Low Net Monetary Benefit

A second potential explanation for why low-SES students are sensitive to relatively low tuition fees is that the fees exceed the net monetary benefits of a college degree. If the net monetary benefits from a college degree were below the cost increase (3,500 Euro in tuition fees for a Bachelor’s degree), then even a cost increase of this small amount would turn a college degree from a net benefit to a net loss. Rational choice theories argue that prospective students are deterred by tuition increases if the fees mean they do not benefit financially from a college degree. However, research on the returns to education suggests that the vast majority of low-SES students in Germany

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receive a net monetary benefit from a college degree that far exceed the tuition costs of 3,500 Euros (Lauer & Steiner, 2000; Schnabel & Schnabel, 2002). Low net monetary benefits are, therefore, not a viable explanation for why a considerable share of low-SES students reacts to small cost increases.

Research on the returns to education unanimously shows that the returns from higher education in Germany regardless of socioeconomic background on average are substantial (Anger & Plünnecke, 2010; Lauer & Steiner, 2000). There is heterogeneity and risk in the returns to education, but only very few prospective students expect a net benefit of just 3,500 Euro. In Germany, the discounted additional lifetime income of college graduates (compared to vocational education graduates with *Abitur*) minus the direct and indirect college costs on average is 107,000 Euro (Anger & Plünnecke, 2010).

A few factors might lower the returns to a college degree for low-SES students. First, low-SES students face higher costs because they receive less financial support from their parents and need to pay interest on loans. Second, the monetary benefits from a college degree are less certain for low-SES students because they are less likely to successfully complete a college degree (Ulrich, Hutzsch, Schreiber, Sommer, Besuch, 2009). Third, the risks and the negative consequences of failing in higher education are higher for low-SES students because they often cannot rely on the financial support of their parents if they fail to complete their degree. On the other hand, two factors might lead to higher returns to education for low-SES students. These are the shorter time to degree and the lower income prospects without a college degree compared to high-SES students (Anger & Plünnecke, 2010; Schnabel & Schnabel, 2002). The latter two factors seem to predominate. Empirical data suggest that returns to education are 3 percentage points higher for students of little parental education than for their peers whose parents have a college degree (Schnabel & Schnabel, 2002). U.S. research also suggests that students of low parental education receive higher or as high returns from higher education as their peers with high parental education (Ashenfelter & Rouse, 1998; Brand & Xie, 2010). To conclude, the existing evidence suggests that the vast majority of low-SES students in Germany receive net monetary returns from a college degree that is higher than 3,500 Euro. Low net monetary benefits are not the main explanation for why a considerable share of low-SES students gives up their college plans because of tuition fees.

Misinformation about the Net Benefits of a College Degree

A third potential explanation for the price-sensitivity among low-SES students is that low-SES students are misinformed or underestimate either their monetary gains from a college degree or their ability to graduate successfully. If low-SES students expected their monetary gains from a college degree would be 3,500 Euro, then a cost increase of this amount would turn a college degree to a net loss and might lead them to give up their college plans. However, the empirical evidence suggests that

the vast majority of low-SES students in Germany are reasonably well informed and neither underestimate the monetary benefits of a college degree nor their possibilities for successfully completing a college degree. Two studies based on different data sources found that low-SES students, just like their high-SES peers, expect that college graduates have better job prospects than graduates from vocational training programs (Becker & Hecken, 2009a; Schindler & Reimer, 2010).

Similarly, low-SES students do not seem to underestimate their abilities to succeed in higher education. Students whose parents have little education are as likely as high SES students to cite uncertainty about their abilities as a reason for foregoing a college degree. In both groups, 18 percent of the students stated that they do not pursue higher education because they are doubtful about their abilities (author's calculations).⁷ Given that low SES students on average have a lower probability of graduating from higher education, it seems they are not underestimating their academic abilities compared to students with a high SES family background.

Overall, there is little evidence that misinformation about the benefits of a college degree or about the abilities to succeed in higher education is able to explain the high cost-sensitivity among low-SES students.

Loan Aversion

A fourth potential explanation for why low-SES students are sensitive to relatively low tuition fees is that they are averse to taking out loans. As the overview about students' budget in [Table 1](#) shows, low-SES students on average need to take out a loan in the amount of 3,500 Euro to pay for tuition fees because they (on average) cannot finance the fees with parental support or employment. If low-SES students were averse to loans, they would lack the necessary financial resources to pay tuition fees and might forgo higher education as a consequence.

A rational choice perspective suggests that loan aversion should not be a concern because it is rational for students to take out a loan if necessary. A student loan in all likelihood allows students to achieve a higher income over their lifetime. In the unlikely case that students do not achieve a higher income with a college degree, the consequences of having a loan in the amount of 3,500 Euro are not very grave as interest rates are low and repayment can be deferred. Not finding a higher paying job with a college degree or failing in college results in a substantial financial loss because students have lost forgone income and fees and not received benefits, but having a loan in the amount of 3,500 Euros objectively worsens the situation only marginally.

Theories based on psychological concepts suggest, however, that low-SES students might deviate from rationality and be averse to loans even though loans allow them to increase their income in the long run. Behavioral economics suggests individuals are averse to loans because they experience displeasure in spending money they have not earned yet (Shefrin & Thaler, 1988; Thaler, 1999). Individuals

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are expected to engage in ‘mental accounting’ and experience more displeasure from spending from the ‘future income account’ than from current assets.

The empirical evidence suggests that, in fact, low-SES students in Germany are averse to taking out loans. As described in the second section, only 5 to 6 percent of low-SES students use loans outside the BAFöG program to finance their college education (Ebcinoglu & Gersch, 2008; Isserstedt et al., 2010). This percentage is no higher in states with tuition fees. Low-SES students seem particularly averse to loans. Despite facing higher unmet financial need, they are not more likely to take out loans than more affluent students (Ebcinoglu & Gersch, 2008). Furthermore, only 22 percent of them consider financing their costs with loans (Ebcinoglu & Gersch, 2008). Survey results also underline the negative attitude of low-SES students towards loans. Among *Abitur* recipients who decided against pursuing a college degree, 71 percent of them stated that not wanting to take out loans was a very important reason for forgoing a college education (Heine et al., 2010). Thirty-five percent of them reject loans because they did not think they could pay them back (Ebcinoglu & Gersch, 2008).

The empirical research thus shows that low-SES students in Germany are averse to taking out loans beyond a level that is rational. Displeasure at spending money not earned yet, as suggested by behavioral economics, is one plausible explanation for students’ loan aversion. It thus seems likely that a strong aversion towards loans is an important explanation for why a considerable part of low-SES students are affected by college costs despite the fact that these costs are negligible in comparison to the long-term monetary returns from education.

CONCLUSION

This chapter reviewed the literature about the effects of college costs and financial aid on students’ college enrollment decisions in the context of a financing system of comparatively low private costs and generous financial aid in Germany. The empirical evidence strongly suggests that costs and, in particular, tuition fees have an important influence on the decision to pursue a college degree for low-SES students in Germany. The federal financial aid system – BAFöG – has a profound stimulating effect on high school graduates’ inclination towards college education. Costs thus seem to be partly responsible for the stark social disparities in college access in Germany. The strong influence of costs and financial incentives is somewhat surprising from a rational choice perspective given that college costs are very low in comparison to the returns from education and subsidized loans are available.

The chapter further inquired why students of low socioeconomic background are sensitive to college costs despite a generally generous funding system. A review of the empirical literature showed that credit constraints, low monetary net benefits, and misinformation are not important explanations for the high cost-sensitivity among low-SES students. While there are exceptions, most students have sufficient funds and are aware of the monetary opportunities a college degree offers them.

THE EFFECTS OF COLLEGE COST AND FINANCIAL AID IN GERMANY

Loan aversion is arguably a more important explanation for the high cost sensitivity among low-SES students in Germany. The amount of money students need to borrow for a college degree is relatively small, yet without a loan even a small amount of unmet need can put a college education out of reach for a sizable share of low-SES students in Germany.

NOTES

- ¹ The author would like to thank her dissertation committee: Kai Cortina, Stephen DesJardins, Kai Maaz and Brian McCall for invaluable advising and support and Ben Beckett for irreplaceable editing help. The support of the *Grant Program for Empirical Educationla Research* funded by the German Ministry for Education and Research is gratefully acknowledged.
- ² Calculation based on Isserstedt et al. (2010).
- ³ Most research studies the effect of costs on students of low parental education or on students of low social class. The term students of low socioeconomic status (low-SES) is used here as a collective name when this research is referred to in general. When I refer to a specific study, I will indicate whether the study relates to students of low parental education or of low social class.
- ⁴ This is a decline in enrollment six months after graduation from high school relative to states which did not introduce tuition fees.
- ⁵ Currently (July 2012) only Bavaria and Lower Saxony charge tuition fees for public higher education.
- ⁶ Author's calculations based on an estimated monthly income of low-SES students of 783 euros (Isserstedt et al., 2010).
- ⁷ Calculations are based on the survey of *Abitur* graduates of the year 2008 conducted by Higher Education Systems, Hannover.

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HIGHER EDUCATION ACCESS IN POST-SOVIET GEORGIA: OVERCOMING A LEGACY OF CORRUPTION

Since 2005, Georgian applicants to higher education (HE) need to *accumulate competitive test scores in the Unified National Examinations (UNEs)* to gain access to higher education institutions. Applicants to public as well as private universities are required to sit the UNEs. Achievement on these exams serves as the sole criterion for granting HE admission and allocating public funding for university tuition.

In this chapter, I provide an overview of the policy of centralized admissions to academic higher education in post-transition Georgia. Literature review and documentary analysis are combined with mixed-methods empirical data to critically examine the existing model of tertiary admissions. The Unified National Examinations helped eliminate deep-rooted corruption practices in higher education admissions by creating a formally equal field for competition among university applicants. I look at successes and failures of the policy in historic and comparative perspectives to argue that the meritocratic policy of equal treatment of unequal people raises serious concerns on group-level disparities by applicant ethnicity, gender, and secondary school characteristics. Comparative lenses show where Georgia stands in relation to other countries in terms of tertiary gross enrollment ratio and selection practices based solely on applicant achievement on entrance examinations.

SOVIET AND EARLY POST-SOVIET POLICIES OF UNIVERSITY ADMISSIONS

“Each nation’s system of examinations may be regarded as representing a set of provisional compromises among competing values,” wrote Noah & Eckstein (1989, p. 17). Georgian policies of student selection have been changing following the country’s socio-political and economic transformation in the last few decades. In this respect, three different periods can be distinguished: pre-1991 (socialism), 1991–2004 (transition from socialist to market system), and post-2005 (post-transition market reality).

The Soviet Union educational act read as follows: “in our country, for the first time in the history of mankind, a genuinely democratic system of public education has been established” (USSR, 1973). Before the dissolution of the Soviet Union, education promoting communist ideology was free for everyone at all levels. Admission to

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the limited number of university places was based on HEI-specific written and oral examinations. A number of positive discrimination policies were in effect to avoid underrepresentation of the disadvantaged (Ganzeboom & Nieuwbeerta, 1999). The USSR expanded the educational opportunities to the degree that it could provide state-funded education and training at all levels plus stipends for approximately 70% of students at postsecondary institutions. Remedial education was provided to those who were from disadvantaged backgrounds in order for them to meet tertiary education access criteria (Dobson & Swafford, 1980).

Scholars criticize the Soviet system as unfair and not very objective because of the differences in admissions standards among various HEIs, applicants' imperfect knowledge of choices, discrimination against religious/ethnic minorities (Noah & Eckstein, 1989), and privileges based on social class (UNICEF, 1998). Some authors maintain that the system served socio-cultural reproduction with three types of schools into which 8th graders were channeled: general secondary, specialized secondary, and vocational (Roberts et al. 2000; Titma & Saar, 1995). The type of school was a good predictor, according to Titma & Saar (1995), of students' future role in the society and economy, with the best pupils staying in general secondary schools and continuing to HE. As explained by Roberts et al. (2000), privileged parents used their influence to help their adolescents gain admission to HEIs of their choice. Parents also paid for informal tuition, so that their sons and daughters could score high on tertiary admissions exams.

In Soviet times, with all HEIs public, government determined the number of HE places for each institution. HEIs, however, were authorized to select students independently.

Georgia has been in political, economic and social transition from the centrally planned socialist economy to a market economy since gaining independence in 1991. The transition from socialism to capitalism allowed private providers in previously publicly owned sectors, including higher education. Government deregulated the process of establishing HEIs which resulted in a dramatic increase in the number of tertiary institutions. External privatization was accompanied by internal privatization, as public HEIs started to offer fee-based degree courses. Under the conditions of HE market liberalization, the government retained control of establishing the number of HE seats only at tuition-free, state funded public HEIs; private HEIs and fee-paying public HEIs set the number of seats independently. HEIs were fully in charge of student selection. The first signs of marketization of the Georgian education system appeared in the early 1990s, as secondary and tertiary education fees were introduced, and private education providers started to mushroom all over the country.

Throughout the transition period (1991–2004), secondary school graduates who intended to pursue HE could continue their education at a public HEI as state sponsored students, enroll at a public HEI as fee-paying students, or enter a private HEI. Every HEI designed its own admissions tests and selection policies, with public HEIs requiring HEI-specific entrance examinations.

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Figure 1 shows that deregulation in 1991–2005 was associated with an increasing trend in gross enrollment ratios (GER) in the Georgian context. Using the UNESCO (2010) definition, GER is the total enrollment at a given level of education regardless of age, expressed as a percentage of the population of eligible age. The GER increased from 36.7% in 1991 to 45.9% in 2005.

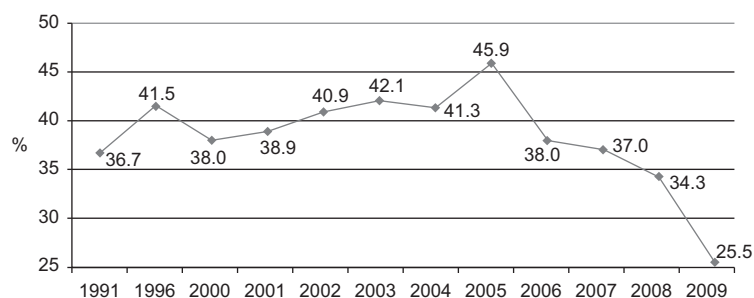


Figure 1. GER in Georgia, 1991–2008.

Source: World Bank (2010)

In 2002, 22% of HE students were enrolled at private HEIs, and up to 43% of students at public HEIs were fee-paying (MES, 2009a). The fee-paying sector of public universities – the fastest growing segment of HE – did not receive official open enrollment status because applicants had to first pass an examination in their subject of specialization. Anecdotal evidence suggests that almost everybody who did not fail that examination would be admitted. Others could either reapply the following year or take a place at a non-selective private HEI. Most private HEIs absorbed the excess demand; students who could not gain admission to public or selective private universities would typically enroll at any other private HEI. Reportedly, most private HEIs were “diploma mills” with their doors open to students until the end of the first semester.

Informal payments for accessing state-sponsored HE places represented the main impediment for those families who did not have the necessary resources. There were two categories of informal payments – direct bribes and private tutoring. Private tutoring was not only a way of supplementing the public secondary school curriculum; it could also be a form of bribery. Chances of access increased, it was believed, when an applicant took private lessons with a tutor who served as the university entrance examinations board member (Lorentzen, 2000). HE access-related corruption practices have been acknowledged as one of the most severe problems in the region (Altbach, 2006). In Georgia, the informal price for a state sponsored public university place could reach \$100-\$20,000 per applicant, depending on the prestige of a HEI and applicant qualifications (Janashia, 2004; Lorentzen, 2000).¹

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UNIVERSITY ADMISSIONS IN POST-TRANSITION GEORGIA

In order to tackle wide-spread corruption in higher education admissions, Georgia introduced a centralized admissions model in 2005. The Unified National Examinations are held once a year to select the best applicants for HE. Under this new system, applicant test scores are used as the only criteria for admission to a limited number of HE places. The number of annually available university seats is strictly controlled by the government through institutional accreditation regulations. I will first focus on these two main features of the post-2005 admissions system: test-score based admissions and the limited capacity of the system.

The new policy of HE admissions was a part of the large-scale education reform supposedly based on the principles of freedom of choice and meritocracy. The reform also involved promotion of the idea of general school choice,² introduction of student vouchers to finance general and higher education, authorization to cover the cost of private general and higher education with public vouchers, and the optimization/consolidation of the existing public education provider network.³

The word *meritocracy* has frequently been used in the context of the UNEs in Georgian public policy discourse, as policymakers have viewed applicant merit in absolute terms expressed by aggregate achievement on the UNEs. From the outset, it was hoped the test-score based university admissions system would transform “the vicious circle of systemic corruption” into “the virtuous circle of meritocracy” (President of Georgia cited in Lomaia, 2006, pp. 170–171). The UNEs formed the backbone of a large scale education sector reform, described as unprecedented in the region; what “other countries have been grappling with for years have been initiated at a stroke” (Godfrey, 2007, p. 7).

In contrast to other post-Soviet countries, which drastically redesigned their admissions system by replacing HEI-specific examinations with standardized testing, Georgia has used the UNEs as the sole criterion of HE admission and tuition grant allocation across all HEIs. No demographic, school-level, or personal achievement criteria are considered. Where does this system place Georgia in relation to other models of HE admissions internationally? In *Table 1*, I classify undergraduate admissions systems into three broad types: those which rely only on applicant examination performance, those which consider examination results together with some other criteria and, lastly, those which do not require HE applicants to sit any examinations. A limitation of the macro analysis is that national systems are labeled according to the dominant procedures/policies, not giving full consideration to variations that may exist at the level of institutions.

As seen on *Table 1*, a substantial majority of education systems worldwide use some test score evidence to select tertiary education applicants. Austria, Ireland, and Egypt use secondary school leaving exams as their criteria for HE access (Helms, 2008). China, Iran, and Georgia form a subgroup of countries which use only unified national exam scores for selection purposes (Helms, 2008). Japan, and Russia form a third subgroup which require national exam scores as well as separate,

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Table 1. Undergraduate admissions policies internationally

	<i>Major types</i>		
	<i>Only examination performance</i>	<i>Examinations + other criteria</i>	<i>No Examinations</i>
Possible criteria	Secondary school leaving exams HE entrance exams	Secondary school leaving exams HE entrance exams Prior academic achievement References Personal statement (employment history, extracurricular activities, motivation to pursue HE, etc) Writing sample Interview	Prior academic achievement References Personal statement (employment history, extracurricular activities, motivation to pursue HE, etc) Writing sample Interview
Possible characteristics	Administered by government, HEI, or an independent body Applicants may select subjects (according to secondary school specialisation and/or HE program requirements) Some subjects may be compulsory Government and/or institutions establish cut-off scores Whereas secondary school leaving exams almost always test previously acquired knowledge, entrance exams may also test aptitude/cognitive abilities	Demographic and/or socioeconomic variables (e.g. gender, disability, ethnicity/race, family income) may be considered Administered by government, HEI, or an independent body Applicants may select subjects (according to secondary school specialisation and/or HE program requirements) Some subjects may be compulsory Government and/or institutions establish cut-off scores Whereas secondary school leaving exams almost always test previously acquired knowledge, entrance exams may also test aptitude/cognitive abilities	Demographic and/or socioeconomic variables (e.g. gender, disability, ethnicity/race, family income), military service may be considered
Countries	Austria, China, Egypt, Georgia, Iran, Ireland, Israel, Japan, Russia	Australia, Brazil, Bulgaria, Serbia, Spain, Sweden, Tanzania, Turkey, United Kingdom, United States	Canada, Norway, certain HEIs in the USA

Source of the data: Helms (2008, 2009)

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institutionally-administered tests (Helms, 2008). Israel stands on its own in terms of requiring HE applicants to pass secondary school leaving tests as well as a separate standardized aptitude exam.

HE applicants in Georgia take three compulsory examinations and an elective, if required. Compulsory subjects are Georgian language and literature, general aptitude test (GAT), and a foreign language; electives are math, sciences, history, or literature. HE access is determined by scaled scores in all examinations (NAEC, 2005). To date, the results of the UNEs, which are prepared and implemented by the National Examinations Centre (NAEC), are the only admissions criteria for every accredited, public and private HEI and serve as the basis for awarding public tuition grants. It has been declared by the government that starting in 2013, the Secondary School Leaving Exams (SSLEs) may be substituted for the UNEs. The main argument of the proponents is this will allow students to avoid having to take two sets of examinations – school leaving and HE selection.

Under the centralized system of admissions, differences between public and private HEIs in terms of access are negligible. In order to show how public HEIs differ from private universities when it comes to tertiary access, two modes of government involvement in private HE access policies need to be explained. First, the Georgian government takes charge of selecting students for private HEIs in the same unified manner as for public HEIs. This is an unusual policy when compared to OECD countries.⁴ Second, the Georgian government subsidizes not only public but also private HEIs, by allowing students who obtain public tuition grants to cover their fees in any accredited HEI. Because of these two features related to admissions and financing, the major difference between public and private HE providers in terms of equitable access lies solely in tuition rates. Whereas public providers are required to set fees within the limits established by the government, private providers face no restrictions when determining tuition rates. For comparison purposes, whereas public HEIs are not allowed to charge more than \$1347⁵ per year in 2009, one of the most prestigious private universities charged \$8922 per year (Chankseliani, 2013a).

Internationally, student financial support policies have been instrumental in shaping potential applicants' aspirations to HE (Bound & Turner, 2007; Dynarski & Scott-Clayton, 2006; Kane, 2003; Konecny & Mateju, 2009; Mullen, 2010; Vossensteyn, 2009). Student support policies differ across countries. In the Anglo-Saxon model of financing, costs of HE are high and student assistance programs are also high, whereas in the European model the costs of HE are low and the assistance is low as well. In the Latin American model, which is relatively heterogeneous, there is a large private HE sector with high costs and smaller public HE sector with lower costs and little student assistance (Murakami & Blom, 2008).

Georgia does not resemble any of these models, as it has a large public sector in terms of number of student, high tuition rates, and low assistance. MES (2009a) data shows that in 2007–2008, 72% of HE students were enrolled at public HEIs. Comparison of mean tuition rates with average monthly incomes shows that HE tuition is generally high. The mean tuition in 2006–2009 was \$1187. Based on World

Bank (2008) data, an average Georgian adult would need to work for twenty months to receive this income. Low and largely merit-based⁶ student financial support policies only aggravate the affordability of tertiary education. Public resources allocated for tuition grants are so scarce that almost 60% of newly admitted students in 2005–2009 did not receive a state grant and only 9% received a grant for full tuition (NAEC, 2009a).

The government also operates a small-scale social grants program for different categories of socially vulnerable students. Only 2% of all admitted students received a social grant for tuition in 2005–2009 (MES, 2009b; NAEC, 2009a). When discussing the possibility of providing more comprehensive needs-based funding based on student family income, the Deputy Minister explained that such data does not exist and applicants will not be asked to report family income figures on their HE application form. He considers the data on family income confidential and the question about parental education unethical as an applicant may not have a parent; also, he believes such questions will make the application form more complicated (Deputy Minister, 2010).

Thus, tertiary education financing is based on cost-sharing with only 9% of admitted students receiving full state grant for tuition and no public funding available for maintenance costs. The shift of costs from the state budget to households may affect HE access for low SES students, as the latter may not be able to successfully compete for extremely scarce public funding.

In the last two decades, Georgian government has moved from partial to full centralization and regulation of university admissions, as expressed by taking charge of student selection and establishing HEI capacity. Chances of tertiary education access are closely related to tertiary education system capacity. Whereas top-scoring applicants have HEI places guaranteed, those with marginal scores rely on the availability of university seats. Capacity of the Georgian tertiary system has been limited in post-2005 period as compared to previous periods and regional trends.

As seen on *Figure 1*, the trend of consistently rising GER started to reverse in 2006, following the institutionalization of accreditation procedures and centralized examinations. The GER of 45.9% dropped to 25.5% within four years. The allegedly meritocratic HE admissions process was highly competitive in 2005–2009 (*Figure 2*). In 2007, for example, the demand for HE exceeded the supply by 61 percentage points.

Whereas in 2004, the final year of the old admissions policy, 35,000 students enrolled in both public and private HEIs in Georgia, in 2005 the number of available places fell to 16,507. The sharp decrease in the supply of HE seats is explained by the fact that a number of HEIs lost the authorization to accept new students. The HE institutional accreditation process resulted in a decrease in the number of HEIs from 244 in 2004 to 43 in 2007 (NCEA, 2006). There was an increase to 58 in 2009 (NAEC, 2009b) related to the debilitation of political will about limiting the number of HE places in the country, as explained by a former head of the National Center of Education Accreditation (NCEA) (Chankseliani, 2013b).

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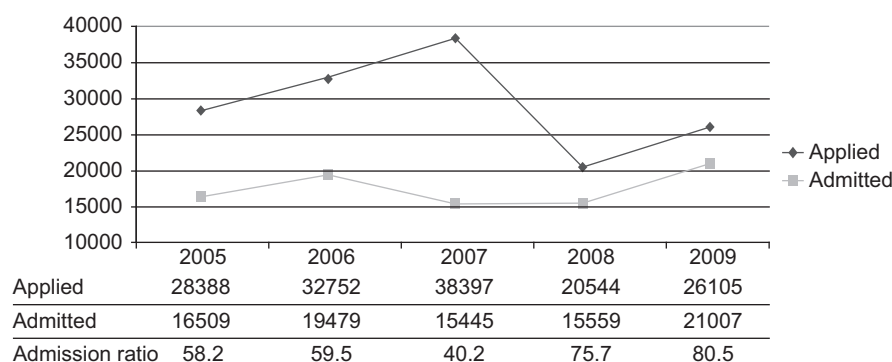


Figure 2. He admission ratios by year.
Source of data: NAEC, 2009a

Institutional accreditation, a major tool for quality assurance, aimed at assessing HEIs in order to authorize their educational activities and establish their capacity. Historically, universities in different countries controlled their quality internally, striving for good reputations. It was only after dramatic expansion of tertiary systems that accreditation/quality assurance agencies were introduced, especially in developed countries (Kapur & Crowley, 2008). In OECD countries, there are different practices for determining HEI capacity: a) public HEIs set the number of places following government regulations; b) the number of HE places is established by government; or c) HEIs decide on the number of annually available seats independently (OECD, 2008a). Georgia chose the path of full government regulation.

Georgian HE institutional accreditation did not involve assessment of the educational programs or research capacity of HEIs. The institutional accreditation in 2004–2005 assessed: the proportion of teaching staff with advanced academic qualification; the form of legal ownership of the physical infrastructure; classroom space per student; number of computers per student; number of books per student; number of international students; and having a web-page (NCEA, 2006). Scores were allocated to HEIs according to different levels of meeting these criteria. Requirements were further specified for the second round of the institutional accreditation which took place in 2006: not less than 1000 sq. meters at one address; 4 sq. meters per student; professor student ratio 1:30; availability of educational programs on paper; student computer ratio 1:25; and some general criteria to verify a HEI had a library and web-page (NCEA, 2006).

By drastically changing the number of available HE places annually, the government of Georgia adopted a Procrustean approach to HE admissions (Chankseliani, 2009). In a Greek legend, Procrustes was a robber from Attica who had an iron bed onto which he attached his victims. When the victim was shorter than the bed, Procrustes stretched him by hammering his body to fit the bed.

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In case the victim was taller than the bed, the robber mutilated the body to the bed's dimensions. Since 2005, a large portion of the applicant pool got mutilated to fit the size of HE system where the available number of places was determined on the basis of annually changeable accreditation results (Chankseliani, 2009). On average, only 60% of applicants to HE gained access in 2005–2011 (NAEC, 2011).

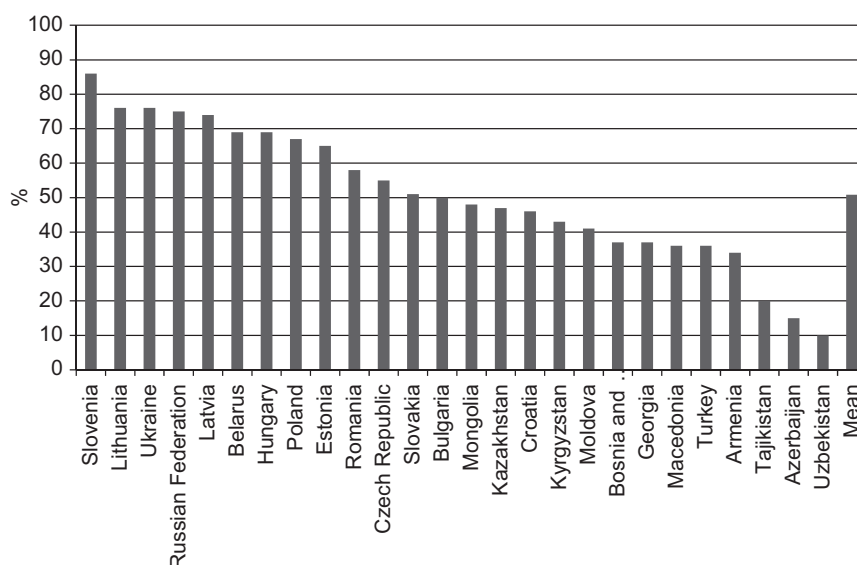


Figure 3. Gross enrollment ratios in ECA, 2007.
Source: UNESCO (2009, pp. 128, 130)

Thus, tertiary GER (Figure 1) has been reflective of the HE admissions policy changes since 1991. The increase in GER in the period of 1991–2005 must have occurred at the expense of private HEIs. The sharp decline in GER from 2005 to 2009, however, seems to be associated with the introduction of accreditation procedures and de-authorization of HEIs. In 2009, Georgian tertiary GER was 11 percentage points lower than the GER at the time of the dissolution of USSR in 1991, and 20 percentage points lower than at the time when UNEs were introduced (2005). This trend is in sharp contrast with increases in tertiary enrollments across the globe.

International data demonstrates that countries in Central and Eastern Europe (CEE) and Central Asia (CA) differ significantly in terms of HE gross enrollment ratios and Georgia with 37% GER is much below the ECA average of 51% (Figure 3).

Next I will expand on the equity implications of the Georgian model of HE admissions which claims to provide applicants with equal conditions of competition for a limited number of HE places.

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EQUITY IMPLICATIONS OF CENTRALIZED, TEST-SCORE-BASED
ADMISSIONS SYSTEM

Equitable access to tertiary education has generated extensive debates in scholarly and policy-making communities. Since HE is associated with an array of private and social benefits, there have been arguments against inequitable and/or unequal distribution of HE opportunities. The terms “equality” and “equitable” need to be differentiated when it comes to education access. Equality is equal treatment of all applicants in the selection process whereas equity assumes that applicants are treated according to their individual differences (Neubauer & Tanaka, 2011, p. 212).

In the neoliberal discourse, standardized testing goes hand in hand with the concept of equal treatment of all applicants. On this matter, when compared to the pre-2005 policies of Georgian HE admissions, the current policy deserves praise. Previous studies have reported that the policy ensured equal conditions of competition for HE places for all applicants, as it eradicated corruption in university admissions (EPPM, 2008; Temple, 2006; World Bank, 2012). The government promotes the policy as purely meritocratic, ensuring equal competition for HE access (NAEC, 2006; Parliament of Georgia, 2004). The UNEs are very popular across Georgia (BCG Research, 2007; TI, 2006; TPDC & ISSA, 2008), as it is believed the system does not involve any subjective judgments in the process of admissions decision-making. Literature shows that such a centralized approach is particularly effective in countries with wide-spread corruption (Bethell & Zabulionis, 2012; Helms, 2008), as was the case in Georgia before institutionalizing the new system of admissions.

However, international scholarship gives a clear warning about threats associated with uniform examinations; those applicants who gain access to HE may be coming from more privileged backgrounds than those who do not.

Uniform examinations across the entire nation facilitate comparability [...]. But uniformity exacts its price: regional and local interests may feel slighted, the centre’s purposes are likely to be served at the expense of the peripheries’, and opportunities to adjust the examination to recognize the different needs of regions or groups [...] are inevitably reduced. (Noah & Eckstein, 1989, p. 18)

Besides incidental factors that may affect applicant test performance,⁷ test scores are related to socio-economic, educational, and demographic characteristics and may create serious inequities between various population groups. Statistical analysis of the Georgian Unified National Examinations’ data shows that in the test score-based admissions system rural applicants, males, language minorities, and public school graduates are significantly less likely to gain HE admission than urban applicants, females, Georgian speakers, and private school graduates (Chankseliani, 2013b). Specifically, while holding general aptitude, age, language minority status, school type, gender and exam year constant, an urban school graduate is almost 22% more likely to be admitted to a HEI than a rural school graduate. Odds of admission for applicants who graduated from a private school are higher than for public school

graduates. Holding all other characteristics constant, the odds of an ethnically Georgian applicant being admitted are 64% higher than those of a minority applicant. The predicted odds of gaining university access for females are 16% higher than the odds for males (Chankseliani, 2013b).

Significant differences have been observed in each of the compulsory test scores by gender, school type, school location, and the language minority status of applicants. For example, when controlling for gender, language minority status, birth date, secondary school ownership status, school graduation time and exam year, applicants who graduate from a secondary school in a rural mountainous village tend to score in a foreign language, on average, 16.3 points (0.7 SD) lower than applicants from the capital (Chankseliani, 2013b).

I interpret the significant differences in test scores for different population groups from the lenses of educational psychologist Benjamin Bloom and human geographer Danny Dorling. “All children have ability, not potential, capacity or capability. We can learn without limits, given the right to a good education based on access rather than segregation,” writes Dorling (2010, p. 89). Twenty-five years ago, Bloom (1985) promoted the same idea: “what any person in the world can learn, *almost* all persons can learn *if* provided with appropriate prior and current conditions of learning” (p. 4). Test score achievement is, generally, considered to be an outcome of the quality of previous education. International evidence demonstrates that graduates of lower quality schools and/or students who did not have good private tutors may be less well-prepared for entering HE than those who had better prior education opportunities.

Thus, HE access opportunities may be intimately connected with general education quality, suggesting that roots of inequities in university access lie outside the HE sector itself but in earlier stages of education. This argument is consistent with existing literature (McCowan, 2007; OECD, 2008b; Palacios & Lleras, 2004; Wößmann & Schütz, 2006).

Meritocracy is discriminatory by definition and, as Michael Young writes in his satire on dysfunctional meritocracy, it brings benefits and overconfidence to those who are at the top, leaving those with a second-rate label in indignation and resignation, as they learned the system was unfair (Young, 1961). As indicated above, different factors (gender, residential origin, school type, minority status) are associated with applicant performance on “objective” UNEs in Georgia. Empirical evidence on group-level disadvantages undermines exclusively individualistic, neoliberal explanations of inequality, and equality of opportunity in the selection process does not guarantee equality of opportunity for success.

The Georgian system of tertiary admissions, which is based on nation-wide competition without accounting for general school quality and other factors of disadvantage, may be legitimizing existing societal inequalities. As Thomas Jefferson maintained, there is nothing more unequal than the equal treatment of unequal people. The meritocracy veil is used as a shield to cover up the process of reproducing inequalities since governments have to reward the interest groups that keep them in power (Bates, 1981, 1983).

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In order to facilitate growth and innovation, developing countries need to expand their HE systems and widen participation. Equality related threats may accompany the process of widening participation as increased access to HE does not necessarily bring more people from disadvantaged backgrounds into HE; it may rather increase the numbers of already privileged groups as they are more prepared to take advantage of new opportunities (Blanden, Goodman, Gregg, & Machin, 2002; Cupito & Langsten, 2011; Morley & Lugg, 2009). On the other hand, there exists a theory of Maximally Maintained Inequality (Raftery & Hout, 1993), which argues that only when the educational needs of the privileged are satiated can the expanded systems serve the needs of the underprivileged.

CONCLUSION AND POLICY IMPLICATIONS

I have used historic and comparative frames of reference to demonstrate that under the conditions of formally equal competition for HE access, there remain serious equity concerns. Standardized testing and limited system capacity aggravate existing differences in academic achievement between various groups of the population, influencing opportunities for university access for marginal applicants in Georgia. The test-score driven system puts applicants in a nationwide competition for university places without considering their prior educational opportunities. Limited system capacity, where the number of HE seats is much lower than the number of HE applicants, exacerbates these inequities for marginal applicants as they need to enter into a more severe competition to obtain a university place and tuition funding.

Policy implications related to mitigating existing inequalities in Georgian HE admissions need to be discussed with special care. The current system has eradicated wide-spread corruption practices in HE admissions in place from 1991 to 2005. The literature (Helms, 2008; OECD, 2008a) promotes utilization of diverse criteria for tertiary student selection. OECD maintains that reliance on multiple measures may reduce inequalities. The following factors may be considered during student selection: general school grades, applicant experiences in general schools (e.g. extra-curricular activities, non-academic accomplishments), interviews, essays, and reference letters.

Further research needs to be undertaken in order to establish the reasons for the underachievement of specific groups of applicants in Georgia. As suggested in my earlier paper (Chankseliani, 2013b), the government can utilize national examination data to identify consistently underachieving general schools. These schools can be observed in a comprehensive mixed-methods study to determine the factors associated with academic disadvantage. Based on the results of such a study, the government may effectively design and implement targeted compensatory policies to provide differentiated attention to underachieving schools.

Comprehensive analysis would help determine whether selection tests are biased against language minorities, males, and rural general school graduates, as these groups are significantly score lower on the tests (Chankseliani, 2013b). Special

attention needs to be devoted to the bias check of the GAT since this test remains decisive for public funding allocation. Although population groups would not be expected to differ in general aptitude, the statistical analysis of GAT scores shows there are significant disparities by school characteristics (location, public/private) gender, school type, and minority status (Chankseliani, 2013a).

The current system of tertiary education cannot involve additional students without significant expansion. With 25.5% GER at the tertiary level (*Figure 1*), Georgia will neither survive the era of the knowledge-based economy nor make university access more equitable. The GER is entirely based on the number of annually available places at accredited HEIs. The demand for HE, as indicated by the number of applicants sitting the UNEs, is much higher than the supply of university places in the Georgia (*Figure 2*).

Marginson (2011) rightfully draws attention to the challenge of increasing the proportion of underrepresented groups at HEIs. This cannot be achieved without “some displacement of persons from the ranks of social layers more securely lodged in education institutions and with greater political resources than those who are under-represented” (p. 24). Since displacement of politically important groups is highly unlikely, the government will need to refrain from imposing one-size-fits-all regulations on HEI accreditation and system expansion, allowing institutions to meet the high demand for university-level education.

The current Georgian HEI accreditation procedures need to be amended with the understanding that effective measurement of HEI capacity is a moving target and is linked with quality outcomes that are also moving targets (Neubauer, 2011). One-size-fits-all assessment of HEI capacity needs to give way to a more flexible, institution-specific assessment of needs, values and purposes. As explained by Neubauer (2011), HEIs differ by their purpose: some are oriented only on teaching, others on teaching and research, and others are faith-based. Each HEI is different from the others and should not be required to follow the same standards. Instead, a HEI capacity assessment instrument needs to elaborate on the functions and activities of HEIs. Each institution may need to demonstrate how it meets these functions in its own traditional or novel, ways (Neubauer, 2011). Such a flexible approach may allow HEIs to expand to meet the existing demand.

No single policy is likely to eradicate group-level inequities in HE access and ensure lasting effects. A political commitment to unequal distribution of good quality educational opportunities in favor of the underprivileged can have a positive influence. Recognition of existing disparities shall be the first step in this direction.

NOTES

- ¹ For further details on the topic of corruption in Georgian HE admissions see, Altbach (2006), Heyneman (2008), Janashia (2004), Lorentzen (2000), Rosati, Özbil, & Marginean (2006), Temple (2006).
- ² For the purposes of this paper, general school refers to a school providing education from grade 1 to grade 11/12. Although Georgian legislation differentiates between primary (grades I-VI), basic (grades VII-IX), and secondary (grades X–XII) levels, the majority of school systems offer all levels.

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- ³ For further details on these policies see, Godfrey (2007), Lomaia (2006), Shapiro, Nakata, Chakhaia, & Zhvania (2007), World Bank (2008).
- ⁴ In most of the OECD countries, private HEIs are allowed to establish admissions criteria on their own. In some cases, private HEIs need to align these criteria with national requirements, as in China, Korea, New Zealand, Poland, Portugal and Switzerland, or follow government regulations and supplement them with their own criteria, as is the case in certain fields of study in Norway (OECD, 2008a).
- ⁵ The Georgian national currency GEL is converted to USD based on the exchange rates in mid-2007: 1 USD=1.67GEL (National Bank of Georgia, 2007).
- ⁶ Whereas in 2006–2009, GAT scores were the only determinant of tuition grant allocation, in 2010–2011 the rules changed. Although the GAT score remains important, scores from other UNE subjects are also considered (NAEC, 2010).
- ⁷ Health conditions, nutrition, anxiety level, psychological and social factors, and skilled test-taking techniques acquired through coaching, among others (Helms, 2008).

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THE QUEST FOR ACCESS, EQUITY AND SOCIAL JUSTICE IN HIGHER EDUCATION IN SOUTH AFRICA

INTRODUCTION

South Africa's transition to democracy in 1994 was accompanied by challenges of democratization and transformation across the various spheres of society. One of these democratization projects was in the field of higher education which was riddled with inequalities following decades of implementation of policies and practices that promoted race, class and gender inequalities. The tone for the democratization project was encapsulated in the famous words of the former state president Nelson Mandela, when, at his inauguration as South Africa's first democratically elected president of South Africa, he declared that "*never, never, and never again shall it be that this beautiful land will again experience the oppression of one by another and suffer the indignity of being the skunk of the world*" (Mandela 1994). The formal end of apartheid paved the way for a new era of reconstruction, democratization and transformation of society in line with the vision of the new government. Higher Education was to play an important role in this democratization and transformation project.

South Africa's transformation of its higher education system over the past two decades has been shaped by local and global developments. Locally, socio-political transformation tied to the dismantling of the apartheid regime and the introduction of democratic rule brought about radical changes to higher education in South Africa. Globally, South Africa's transition took place in the context of the emergence and establishment of a unipolar global system following the collapse of the Soviet Union and its associate socialist economic system, and the ascendancy of neoliberal economic ideology in the form globalization. Globalization as an economic phenomenon not only intensified inter-state relations but eroded single-state authority in significant ways. According to Jansen (2004), Third World States on the margins of the global economy faced stark choices: continued marginalization under the terms of a rampant global economy or a conscious incorporation within the global order so as to maximize economic gains for the South. As Jansen points out, every education (and economic) policy of the new South African government indicates firmly that it chose the second option: full emersion within the global economy demonstrated through huge investments in technology-driven change and public policy positions that sought and encouraged Western investments.

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While focusing on how it can respond to the challenges of globalization and its integration therein, the South African government also had to respond to local challenges of transformation and change. Higher education is one of the sectors that had to play a key role in this process of change. The White Paper (3) (1997) and the National Plan for Higher Education (2001) identified a key role for higher education in addressing the challenges of social equity, development, effectiveness and efficiency. Higher education is required in these policy documents to provide equitable opportunities for learning and self-development, to be responsive to societal needs, producing relevant knowledge and socially committed graduates, and to contribute to the development of the country (CHE 2004:15).

This chapter will discuss and analyse how higher education played the role of facilitating and promoting *access, equity and social justice* as part of the transformation and democratization process in higher education. Focus will be on: a) the case for access, equity and social justice in South Africa; b) how funding was used to facilitate access and equity and how these have been dealt with in the different policy documents of government since 1994, c) how access, equity and social justice have been dealt with in the restructuring process through mergers, and d) the outcomes of these measures with particular focus on social justice.

ACCESS, EQUITY AND SOCIAL JUSTICE AS PILLARS IN THE TRANSFORMATION OF HIGHER EDUCATION IN SOUTH AFRICA

Transformation of higher education in South Africa must be understood against the backdrop of the system in operation prior to 1994. The apartheid ideology and planning resulted in higher education institutions that were reserved for different race groups and allocated different ideological, economic and social functions in relation to the reproduction of the apartheid social order. The inherited patterns of advantage and disadvantage have continued to have an impact on the capacities and capabilities of institutions to pursue excellence, engage in knowledge production, provide high quality teaching and learning experiences, ensure equality of opportunity and outcomes, and contribute to economic and social development. Following the first democratic elections in 1994, the new ANC-led government appointed the National Commission on Higher Education (NCHE) to report on higher education. The ensuing report led to the *Education White Paper 3* of 1997 and culminated in the *Higher Education Act 108* of 1997. The golden thread running through these documents was the need to transform higher education. This need stemmed from two sets of factors: first, the profound deficiencies of the system prior to 1994 which inhibited higher education's ability to meet the moral, social and economic demands of the new South Africa; and, second, a context of unprecedented national and global opportunities and challenges (NCHE, 1996).

Higgins (2007) sees these two imperatives as distinct and largely opposed political intentions placing higher education policy in a situation where it was stretched between the pull of democratic redress and the push of neoliberal reorganization.

For Higgins, it represented the introduction of “new managerialism” into South African universities that resulted in a fundamental reconfiguration of the relations of power and authority in universities (Jansen, 2004). For Notshulwana (2011, p. 142), the universities’ response to external pressures and challenges presented by globalization and the knowledge driven economy is increasingly contested as universities endeavour to better balance the economic purpose of higher education with its cultural, moral and intellectual purposes.

The NCHE Report (1996) argued that, as South Africa locates itself in the network of global exchanges and interactions, higher education will have to produce the skills and technological innovations necessary for successful economic participation in the global market. In addition, the report asserts that South Africa must socialize a new generation of students with the requisite cultural values and communication competencies to become citizens of an international and global community. At the same time, the NCHE Report (1996) envisaged a transformed higher education system that will be able to “...ensure access to a full spectrum of educational and learning opportunities to as *wide a range as possible of the population*, irrespective of race, color, gender or age. Support a *democratic ethos and a culture of human rights* by educational programmes conducive to a critically constructive civil society, cultural tolerance, and a common commitment to a humane, non-racist and non-sexist social order” [authors’ emphasis] (NCHE, 1996, p. 3). Herein rests the social transformation goal that is summarized by the report in terms of fundamental principles that should guide and direct the process of transformation.

In essence, these principles required that the system be reshaped into one that met the goals of equity, democratization, responsiveness and efficiency as well as ensuring quality, academic freedom and autonomy, and accountability. The report (NCHE, 1996, p. 9) clearly stated the vision of the Commission for a model which resulted in fewer, larger, multidisciplinary higher education institutions and proposed the incorporation of many of the colleges of education, nursing and agriculture into universities and technikons ((known until 1979 as Colleges of Advanced Technical Education), which provide technological oriented vocational education on a tertiary level.

The government’s response to the NCHE Report is found in the Education White Paper 3 (1997). The White Paper identified various social purposes that higher education was intended to serve including aspects such as mobilizing the “human talent and potential through lifelong learning” (DoE, 1997, par 1.12), and providing the “...labour market, in a knowledge-driven and knowledge-dependent society, with the ever-changing high-level competencies and expertise necessary for the growth and prosperity of a modern economy” (ibid: par. 1.3); to contribute “to the social...cultural and intellectual life of a rapidly changing society”, and to socialise “enlightened, responsible and constructively critical citizens” and “help lay the foundations of a critical civil society, with a culture of public debate and tolerance” (ibid:1.12, 1.3, 1.4).

In essence, the social purposes resonate with the core roles of higher education of disseminating knowledge and producing critical graduates, producing and

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applying knowledge through research and development activities, and contributing to economic and social development and democracy through learning and teaching, research and community engagement (Badat, 2008).

The White Paper (1997, par 1.18) clearly articulated the underpinning social justice agenda as:

“The principle of equity requires fair opportunities both to enter higher education programmes and to succeed in them. Applying the principle of equity implies, on the one hand, a critical identification of existing inequalities which are the product of policies, structures and practices based on racial, gender, disability and other forms of discrimination or disadvantage, and on the other a programme of transformation with a view to redress. Such transformation involves not only abolishing all existing forms of unjust differentiation, but also measures of empowerment, including financial support to bring about equal opportunity for individuals and institutions”

The key levers for transforming higher education indicated in the White Paper were to be national and institution-level planning, funding and quality assurance (Badat, 2008)—elements of a new managerialism entering higher education. The White Paper also added that “the South African economy is confronted with the formidable challenge of integrating itself into the competitive arena of international production and finance”, and that “simultaneously, the nation is confronted with the challenge of reconstructing domestic social and economic relations to eradicate and redress the inequitable patterns of ownership, wealth and social and economic practices that were shaped by segregation and apartheid” (DoE, 1997, par 1.9 & 1.10). Again, the attempt to serve both the social justice and globalization agenda is clear. Badat (2008) claims that the degree to which political and social imperatives require these goals be pursued *simultaneously* rather than sequentially has been a significant challenge.

In summary, the *White Paper* articulated “equity and redress” as fundamental principles in the future development of higher education. It emphasized the need to eradicate “*all existing forms of unjust differentiation*” and stressed the need for “*measures of empowerment, including financial support to bring about equal opportunity for individuals and institutions*” (DoE, 1997:1.18). In the next sections, the three core aspects (access, equity and transformation) of the change process in higher education will be discussed.

THE CASE FOR ACCESS AND EQUITY IN HIGHER EDUCATION

Access and equity have been prominent themes on the higher education agenda of many developing and developed countries. Akoojee and Nkomo (2007) point out that the concern with greater participation is not new in South Africa, but it has become an urgent imperative after the demise of apartheid. There has been a similar drive at the global level in recent times. International calls for greater access

was evidenced in the UNESCO World Conference on Higher Education in 1998, which, in its preamble, called not only for 'equality of access' (UNESCO 1998) and participation of women and Black students, but ensuring that these participation strategies lead to successful outcomes. Institutions are made responsible for striving for access and equity while simultaneously accountable to public authorities and more generally to society as a whole. Clancy et al. (2007) identified three successive principles that have historically dominated the framing of access policies. The first is what they termed "inherited merit" which signifies that, while access was the exclusivity of academically selected students and thus merit based, this merit was inherited, dependent upon circumstance (Roemer, 1998) such as the good fortune of being born within certain favored social groups and categories. Mainly it has been males coming from an upper class-family living in an urban area that have gained access to higher education. As a result, students were academically selected if they belonged to certain dominant groups in society.

The second phase in the evolution of admission norms is characterized by the application of the principle of equality of rights. Here all formal barriers regarding gender, ethnic/racial groups, social groups, etc. are eliminated. At this stage, the philosophical principle is that access is regulated by "pure merit". This process does not equalize the starting line, as it still favors those from more advantageous circumstances.

The third and current norm in most Western countries is characterized by an emphasis on equality of opportunity. Increasingly acknowledged is the necessity of going beyond formal equality of rights to take account of differences in the opportunity structure. At this stage, some forms of affirmative action are legitimized since it is recognized that access to higher education, to varying degrees competitive, always favors those with superior economic, social and cultural resources. One expression of this shift is when "merit" is measured by the distance between academic level reached by students and the social handicaps they had to face (Clancy et. al 2007).

The history of access policies in higher education in South Africa exhibit features of these three principles. Under apartheid, there was a hybrid of inherited merit and of equal rights. In this context, if you were White, urban based, had access to resources and were talented, you were more likely to have access to higher education than if you were Black, poor and based in the rural areas. In fact, in line with the apartheid system, different higher education institutions for different racial groups were created, with large urban based institutions being the preserve for Whites and smaller rural based universities reserved for Blacks. Within this system, there was inequality of access which resulted in the participation rates in higher education for different racial groups being skewed. At the dawn of democracy in 1994, the participation rates in higher education were 9% for Africans, 13% for Coloureds (official term), 40% for Indians, and 70% for Whites (CHE, 2004).

The post-apartheid government set about redressing these inequalities by increasing the social base for access to higher education. In this regard, the White Paper on Higher Education (1997) set the goal of ensuring that the composition

of student bodies progressively reflected the realities of the broader society. This was also driven by the goal set in the National Plan for Higher Education in which participation rates were to be increased from 15% to 20% in the medium term and, as an associate issue, an increase in the overall size of the student body. In this regard, the National Plan proposed making provisions for increased access to higher education irrespective of race, class, gender, age, creed, or disability and to produce graduates with the skills and competencies to meet the human resources needs of the country. This particular approach leaned toward an equality of opportunity principle.

Globally, the management and implementation of equality of opportunity policies involve a complex and varying division of responsibility between government and higher education institutions. The main trend is institutions becoming more responsible for management of social diversity, while public authorities increasingly confine themselves to setting the broader operating parameters of this policy and monitoring compliance. As Clancy et al. (2007) note, changes in funding equity of access efforts reflect these relationships.

Access to higher education in post-apartheid South Africa was also linked to the issue of equity. Access and equity were seen as the twin goals and principles underpinning the transformation of higher education. In the 1990s, there were significant changes in both the race and gender profiles of the student body in the higher education system. However, the government noted that these changes did not go far enough and made a case for equity of access to be complemented by equity of outcomes. This was in response to an observed trend that access did not translate to success and satisfactory throughputs, resulting in a “revolving door” syndrome for students with high failure and drop-out rates (DOE 1997). The goal of equity in the White Paper was linked to the imperative to address the inequalities of the past and to eradicate all forms of unfair discrimination in relation to access and equality of opportunity within higher education for historically and socially disadvantaged groups, the hallmarks of the apartheid education system (DOE 2001).

Machingambi (2011) argues that while access to higher education is absolutely necessary, it is not sufficient on its own to bring about social equity and social equality unless it is matched by success. What comes to the fore from this conceptualization is that equity has a substantive quality dimension rather than being confined to mere numbers. Equity also suggests fair access to educational resources of equal quality and value to enhance educational attainment. Equity and access touch the very heart of people’s beliefs about fairer societies, social change, and national development; universities and governments cannot afford to ignore issues that relate to equity and access to higher education.

The pursuit of access cannot be successful unless it is accompanied by resources, of which finances are central. In this regard, funding equity in access concerns both students (tuition fees, grants, scholarships, and loans) and the institution. This becomes crucial especially in the pursuit of the principle of equality of opportunity in which there might be students who qualify to enter higher education but are without resources, which was the case in South Africa both during and after apartheid.

Furthermore, addressing equality of opportunity without providing additional resources would render institutions unable to comply with the mandate. In post-apartheid South Africa, these imperatives came to be couched in terms of the need for both social (individual) and institutional redress. In this regard, the White Paper 3 (1997) identified as part of the transformation agenda measures of empowerment, including financial support, to bring about equal opportunity for individuals and institutions.

The need for social redress, which was directed at funding poor students in higher education and the provision of resources to institutions to deal with the learning needs of under-prepared students cuts across the past divide between the historically White and Black institutions. In this regard, the allocation of resources and funding to achieve equality of opportunity had to follow the poor and deserving students irrespective of their institutional affiliation.

Globally, observable trends in the funding of students to achieve equity in access include: (a) student's financial burdens increase even though governments remain the main providers--this is linked to a widespread recognition that higher education is both a public and private good and thus involves cost sharing; and (b) increasingly, centrally-driven national frameworks are being developed to provide students with greater transparency with respect to tuition fees and funding opportunities. Unfortunately, the funding framework is becoming more complex to match equality of opportunity. Policies with respect to student funding to improve equity of in access are increasingly being complemented by a focus on institutional funding. This finds expression in, among other factors, the government attempting to link funding to an institution's ability to register non-traditional students and take them to graduation; equity thus becomes an important output recognized in funding levels (Clancy et al. 2007), as institutions become more responsible for access and equity but accountable to government in terms of the use of allocated resources to achieve equity of access and of outcomes.

THE USE OF FUNDING TO FACILITATE ACCESS AND EQUITY

The New Funding Framework (DOE, 2003) adopted by the South African government represents a good example of the use of funding frameworks to pursue access and equity goals in the allocation of resources and to keep institutions accountable for the attainment of set goals and targets. In the Framework, there are four categories of funding meant for steering the system while at the same time attaining equity goals. The first two were targeted at facilitating access (equality of opportunity) and the last two for success (equality of outcomes).

- a. *A grant for disadvantaged students.* Given the challenge of access to higher education, a history of exclusion of Black students from higher education, especially in historically White institutions, and the challenge of the under-preparedness of Black students to enter higher education as a result of poor

schooling, institutions were given incentives for admitting and serving disadvantaged students. Disadvantaged students are defined as Black (African) and colored students. All higher education institutions with more than forty percent disadvantaged students in their enrollment would qualify for this grant. In other words, the more disadvantaged students they enrolled, they more money they would qualify for.

- b. *The National Student Financial Aid Scheme (NSFAS)*. The NSFAS was introduced to cater to academically able students who were poor and did not have the means to continue with their studies. Although it was first introduced in 1996, it was retained in the Framework and serves to facilitate and broaden access to higher education. In order to curb the “revolving door” syndrome alluded to above, it was important for institutions to retain students and ensure that they complete their graduate studies, so the government made additional funding available.
- c. *Foundation program grants*: The government made money available for first year students who were academically disadvantaged and needed support to achieve. This intervention addressed the problem of the high dropout rate among first year students, at that time estimated at 50%. Black students in particular were performing badly and were the major casualties in terms of failure and dropout rate. The poor performance of Black students was linked to the poor schooling they received which did not sufficiently equip them academically to cope with higher education study demands.
- d. *Teaching development grants*: These are funds made available to support teaching and learning with the aim of improving the production of graduates and increase the graduation rate. Despite an observable increase in access to higher education, access did not translate into success as demonstrated by the low performance in terms of completion rates, equity of outcomes, and efficiency, all of which are important for meeting national development goals (CHE, 2007). These funds targeted support throughout the whole cycle, from the first year until graduation. The aim was to increase the through put rate (pass rate from year to year) and the graduation rate. Whereas the Foundation Programme Fund focused mainly on providing support for first year students based on their schooling history and preparation to enter university, the teaching development fund focused on supporting students throughout college.

The degree to which these strategies succeeded in their stated aims will be explored in the next section. To summarize: The term *equity* in the South African higher education context is applied to refer to the following:

- Higher education enrollments and success rates that reflect the social composition of the broader society in all higher education institutions, in all fields of study. This particular policy position was an attempt to redress the situation under which Black students were excluded from some higher education institutions and from some fields of study like science, engineering and technology. It was not sufficient to provide the previously disadvantaged groups with access to these institutions

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and these fields, but it was also necessary to ensure they achieve success in an attempt to equalize the outcomes of higher education.

- Higher Education graduate rates that reflect an equitable distribution of opportunity and outcomes within higher education and higher education institutions.
- Resources made available to individuals from historically disadvantaged institutions (HDIs) with fair opportunities to participate in higher education.
- As the White Paper explains, the achievement of equity has both backward- and forward-looking elements. Existing inequalities “which are a product of policies, structures and practices based on racial, gender and disability and other forms of discrimination or disadvantage” must be identified and a programme of transformation that includes measures of empowerment and redress implement” (DoE 2006).

STATISTICAL OVERVIEW OF ATTEMPTS AT ADDRESSING ACCESS AND EQUITY IN SOUTH AFRICAN HIGHER EDUCATION

On the eve of democracy, the gross participation rate in higher education was about 17%. “*Participation rates [the percentage per age cohort receiving higher education] were highly skewed by ‘race’: approximately 9% for Africans, 13% for Coloured, 40% for Indians and 70% for Whites*” [authors’ italics] (CHE, 2004:62). While Black South Africans (‘Indians’, ‘Coloureds’ and ‘Africans’) in 1993 constituted 89% of the population, Black students only constituted 52% of a total of 473,000 students. On the other hand, White students, although comprising only 11% of the population, constituted 48% of enrollments. Of the total enrollment, 43% of students were women. The representation of Blacks and women in the academic workforce was marked by even more severe inequalities. In 1994, 80% of professional staff was White and 34% were women, with women being concentrated in the lower ranks of academic staff and other professional staff categories (CHE, 2004:62).

Student enrollments grew from 473,000 in 1993 to 737,472 in 2005. There was an extensive deracialization of the student body, overall and at many institutions. By 2005, the Black student population grew to 61% overall (449,241) (DoE, 2006b). There was also commendable progress in terms of gender equality. Whereas women students made up 43% of enrollments in 1993, by 2005 they constituted 54.5% (402,267) of the student body (CHE, 2004; DoE, 2006). In relation to the *National Plan* goal of 40% enrollments in Humanities and Social Sciences (HSS), 30% in Business and Commerce (BC) and 30% in Science Engineering, and Technology (SET), there were also ‘positive’ shifts – from 57% in Humanities and Social Sciences, 24% in Business and Commerce and 19% in Science Engineering and Technology in 1993 to 42% HSS, 29% BC and 29% SET in 2005 (CHE, 2004; DoE, 2006).

Although in terms of access the overall picture did change with Black students showing an increased participation rate, the throughput rates of Black students remained low – 3% in the engineering field, 12% in the natural sciences, and 9% in medicine and engineering (Cloete & Bunting 2000). More recent statistics confirm the trend: Ongoing enrollments have increased as a percentage of total enrollments

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across all race groups; most notably in the Black African (35% in 2000 and 48% in 2005) and Coloured groups (26% in 2000 and 31% in 2005) (CHE, 2009). At the same time, graduates as a percentage of ongoing enrollments declined across all race groups, but most significantly in the Black African group (39% in 2000 vs. 27% in 2005). In 2010, total enrollments grew to 892,936, but public higher education institutions awarded only 153,741 degrees at all levels (CHE, 2010). According to Badat (2008), judging by dropout rates, undergraduate success, and graduation rates, a substantial improvement in equality of opportunity and outcome for Black students remains to be achieved. Undergraduate success rates for contact education (face-to-face as opposed to distance education), according to the Department of Education (DoE) targets, should be 80% “*if reasonable graduation rates are to be achieved*” (2006). Instead they range from 59% to 87% with an average of 75%. White student success rates in 2005 were 85%, while African student rates were 70%. Throughput rates for 2000–2004 were between 13% and 14%, and the cohort graduation rate was 45% in 2004, with an overall drop-out rate of 45% (DoE, 2006).

To summarize, although marked improvements in participation rates are evident in higher education signifying a greater move towards equality in opportunity, equality of outcomes in terms of success at higher education level has not yet been achieved.

TRANSFORMING THE HIGHER EDUCATION LANDSCAPE

In launching *The National Plan for Higher Education* in 2001, the then Minister of Education, Professor Kader Asmal stated: “*The Plan is...not up for further consultation and certainly not for negotiation*” (5 March 2001). The period 2001–2005 thus saw radical changes in the higher education landscape in South Africa. Jansen (2001: 156) argues that change has arisen from the interplay of “institutional micropolitics” and “state macro-politics” expressed through a range of agencies, including the government bureaucracy responsible for education; that is to say, from “*the complex of political interactions – conflicts, contestations and compromises*” (Ibid, 156). Jansen (2004: 311) also pointed out that it is impossible to account for these changes in the higher education landscape outside the global context of higher education developments – much of what was happening locally had its roots in what was taking place globally. Generally, there is little disagreement that globalization is a key social-structural condition that has in different ways shaped state policies and higher education. Globalization has impacted higher education through the revolution in communication technologies and the emergence of a ‘market society’, but much of the reconfiguration of higher education in the early part of the 21st century in South Africa was the efflux of a political agenda to which government committed itself. What made this era of particular importance was the radical nature of the transformation brought about by the reconfiguration of the system. But, according to Badat (2008), transformation by its very nature has the intent to dissolve or dismantle existing social relations and institutions, policies and practices, and to (re)create and consolidate new social relations and institutions, policies and practices.

To pursue the goals set forth in White Paper 3, the Ministry of Education developed the National Plan for Higher Education (NPHE) in 2001. The Plan reaffirmed the principles outlined in White Paper 3 of 1997, provided an implementation framework, and identified the strategic interventions and levers necessary for the transformation of the higher education system (DoE, 2001). Furthermore, it provided a blue print to chart a path that sets the higher education system as the key engine driving and contributing to the reconstruction and development of South African society. The primary purpose of the Plan was to ensure that:

- the higher education system achieved the transformation objectives set out in White Paper 3 (1997) and that it was responsive to societal interests and needs;
- there was coherence with regard to the provision of higher education at the national level;
- limited resources were used efficiently and effectively and there was accountability for the expenditure of public funds.

An era of reconfiguration was thus ushered in after 2001. One of the aims of the NPHE was the restructuring of the higher education system through mergers and incorporations of existing higher education institutions. The rationale for the mergers, *inter alia*, was to achieve economies of scale and to create new institutions with new identities that transcended their racial and ethnic past (CHE, 2010). By 2001, all the colleges of education were either closed or incorporated into the universities and technikons. Institutional mergers of universities began in 2002 and have kept many institutions inwardly focused trying to address the challenges of integrating human resource processes, organizational cultures and operations over geographically dispersed campuses (Bundy, 2005: 15). Some of the 36 universities and technikons merged or incorporated to give rise to the present landscape of 11 universities, 6 comprehensive universities (one distance) and 6 universities of technology (formerly known as “technikons”). The institutional restructuring that occurred after 2001 provided the opportunity to reconfigure the higher education system so that it was more suited to the needs of a developing democracy. While various challenges remained, the foundations have been laid for a new higher education landscape.

The purpose and intent of the merger process as envisaged in White Paper 3 (1997) was to broaden the social base of the higher education system in terms of race, class, gender and age and to cater to a more diverse body of students. It had to dismantle the traditional distinctions between higher education institutions and become more representative of the South African population.

The whole merger process was a painful and often much detested process. Chipunza and Shungu (2010) assert that the mergers and incorporations occurred against a backdrop of:

- increased leadership instability – the period following the first democratic election saw many high profile academic people moving in and out of senior

administrative positions, in many cases to transform the racially White senior level management;

- divergent views on the roles of leaders in mergers and incorporations of higher education institutions as very little knowledge existed on how academic leaders should manage and negotiate the merger process;
- a number of the institutions proposed to merge or incorporate have not yet developed and operationalized minimum systems (e.g. human resources) to enable effective implementation of the policy;
- a disturbingly poor quality and credibility of higher education academic leadership at most Historically Disadvantaged Institutions (HDIs) before and after independence which, it was feared, could result in poor and improper mergers or incorporations;
- the fear that the future existence of universities in South Africa was being undermined by growing corporatization, rampant managerialism and state control. Consequently, most of the universities earmarked for mergers or incorporations had been transformed into commercial centres, where every management meeting was focused on balancing the budget and where the response to external intervention was met with compliance and consent; teaching methodology was equated with technology and mechanisms of research confused with ‘the elegance of scholarship.’ (Jansen, 2004).

Despite the concerns advanced by numerous academics (Wolf, 2000; April & Hill, 2000; Jansen, 2003, 2004; Bundy, 2005), the merging or incorporation of the affected institutions proceeded often driven rather than steered by government. For many, the merger meant the combination of two or more separate institutions into a single entity with a single governing body and chief executive body (Hall, et. al., 2004) resulting in a tug-of-war for positions in the new entity and continued interference from government in the processes. In the case of teacher training colleges, the college was incorporated into another institution (university) without affecting the latter’s legal status or position, thus leaving the teacher college greatly disempowered in the process. The same applied to the former Vista University – a distance education university for Black students with satellite campuses across South Africa – that was unbundled and incorporated into various other universities.

It is well known that change is not linear, uniform or predictable in educational or, for that matter, any other social settings. Transformation agendas posed by governments are not simply ‘implemented’, but are interpreted by real actors in real institutions, where even academic departments within the same university understand and respond differently to the transformation agenda. Transformation therefore becomes a complex response to both internal (institutional) and external (environmental) push and pull factors. Moreover, the way in which universities respond to change is as much a product of institutional dynamics as it is an active response to governmental policy. In many cases, it is a tedious process and as Barnes,

Baijnath and Sattar (2010) indicate, it is too early to really access whether the merger process was the social transformation success expected by government.

CONCLUSION

Transformation in higher education in South Africa is an ongoing process with many contested and controversial aspects. As could be expected, transformation fueled government intervention. In this regard, Bentley, Habib and Morrow (2006) refer to concerns and claims by some that the nature of government involvement in South African higher education in the second decade of democracy is in danger of moving from 'state steering' to 'state interference'. Jansen (2004) critiques the state's intervention in universities claiming that it is undermining higher education institutions' autonomy and academics' freedom through the funding formulae and legislative interventions. In response, the then Minister of Education, Naledi Pandor, argued that intervention is necessary in order to advance the cause of democratization and transformation. For Pandor (2004) the real debate is about the degree and nature of state steering, the balance between self-regulation and state regulation and the efficacy of the steering instruments.

Whatever the position taken, it is clear that since the democratization of higher education started certain gains were made in terms of greater access, equity and social transformation. At the same time, it is also clear that the ideals set out by government in the post 1994-era have not been fully achieved.

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BRAZIL'S RADICAL APPROACH TO EXPANDING ACCESS FOR UNDERREPRESENTED COLLEGE STUDENTS

INTRODUCTION

The development of postsecondary education in Brazil has had a different trajectory than that of Latin American countries. Because of its status as an “exploitive” colony of Portugal,¹ the educational system has historically been rudimentary. In Spanish Latin America, universities were founded in the 16th century (Cunha, 2000); in contrast, the first Brazilian university was officially chartered in the early 20th century.

In the first decade of this Millennium, higher education grew dramatically in Brazil. In 2001, the country had 1,391 postsecondary institutions; that figure rose to 2,378 by 2010. The net rate of schooling for 18–24 year-olds increased from 5.9 percent in 1995 to 13.9 percent in 2008. During this period, the federal system grew from 67 to 99 universities, the state system increased from 63 to 108, and the municipal system jumped from 53 to 71. Yet, Brazil still has one of the lowest participation rates for higher education in all of Latin America (INEP, 2012; Morosini, 2010; Morosini, Pan, Olivera, & Netto, 2012).

From 1995 to 2006, White student enrollment grew from 1,500,000 to 4,003,000 (167% growth) and that of Afro-descendent students (Black or “mixed race”) jumped from 341,240 to 1,760,000, a 415 percent increase. Afro-descendent enrollment increased to 31.4 percent at public and 124.5 percent at private universities. Afro-descendent gross student enrollment rose from 2 percent to 6.3 percent, but this means that 93.7 percent of Black youth aged 18–24 were not enrolled in college (Paixão, Rosseto, Montovanele, & Carvano, 2010).

Two factors converged to encourage more active social inclusion policies² and increased access to higher education in Brazil in this Millennium. The first was the *abertura* (awakening) – a political and later economic thawing initiated by President Ernesto Geisel (1974–1979); the second was the effects of the World Conference against Racism (Durban I).

Brazil has a history of intermittent military rule beginning in 1930. A coup in 1964 initiated the second major dictatorship in the 20th century.³ President Ernesto Geisel and President João Baptista Figueiredo (1979–1985) both promoted the weakening

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of the dictatorship; however, the acknowledged beginning of the *abertura* was 1979. Reforms included lifting press censorship, providing free elections, allowing the formation of political parties and civic organizations, and giving amnesty to those individuals, many of whom were academics or activists, who had gone into exile after the 1964 coup.⁴ A new constitution was approved in 1988 (Brasil, 1988) and a new basic education law (LDB) was adopted in 1996 (Brasil, 1996). These political reforms were followed by economic reforms such as privatization, economic development, and establishment of free market economics.

Combined with the natural resources of the country, these economic reforms catapulted Brazil onto the investment bank Goldman Sachs' list of the fastest growing economies in the world, the BRICS (Brazil, Russia, India, China, and South Africa) (O'Neill, 2001).

The other major factor was the United Nations Conference against Racism in Durban, South Africa (2001) during which a resolution was passed that condemned Brazil for racism. In the wake of Durban, federal agencies began implementing initiatives to combat racial discrimination. In May of 2002, the federal government established by decree the National Affirmative Action Program (PNAA) with the objective of effectuating measures to prepare for, foster, and promote increased representation of historically disenfranchised groups in various sectors of social life. PNAA sought to establish percentage goals for the participation of individuals of African descent, women, and persons with disabilities in federal government service. The PNAA included both preferences for underrepresented groups in federal hiring and for government contractors that adopted policies advancing inclusion in hiring and promotion.

In 2002, the National Program of Human Rights II (PNDH II) was launched with the dual objective of identifying and removing obstacles to the promotion and protection of human rights in Brazil. PNDH II planned the expansion of measures addressing access to public universities, offices, and positions among the Afro-descendent population at federal, state, and municipal levels. The program also provided assistance for preferential programs in private firms.

President Luiz Inácio Lula da Silva's government created the ministerial-level Special Secretariat for Policies to Promote Racial Equality (SEPPPIR). Lula's National Policy for the Promotion of Racial Equality specified new public affirmative action initiatives including incentives for the adoption of quota policies in universities and the labor market, as well as for the implementation of programs of racial diversity in companies. The passage of the Statute of Racial Equality (Brasil, 2010) represented a consolidation of civil rights advances and reinforced the fight against discrimination against Blacks.

In this chapter, we provide background on race relations in Brazil, discuss two expansion programs in higher education (PROUNI and REUNI) for underrepresented college applicants, analyze managerialism and globalization of Brazilian education, and examine the success of policies and programs to promote access to tertiary education.

RACE AND COLOR IN BRAZIL

While still under Portuguese control, the 1888 Lei Áurea (Golden Law) eliminated slavery after three centuries of oppressing Africans and native indigenous peoples. Brazil was the last country in the Western Hemisphere to abolish slavery. All birth records of slaves were destroyed and the racist nation-building policies of *branqueamento* (Whitening) and *mestiçagem* (racial mixing) were implemented. All of these policies encouraged an emphasis on color, rather than race per se.

Adding to the vexed discourse of race and color, in 1933 sociologist Gilberto Freyre articulated the theory of racial democracy (Freyre, 1988). This myth allowed racist policies to exist alongside the discourse of Brazil as a racially harmonious society (see, for example, Telles, 2004, 1999; Winant, 1992). Martins, Medeiros, and Larkin Nascimento (2004) draw a direct line from the myth of racial democracy to affirmative action in higher education. Indeed, the *Manifesto to the Brazilian Nation* (Nascimento, 1968) included demands for “subsidized admission of Black students to public and private schools and universities and anti-discrimination measures” (Martins, Medeiros, & Larkin Nascimento, p. 791).

In 1978, the *Movimento Nacional do Negro* (MNU) was organized following an anti-racism rally in São Paulo. The MNU was active on the international stage, making presentations at conferences and political gatherings; many activists were part of the delegation to the United Nations Conference against Racism in 2001 in Durban, South Africa.

The Durban Conference was a watershed for the nascent affirmative action policies promoting access to higher education in Brazil. The state of Rio de Janeiro was the first to authorize preference programs in 2002 (Brasil, 2002, 2003) and The State University of Rio de Janeiro (UERJ) was the first public university to adopt a preference policy. This legislation instituted undergraduate admission quotas (*cotas*)⁵ by designating a reservation of 40 percent of state university undergraduate enrollment (*reserva de vagas*) to “Blacks and Browns” (*pretos e pardos*)⁶ (Heringer, 2002). Following a great deal of controversy, the legislation was amended in 2003 to reserve 20 percent of public university vacancies in Rio de Janeiro state for students from public schools, 20 percent for Blacks, and 5 percent for students with physical disabilities, indigenous students, or the children of police officers killed in service.

The federal University of Brasilia (UnB) was the first federal university to implement preferential programs in undergraduate admissions by reserving spaces for underrepresented groups and adding points to the admission exam (*vestibular*)⁷ for these applicants. Other federal universities subsequently adopted this practice, adjusting the percentage of *reserva das vagas* (reserved spaces) based on the population of the region. The implementation of quotas in Brazilian public universities according to socioeconomic, ethno-racial, and, in some cases, special education criteria affirmed a new policy for providing access to public higher education.

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The often-heated public debate concerning preferential policies for entrance into public universities has focused on the concept of quotas and the percentage of the *reserva das vagas*. The major issues in this debate have been the use of preferences versus “merit” (as measured by the *vestibular* entrance exam), who should receive the preferences, and the percentage of *vagas* reserved in each entering class. This debate continues at colleges and universities, at conferences, in the bicameral Federal Congress and unicameral state legislatures, and between two leading newspapers – *O Globo* and *A Folha*.

The case of twin brothers who applied for admission to the University of Brasilia in 2007 illustrates the national backlash surrounding preference policies. The UnB application required that students eligible for preference as a result of race or color include a personal photograph as documentation.⁸ Several boards were created to review the applications and photos to adjudicate whether applicants were eligible for quota-based admission; decisions of these boards could be appealed. Alex and Alan, the twins, registered for the UnB admissions exam in 2007, and their applications were sent to different boards for review. Alex was judged White and ineligible for preferential admission; Alan was considered Black. Alex appealed the decision and was granted admission in the second evaluation. The case of the UnB twins underscored the complexities of using race or color in admissions.

The controversy that resulted from this case revitalized the debate about defining who is Black in Brazil, led to significant repercussions, and invigorated the arguments of groups opposed to racial quotas. In 2009, the Democratic Party requested an injunction to suspend the matriculation of those accepted students who had not passed the admissions exam of the University of Brasilia. In July of 2012, the federal Supreme Court unanimously ruled that ethno-racial preferences were constitutional under Brazilian civil law. The decision affirmed that the policies adopted by UnB had established a pluralistic and diversified academic environment with the vision of overcoming historically embedded social disparities. Furthermore, according to the court, the methods employed and the ends sought by the University of Brasilia were “characterized by proportionality, reasonableness, and impermanence, being subject to periodic revisions based on outcomes” (Supremo Tribunal Federal, 2012).

The court decision provides support for the recently-approved Senate Law Project (PLS) (SEPPIR, 2012) which regulates admissions into public universities. Passed in August of 2012, PLS requires that 50 percent of the *vagas* in undergraduate courses in federal institutions of higher education (the 59 universities and the 40 institutes) be reserved for students who only attended public schools. The number of *vagas* for Black and Indigenous Brazilian students would equal the percentage of those in these populations in the states where the respective federal educational institutions are located (Instituto Brasileiro de Geografia e Estatística, 2010).⁹

In Brazil, public universities autonomously establish their own admissions processes. Data from the 2010 *Higher Education Census* (INEP, 2012) revealed that of the 99 federal institutions of higher education, 59 are universities. Of these, 14 use preferences based exclusively on race and 28 universities combine racial

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selectivity with other social variables (public high school attendance and income), amounting to a total of 42 federal tertiary institutions with social inclusion programs that specifically addresses the criteria of race/color/ethnicity.

REUNI

REUNI (Program of Support for Plans of Restructuring and Expansion of the Federal Universities) was adopted in 2007¹⁰ (Brasil, 2007) and is a broad program to increase social inclusion in postsecondary education through expansion of the system to include a more diverse group of learners. REUNI's objective is to "endow federal universities with the conditions necessary to boost access and retention in higher education," and to propose actions that focus on increasing the *reserva de vagas* in undergraduate programs, expand opportunities to enroll in night courses, promote pedagogical innovations, and prevent dropout, among other goals. Federal universities do not charge students tuition or fees. With these strategies, REUNI intends to reduce social inequalities in Brazil (Brasil, 2007, p. 4).

The expansion of federal higher education began in 2003 when new campuses were created in the less accessible interior regions of Brazil. With this action, the number of municipalities served by universities grew from 114 in 2003 to 237 in 2011. During this period of expansion, 14 new universities and more than 100 new campuses were established, which increased enrollment openings and created new undergraduate courses.

The Eighth National REUNI Seminar (Figueredo, 2010) reported that higher education had experienced increases in the total number of places in federal universities since the institution of REUNI, with an increase in the enrollment at federal universities from 2.2 percent to 4 percent of all students from the ages of 18 to 24 between the years of 2002–2012. This growth, however, fell short of the federal government's goal of 6 percent. During the same period, there was a dramatic growth in the private tertiary system, which increased from 6 percent to more than 16 percent. These figures affirm the need to significantly enhance the public higher education system.

REUNI is Brazil's response to UNESCO's recommendation (IESLAC, 2010) on the need for the democratization of higher education in order to increase access. REUNI seeks to grow public higher education by creating conditions for the federal institutions of higher education to expand physically, academically, and pedagogically. However, this expansion has come with little new funding. Academics are critical of dramatically and rapidly expanding the federal system without addressing financial concerns, including faculty and staff levels, appropriate support for faculty and students, and adequate operational funding. This contradiction of doing more with the same funding pressures the federal system to make difficult trade-offs between quality and access (Leda & Mancebo, 2009; Lima, Azevedo & Catani, 2008).

Lima, Marques, and Silva suggest that the Brazilian state instituted REUNI as a result of several events: the general crisis of capitalism of 1970, the capital internationalization trend, the implementation of more flexible methods of capitalist

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growth, and the adoption of neoliberal policies which positioned the market as the primary creator and self-regulator of the competitive society. Dias Sobrinho (2003) notes that this new political orientation induces universities to act based on the rules of the market.

Some scholars argue that the state and educational system reforms are a way to limit the public sphere and amplify the private sector, with especially severe consequences for public universities. Several policies seek the limitation of public institutions, especially the federal program of diversification and differentiation, which entails the reduction of federal government resources and the introduction of control mechanisms (Catani & Oliveira, 2002). The state has gradually increased its evaluation and coordination functions in the system, essentially turning into an assessment and management state (Chauí, 2001). Evaluation and autonomy were already declared as the foundations of reforms in the 1990s (Cury, 1997). The model requires ongoing evaluation, self-financing (Dias Sobrinho, 2003), and academic capitalism (see Slaughter & Leslie, 1999 and Slaughter & Rhoades, 2004 for a discussion of the topic in the U.S. and other countries).

Despite these challenges, REUNI has increased the number of students attending federal universities, spurring the creation of 77,279 enrollment openings, with an increase in 63 percent two years after its implementation in 2007. In 2010, the number of new enrollment openings reached 199,000 (ANDIFES, 2010). However, this expansion has severely strained faculty resources. The expansion of the federal system is important for both the citizens and economy of Brazil, but the human and physical resources of the system have been severely strained and additional funding is needed to sustain the much larger system.

PROUNI

The University for All Program (PROUNI) is one¹¹ of the features of the Education Development Plan (EDP) (Brasil, 2007) to promote equity and democratization in higher education. PROUNI is for private higher education institutions (both charitable and for-profit) and is regulated by Law nº 11 096/2005 (Brasil, 2005). The program promotes undergraduate scholarships in private higher education institutions (HEIs) by releasing participating organizations from federal taxes, such as social security and corporate income taxes. The major criticisms of PROUNI are that public monies should be invested in public rather than private colleges and universities and that PROUNI results in reduced income from taxes for the federal government (Saraiva & Nunes, 2011).

Participation by private institutions in PROUNI is voluntary, but numbers have been steadily increasing. In 2005, the inaugural year, 1,142 HEIs participated, while that number grew to 1,232 in 2006 and 1,304 by 2010. The HEIs must offer 10 percent of *vagas* in their entering undergraduate class to PROUNI students. By doing so, PROUNI has doubled the number of government-funded spaces in higher education (Maculan, Ribeiro, & Haddad, 2009).

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PROUNI scholarships can be full or partial. To qualify, applicants may not have a college degree, must have taken the National Secondary Education Exam (ENEM)¹² and achieved at least a 400-point average on the five scores from the exam. Another criterion for obtaining a full scholarship is that the family income of the applicant cannot exceed US\$500 per month per person; for partial scholarships (50 percent), the family income must not exceed US\$1,000. Moreover, the applicants must also have met at least one of the these conditions: completion of secondary education entirely in the public school network; completion of secondary education in a private institution with a full scholarship; completion of secondary education partially in the public school network and partially in a private institution on a full scholarship; having a disability; or, being a teacher in the public school network.¹³ In the case of teachers, income is not considered. Finally, while scholarships are open to all applicants meeting these criteria, there are also scholarships for applicants with disabilities, and for self-declared indigenous, mixed race, or Black people. The percentage of scholarships aimed at quotas is equal to that of Black, mixed race, and indigenous citizens in each state as indicated in the last Brazilian census. The PROUNI candidate must also meet the other selection criteria as well.

PROUNI scholarships increased from 112,275 in 2005 to 254,598 in 2011; for the same years, the number of candidates competing for PROUNI increased from 422,531 to 1,990,044. From the inception of PROUNI in 2005 to the first semester of 2012, 1,043,373 students have received scholarships. Of these, 48.5 percent were given to men and 51.5 percent to women; 47.4 percent were distributed to White students, 36 percent to mixed race students, 12.4 percent to Black students, 1.8 percent to Asian students, and 0.2 percent to indigenous students while twelve percent did not indicate their race (MEC, 2011). In Brazil, higher education institutions are concentrated in the southeast, with a high concentration in the state of São Paulo, and so are PROUNI scholarship holders.

In July of 2012, PROIES (Program of Incentives to the Restructuring and Strengthening of Institutions of Higher Education) established that up to 90 percent of the national tax debts of “distressed” private HEIs could be applied to PROUNI scholarships. The institutions selected were those in serious financial crisis which had positive evaluations by the Ministry of Education and presented a plan for recovery of their delinquent taxes.

Cognizant of the criticisms of the varying quality of private universities, particularly the for-profit ones, the Ministry of Education addressed quality issues (MEC, 2007). Higher education institutions with two unsatisfactory evaluations on the National Assessment of the Higher Education System (SINAES), the National Student Performance Exam (ENADE), and other evaluations are prohibited from participating in PROUNI. To monitor the implementation and management of PROUNI, MEC created the National Commission for Monitoring and Social Control (MEC, 2006).

Access to higher education does not guarantee student achievement, particularly persistence to graduation. The academic and professional outcomes for PROUNI

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students are connected to the support and monitoring measures to help students who have greater difficulties, particularly with academic and economic issues (Felicetti & Morosini, 2009). Thus, with the objective of preventing PROUNI scholarship holders from dropping out of undergraduate programs, the government instituted the persistence scholarship (MEC, 2007) (US\$14,800) to aid in educational expenses of full scholarship students.

Another factor responsible for dropout is the lack of prerequisites or the development of knowledge necessary for courses. This lack of preparation has caused tension between PROUNI students (who attended public schools) and non-PROUNI students (most of whom attended private preparatory schools and *cursinhos*). INEP/MEC (2009) carried out research with the objective of evaluating the performance of PROUNI scholarship holders on ENADE in the biological and medical sciences. INEP found that “In general, the results indicate that it is very unlikely that the inclusion of scholarship holding students has worsened the quality of the programs overall, since their performance seems to be equal to or better than that of their colleagues” (p. 18). Along the same lines, Carmello (2007) found that PROUNI students believed that the program “opened doors to cultural and career advancement, seeing in higher education the opportunity to get in touch with new knowledge and skills at its end, getting better paid jobs” (p. 17).

Carvalho (2006) argues that an obstacle to democratization is the lack of *vagas* in public, free HEIs and the measures aimed at increasing the number of federal universities are insufficient. While the public and private Brazilian higher education systems have expanded, the gross rate of tertiary education in the country was 15.1 percent in 1991 and 26.7 percent by 2009. Despite the large investment in public institutions and the subsidization of private higher education, the number of 18- to 24-year-olds attending college hovers at 13.9 percent, classified as an elite system of higher education by Trow (Burrage, 2010). For Brazil to attain both access and equality of outcomes in higher education, short- and long-term solutions include both preference programs and funding of students in high-quality public and private institutions.

MANAGERIALISM AND GLOBILIZATION IN THE “GLOBAL SOUTH”

While much has been written about managerialism and globalization in Latin American higher education, Leite (2010) focuses specifically on the experience in Brazil, which is unique because of its language, culture and political cohesion. She suggests that Brazil has used an “anthropophagic”¹⁴ approach to internationalization, that is,

Instead of copying foreign ideas there is a tendency to create new ones and re-elaborate them with an anticipatory view and an accent of Global South localism. A critical mass and part of the political class adopts the neoliberal [educational] policy initially, and then immediately afterwards it commits

anthropophagi – it digests what it finds useful, regurgitates what does not concern it, and absorbs what will do some good. (p. 228)

In the next section, we discuss the anthropophagic approach to evaluation, accreditation, and globalization.

Evaluation

Brazil has a history of evaluation in higher education that predates the reforms of the new education laws of the 1990s. MEC developed a mechanism in the 1970s to evaluate the quality of Brazilian graduate program. The Coordination of Higher Education for Personnel Improvement (CAPES), which is part of MEC, administers the evaluation. Program productivity and a peer review of program quality are conducted every three years with the results made available to the public. While the process is administered by MEC, disciplinary and interdisciplinary teams elected by the faculty select the peer review committees.

Undergraduate education is subject to a quality review process through the National System for the Evaluation of Higher Education (SINAES). Three dimensions are taken into account. The first deals with the institutional infrastructure, and includes an evaluation of the teaching and research laboratories, the library, and the general campus infrastructure. The second pertains to a quality assessment of teaching and student learning. The final element is a review of the compliance of the curriculum to the national curricular guidelines established by MEC (ISELAC, 2010). The process entails internal and external institutional evaluations and a peer review of the results, and a student exam. The ENADE is conducted annually, and its aim is to assess the acquisition of knowledge and competencies. Finally, detailed faculty productivity data are collected and made public.

Globalization

Historically, Brazil has viewed the exchange of ideas and knowledge as intrinsic to a university. The National Research Council (CNPq) assumes international cooperation as a primary function; through its Consultancy for International Cooperation (ASCIN), programs are funded that promote the mobility of researchers, capacity building of doctoral and post-doctoral researchers, and attendance at international conferences. In addition, CAPES facilitates student and faculty exchange programs with numerous international partners.

Brazil is an active participant in international higher education initiatives. The European Union sponsors initiatives for individual institutions and faculty. EU programs such as the Tuning Project and ALCUE exchange researchers from European and Latin American countries. The primary aim of these programs is to promote bilateral and multilateral cooperation.

Brazil has been involved in the U.S. Fulbright program since 1957, facilitating the exchange of scholars and students between the two countries. Other international

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agencies such as the British Council and the Ford Foundation sponsor Brazilian student exchanges and collaboration between Brazilian universities and institutions in either the United States or England.

To increase the scientific capacity of the country, President Dilma Rousseff created the Science Without Borders Program in 2011. SWB aims to send 101,000 students to study sciences in select countries and marks the first large-scale exchange of scholars funded by the country.

Managerialism

Leite (2003) reviews the reforms of the 1990s and suggests that the result is a “capitalist redesign of universities” (p. 223). This has three distinct forms: The first is the hybrid model where the traditional university adopts market practices and a capitalist posture; the second model is the global university evaluated through the international accreditation process and utilizing international rankings for academic visibility; and the third model is the world class university based on an abundance of students and resources along with favorable governance structures. At this point, the only national ranking is SINAES and few Brazilian universities have the resources to adopt the second or third models. Only two (the University of Campinas and the University of São Paulo) appear on the *Times Higher Education World Rankings 2012–2013* (Reuters, 2012). As Helio Waldman, rector of the Federal University of ABC, one of the new expansion universities, said,

Because we are committed to social inclusion, as well as academic excellence, we have to be less selective and spend less money on scientific research in favor of scholarships. If we are forced to emphasize our positions in the rankings, we might have to sacrifice that commitment” (Ambrus, 2012, para. 11).

Brazil maintains a unique position in Latin America and the new Global South. When confronted with evaluation, globalization, and assessment, Brazil sought an anthropophagic approach. In other words, Brazil molded the ideas of other countries and cultures and created a Brazilian solution to international challenges. However, with the world and regional rankings of universities, Brazil may be forced to modify their assessment and evaluation criteria and processes.

ANALYSIS OF ACCESS POLICIES AND INITIATIVES

Brazil, according to Bailey (2008) is “in the midst of an affirmative action boom” (p. 11). Indeed, Brazil has taken an aggressive approach to opening access to postsecondary education, which has included setting quotas for Afro-descendent, low-income, public school, indigenous, and disabled applicants under a Presidential decree. The REUNI and PROUNI programs provide access and aid for both public and private universities. Moreover, REUNI has expanded the number of openings at elite federal universities, created *institutos federais* (a cross between a polytechnic

and an American community college), and increased distance learning options. Commenting on the new access law (PLS of 2012), Levy said

How many policies in world higher education history have mandated such a large quota of any kind. Or have mandated even small official admission favoritism for graduates of one secondary school sector over another. . . in both scope and means Brazil's policies dwarf even the more controversial U.S. Affirmative Action policies in radicalism. . . (Schwartzman, 2012, para. 8)

In this section, we analyze the continuing debate over affirmative action, the outcomes of broadened access, and the financing of Brazilian education. Finally, we introduce the concept of the opportunity of access versus the opportunity of outcomes.

The debate over affirmative action began before the first such program was adopted by state decree at UERJ in 2002. The disputed affirmative action plan of UnB mandated by federal decree, with different racial categories for twin brothers, was challenged in the courts and ruled constitutional in July of 2012. It is clear the discourse on merit and the resistance to change is strong, exacerbated by the existence of an elite system of higher education. Despite the growth in the postsecondary sector in Brazil, the college-going rate is still less than 15 percent. A college degree in Brazil provides a significant financial advantage for young people and the OECD (2012) indicates the country has an "acute income disparity" which could be addressed by increasing the number of Black college and university graduates. Given the small number of *vagas* at the free, elite, federal universities, and the economic concerns of families of all income levels, it is not surprising there is a backlash from any program that limits opportunities during a world-wide economic slowdown.

We use two templates to examine the results of Brazilian access policies. Tierney (2007) adopted a philosophical approach in analyzing how affirmative action can promote a more democratic public culture, while Clancy and Goastellec (2007) provided a method to assess the outcomes. We compare the goals set by the government with the actual results.

Tierney (2007) raised the critical question in the debate over affirmative action: Who "deserves" to go to college? This query strikes at the heart of the philosophical principles of merit. Ironically, meritocracy was promoted as the alternative to aristocratic control based on family connections (Young, 1959). In particular, applying merit to higher education admissions was a method of ensuring that promising young people would have access to college without regard to religion, social class, and economic class. However, Tierney asserted that "the substitution of merit for privilege does little to create structural change" (p. 389) and that "an alternative system would be one that recognized the structural aspects of discrimination and strives to ensure that all people have equal opportunities" (p. 390). We would argue that the decrees on affirmative action, REUNI, and PLS all seek structural changes in Brazilian higher education.

While Brazil only recently began large-scale policies to open access to higher education, the initiatives are broader than in many other countries. The number of reserved spaces (*reservas das vagas*) in undergraduate programs is 50 percent under the PLS passed in August of 2012 (SEPPIR, 2012). Compared to other countries with affirmative action programs, the criteria for qualifying (race, ethnicity, socioeconomic class, public school attendance, handicap, and indigenous status) are more expansive.

The newly-enacted PLS mandates affirmative action in undergraduate admissions for the next ten years, when these provisions end. This indicates that rather than being a temporary “fix,” affirmative action is a mid-term solution to access. Three important structural changes to the system of higher education under REUNI, which expanded the federal postsecondary education systems as a means of promoting access, were the addition of *institutos federais*, the expansion of higher education to smaller cities, and the increase in distance learning opportunities; all three are designed to improve access throughout a very large and diverse country. Such structural changes must continue if access is to be expanded for all citizens.

Tierney (2007) argued for the “public benefits to having a well-educated workforce” (p. 393). The research of Astin (1985, 1990) and Pascarella and Terenzini (1991, 2005) has documented the benefits of college education for American students. The first is the expansion of talent in terms of economic development – better trained citizens are more productive employees, an important benefit in sustaining the growth of the economy. The second benefit is the health, welfare, and happiness of better educated citizens. Third, better educated parents pass along generational benefits to their children (and sometimes their own parents), including better health, welfare, educational and career opportunities. Finally, more educated citizens are better equipped to become engaged in civic endeavors in their communities and countries. Again, while affirmative action policies are relatively new to Brazil, there is already research that suggests direct and generational benefits of PROUNI (Felicetti, 2011).

Clancy and Goastellec’s framework for access policy (2007) focused on outcomes, which can be measured in several ways. For our purposes, we use the gross tertiary rate of education and Trow’s age-cohort method (Burrage, 2010). Brazil’s gross tertiary rate of attendance increased from 15.1 percent in 1991 to 26.7 percent in 2009. The college-going rate of the 18–24 year-old cohort increased from 5.9 percent in 1991 to 13.9 percent in 2010. Yet, the percentage of Afro-descendent youth in college is still only 6.3 percent. These participation figures are well below the rate for other Latin American countries. Using Trow’s framework, Brazil’s system of higher education is still in the elite category, having yet to move to the mass stage (15 percent or more of the age-cohort attending college).

Figueredo (2010) reported that higher education has experienced important increases in public openings in the IFES since REUNI’s initiation, with an increase from 2.2 percent to a predicted 4 percent enrollment among 18- to 24-year-olds between 2002 and 2012. However, this falls short of the government’s goal of 6 percent.

In this sense, to reach the levels of a developed society, Brazil must achieve much more optimistic goals with respect to the number of students attending and graduating from higher education. The National Education Plan (PNE 2011–2020) established a goal to increase the gross enrollment ratio (students enrolled in grade level compared to those who qualify for that grade level) in higher education to 50 percent and the net ratio (students of one age group enrolled in education compared to the number of people in the age cohort) to 33 percent of the population between 18 and 24 years of age, while ensuring the quality of the education available (Brasil, 2010).

The federal Senate's Education, Culture and Sports Commission identified one major problem facing postsecondary education as basic education. If Brazil desires better colleges and universities, it needs to increase general investments in education from 7 percent to 10 percent of the gross national product (GNP) by 2020, according to the new National Education Plan (PNE). We agree that continuing to fund and improve *ensino meio* is the next step in increasing access to higher education.

Critics of affirmative action have raised some important points. According to Schwartzman of IBGE, "These policies [tend] to facilitate access of students coming from public schools (which are of lower quality and shunned by the middle and upper class) and Blacks" – who account for about 50 percent of the population" (2012, para. 5). At the same time, research by Marteleto (2012) found that despite structural changes, Blacks and pardos (Browns) still have significant educational disadvantages. This suggests the need to continue to provide affirmative action for the more than 50 percent of the young people who are in these two racial categories.

Schwartzman, added that "since race...and poverty are strongly correlated, many have argued that a means tested affirmative action would be less controversial and less open to gaming, but there is strong pressure from militant groups and NGOs to put emphasis on race" (2012, para. 5). Senator Paulo Paim asserts that only 10 percent of young people graduate from private secondary schools, and "PLS is needed by the other 90 percent" (BBC, 2012). Finally, Kanter's (1977, 1992) research on tokenism found that disadvantaged individuals should enter the organization in groups (i.e., groups of low-income or first-generation students, Black and pardo students, indigenous students, students with disabilities) in large enough numbers to escape marginalization. Indeed, what amounts to a "critical mass" of students admitted to undergraduate programs is a crucial point argued in the case of *Fisher v. University of Texas* (Schmidt, 2012), the landmark affirmative action case pending in the U.S. Supreme Court.

Both opponents and proponents of affirmative action criticize funding mechanisms. For the REUNI program for federal universities, both sides agree that the funding is not adequate for the number of campuses, the increase in the number of openings in undergraduate programs, and the support services required to encourage the persistence to graduation of students who are the first in their family to attend postsecondary education. Schwartzman (2012) argues that the decreased funding for the federal system "combined with the expended [sic] influx of students

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with low academic qualifications” (para. 4) will further strain the financial situation. The regulations for PLS (which are pending as we write this) permit some flexibility in the *reserva das vagas* and a four-year implementation period, which could allow for increased funding. Likewise, proponents and opponents of affirmative action criticize the diversion of federal funds to private universities through PROUNI. However, as a short-term measure, PROUNI is helping to open access to higher education. President Rousseff asserted at a ceremony marking the one-millionth scholarship that PROUNI allows young people “to overcome what were almost insurmountable obstacles – the obstacles of opportunity” (Downie, 2012).

Finally, in this age of accountability, it is a bit surprising that there has been little focus on outcomes. Specifically, we would recommend a metric of equality of opportunity versus the equality of outcomes (see Cauthen, 1987; Krugman, 2011; Packer, 2011; Rushefsky, 2007). Mere access to higher education begs the question of the moral responsibility to the approximately 50 percent of Black Brazilians who have had fewer opportunities and have faced significant discrimination since emancipation. Accountability could be judged by the number and type of support programs and persistence rates for students admitted under affirmative action.

SUMMARY

We agree with Levy (Schwartzman, 2012) about the radical and far-reaching scope of affirmative action in Brazilian higher education. With the acute income disparity between Blacks/pardos and Whites, perhaps radical solutions **are** needed. Since 2007, over one million students have attended college with PROUNI scholarships. Between 2003 and 2010, the number of students entering IFES under REUNI has grown from 109.2 million to 222.4 million. Yet, the Afro-descendent gross student enrollment rose from 2 percent to only 6.3 percent; 93.7 percent of Black youth aged 18–24 were not enrolled in college (Paixão, Rosseto, Montovanele, & Carvano, 2010). We do agree with Levy (Schwartzman, 2012) that “All in all, Brazilian higher education is in for a prolonged period of interesting times with unforeseen and unanticipated outcomes.” We also agree with federal judge William Douglas, who previously opposed affirmative action, “Quotas are fair, honest, compassionate, and necessary. Most of all, they are urgent. If you disagree, come with me to spend time with [aspiring poor Black students]” (Douglas, n.d.).

NOTES

- ¹ An exploitive colony is located in the tropics and has cheap natural resources and a large native population. As a matter of national policy, the conquering country extracts the colony’s natural resources for benefactors in the conquering country.
- ² The term social inclusion is preferred in Brazilian Portuguese.
- ³ The first military dictatorship was the result of a military junta in 1930. Getúlio Vargas was Head of the provisional government from 1930–1945.

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- ⁴ A recent article (Romero, 2010) describes the detention and torture of the current Brazilian president, Dilma Rousseff, during the dictatorship.
- ⁵ The use of the word *cota* was an effort to reflect the controversy of affirmative action in the United States. Preferential programs are currently used for undergraduate admission only, including undergraduate programs in law and medicine.
- ⁶ In this paper, we use the terms Afro-descendent and Black interchangeably. “Pardo” and “preto,” the census terms for mixed race individuals are used by other scholars cited in this paper. See Petrucelli (2000) for a discussion of the large number of terms Brazilians used to describe race and skin color in the 2000 Census.
- ⁷ The use of the *vestibular* in admissions is complicated by the fact that each university has its own test, which discourages multiple applications to different universities. Middle- and upper-class students can afford to take a year-long *cursinho* in order to prepare for the *vestibular*, which provides a substantial advantage in qualifying for the free public universities.
- ⁸ The use of photographs has been discontinued and now self-identification is used.
- ⁹ As with admissions affirmative action plans in the United States, the goals are set based on distribution by race and ethnicity of the local population, assuming that with equality in access, college-going rates of the various groups will be similar over time.
- ¹⁰ REUNI is one of four federal programs that set access and other educational policies. The other programs are professional/scientific education (IFET), PROUNI/FIES (discussed below), and SINAES (discussed below).
- ¹¹ Other strategies aimed at equity and democratization include: FIES and PROUNI, as a way of facilitating access, in addition to encompassing other actions, such as a UAB (Open University of Brazil, *Universidade Aberta do Brasil*), PNAES (National Student Assistance Plan, *Plano Nacional de Assistência Estudantil*), PIBID (Institutional Grant Program for Professor Initiation, *Programa de Bolsa Institucional de Iniciação a Docência*), Reuni – 2007 (Program to Support Plans for Restructuring and Expansion of Public Federal Universities, *Programa de Apoio a Planos de Reestruturação e Expansão das Universidades Federais*), the Quota Policies for public HEIs, and the reformulation of CEFETs (Federal Centers for Technological Education, *Centros Federais de Educação Tecnológica*).
- ¹² The ENEM is a national exam that includes high school performance measures and can be used to apply to participating universities, thus expanding college choice. ENEM is an alternative to the high-stakes, single-institution *vestibular*.
- ¹³ Some public school teachers lack an undergraduate degree and are, therefore, eligible for PROUNI.
- ¹⁴ Adopted from a term in the Guarani language.

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INCOME-CONTINGENT REPAYMENT AS PUBLIC POLICY

*The Applicability of the Australian Higher Education Finance Model
to the American Context*

The rising cost of higher education is one of the most vexing public policy challenges facing the United States and many other nations. At the same time, expanding access to higher education and promoting completion of degrees and related credentials of value is critical given the relationship between educational attainment and a host of individual and public returns on investment. Governments around the world struggle with the conundrum of how to expand educational access in a time of economic challenge and austerity measures designed to shrink national outlays in response to reduced tax revenues. These challenges have accelerated a two-decade global trend of shifting an increasing percentage of educational costs from governments to individual students and their families. In some countries, this shift has taken the form of substantial increases in student fees, while in other nations tuition has been instituted where it did not previously exist (Usher, 2005). Additionally, students in many countries have seen reductions in housing stipends and income support payments (Johnstone, 2001).

Within this context, researchers and policy analysts are devoting increasing attention to the growing worldwide use of student loans to fund higher education and the various types of cost recovery plans in use or under consideration in various countries, including graduate¹ taxes and income-contingent repayment. Perhaps the best known and oft-studied income contingent repayment model is found in Australia. The Higher Education Contribution Scheme (HECS)² was introduced by the Commonwealth government in 1989 in part to fund an expansion of university enrollments while recovering a portion of instructional costs. The program was also designed to minimize the number of students kept away from universities because of an inability to pay. The scheme allows students to defer all tuition costs until after graduation, at which point fees are repaid through a graduated tax. The accumulated debt does not accrue interest but is subject to an annual adjustment for inflation.

Various forms of income contingent repayment programs have been proposed both in the international arena and in the United States over the past few decades as a possible policy alternative to promote access to higher education (Bluestone et al., 1990; Chapman, 2006; Dillon, 2011; Kane, 1999a, 1999b; Rasmussen, 2002a,

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2006; Schrag, 2002; Usher, 2005). Income contingent loans are a form of means-tested financial assistance based largely on future earnings prospects rather than on a backward-looking examination of student and family resources, as is generally the case with most traditional government financial assistance and income-support payment programs. In theory, a program of this type would ease the burden for individuals whose income remains low after graduation and remove some of the disincentive associated with pursuing a lower-paying line of work or career, such as social services or public interest law, or from leaving the workforce to attend to family matters.

The Australian system can serve as a source of insight and guidance for policy makers who are seeking new solutions to address challenges of access and equity in higher education. While HECS has been criticized by student advocacy groups and others within Australia as representing a financial obstacle to university participation for those least able to afford it, numerous studies on the potential enrollment effects of HECS have concluded that the system has had little to no negative influence on access by the socioeconomically disadvantaged. In fact, Australia leads the developed world in the proportion of 25–34 year-old adults from socioeconomic disadvantaged backgrounds who have attained some level of postsecondary education, and ranks 5th among OECD countries in the proportion of individuals in this age group who have attained a higher education level than their parents (OECD, 2012). At the same time, the proportion of total university students coming from low-income backgrounds has barely changed since the inception of HECS in 1989, suggesting that economic issues alone cannot explain the under-representation of disadvantaged groups in Australian higher education.

From my first introduction to HECS in 2000, I have wondered how a similar system—either in whole or in part—might function to increase college-going rates among lower-income youth in the United States. From an economic perspective, the Australian model offers distinct benefits to the prospective consumer of higher education. The entry price of college is zero, at least in terms of tuition (books, fees, supplies, and the like require some level of financial outlay). The income-contingent aspect of repayment—including the salary threshold that must be reached before repayment begins—serves as a form of insurance that reduces the risk associated with the choice to go to college. While the government loan is indexed annually for inflation, it does not carry even a nominal interest rate, either while a person is attending college or during repayment. This makes the net present value of the college-going human capital investment more favorable than other types of investments, which would require borrowing from commercial lenders.

On several visits to Australia between 2000 and 2009, I sought to assess perceptions of the efficacy of the HECS system and its role in promoting or inhibiting university enrollments, particularly of low-income individuals. I conducted three separate qualitative, interview-based investigations (Rasmussen, 2002a, 2002b, 2005, 2006): one with a variety of individuals connected to the higher education enterprise (faculty, administrators, interest group representatives, and public officials); a second with

university students from low-income backgrounds; and a third with a larger group of high achieving high school graduates—half of whom enrolled in universities, and half of whom did not. Before discussing this work, it is important to examine the Australian context and the particulars of the Higher Education Contribution Scheme.

THE AUSTRALIAN CONTEXT

Higher education in Australia is a markedly different enterprise from what exists in the United States. The Australian system is characterized by greater government control of university enrollments, less variability in tuition across institutions, lower student mobility, the dominance of the public sector, limited private involvement in educational finance, and the modest size of the overall higher education enterprise and the population of the nation. While a strong tradition of private schooling exists at the secondary level—accounting for up to 25% of enrollments in the Catholic and independent sectors in some states—nearly all of the 41 degree-granting postsecondary institutions are public. Private higher education is a relatively recent phenomenon and accounts for a very small percentage of enrollment.

The university system in Australia is largely federally controlled, with the national government playing a significant role in setting student enrollment quotas, establishing tuition rates, and providing institutional funding. In most cases, prospective students apply to attend university through a central tertiary admissions agency in their home state. The agency helps to facilitate the assignment of individuals to particular institutions and specific courses or majors based on students' test scores, school performance, personal preferences, and the availability of space in selected universities. Most undergraduate degrees can be completed in three years of full-time study (with an optional additional "honors" year), although an increasing number of students are pursuing dual courses or double degrees, which can extend the time of study to five or even six years.

Higher education in Australia was largely an enterprise for the elite for much of its history. Less than 20 universities existed prior to 1970, enrolling under 15% of the typical university-age cohort. Tuition was relatively modest, representing no more than 10 percent of higher education revenues and approximately 15 percent of the cost of instruction by the early 1970s (DEET, 1993; Wran, 1988). In the mid-1980s, Australia began a political and economic transition from a nation dominated by a European-style social welfare orientation to a more American-style market philosophy. Within this climate, a series of reforms were initiated to allow market principles to improve the efficiency and performance of higher education institutions: the federal education bureaucracy was centralized under a common ministry, the college and university sectors were merged, the number of student places in higher education was expanded, and student fees were increased significantly after a period of minimal tuition. The recommendations of a study committee, which asserted that the private returns to higher education justified the sharing of university costs by

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students, led to the introduction of the Higher Education Contribution Scheme in 1989.

In the first year of the program, most domestic undergraduate students were required to pay an annual fee of \$1,800³ for their university education. The study committee had argued for a student contribution related to the cost of undergraduate instruction, eventually settling for a fixed rate of 23 percent of the average course cost (Karmel, 1999). In order to avoid disadvantaging individuals of lesser means, the fee was deferred until students graduated from or left the university. Students who were able and chose to pay the fee up-front were given a 15 percent discount. Deferred fees did not accumulate interest, but were annually adjusted by an amount equal to the rate of inflation. Repayment was made through a HECS payroll tax and was contingent upon income. While no payment was required until a student earned over \$22,000 annually, an amount of up to 3% of one's total income was deducted from his/her pay check depending on the level of earnings above the minimum payment threshold.

Various adjustments in the HECS system have been made since its introduction in 1989. The discount for paying fees up-front was increased to 25 percent in 1993 "as a measure to increase the flow of funds from student contributions" (DEET, 1993). However, the discount was later lowered to 15%, 10%, and finally 5% at the start of 2012. The reduction of the repayment incentive could be viewed as an exercise in equity, given that students from lower-income families were less able to take advantage of the opportunity to reduce the net price of university attendance through pre-payment of debt. Following the return of a conservative coalition government in 1996, a number of changes were made to the system as part of a broader attempt to reduce the federal budget deficit. The income threshold at which repayment of deferred charges began was lowered. The tax rate for HECS was adjusted to allow up to a 6% income deduction (since increased to 8%).

Student costs were substantially increased with the introduction of a three-tiered differential fee structure, with charges assigned to individual courses based on instructional costs, the earnings potential of graduates, and the general popularity of the course. (A fourth tier added in 2010 reduced the fees for "national priority" programs to a level below the lowest of the other three tiers; this was subsequently dropped for the 2013 academic year.) The result of these changes was an overnight increase in fees of between 33 and 122 percent, depending on program (Karmel, 1999). The government justified its actions by arguing that although the appropriate balance between the private and public benefits of higher education was difficult to establish, the private benefits were clearly greater than what was implied by the then-existing fee structure (Andrews, 1997).

In 1998, universities were allowed to enroll full-fee domestic students above and beyond the quota established for HECS students. Students who did not receive a place at the university through standard procedures were now able to "buy" their way in, assuming they met the academic and other entrance requirements of the institution. In 2005 the Commonwealth government partially deregulated university fees, allowing

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individual institutions to increase their fees up to 25% beyond the government-set student contribution. HECS charges have since been adjusted annually, with fees for the 2012 academic year ranging from a low of \$4,520 for courses in the “national priority” fields of mathematics, statistics, and science, to a high of \$9,425 for law, medicine, dentistry, veterinary science, economics, and business. Graduates begin repayment when their annual “HELP Repayable Income” (taxable income including any reportable fringe benefits and retirement contributions) reaches the minimum threshold of \$49,096; individuals earning over \$91,178 are subject to the maximum HECS payroll deduction of 8 percent of gross pay.

THE IMPACT OF THE HIGHER EDUCATION CONTRIBUTION SCHEME ON UNIVERSITY ENROLLMENTS IN AUSTRALIA

One of the arguments advanced by proponents of the reintroduction of student contributions was that the elimination of fees in the mid-1970s had done little to change the composition of the student body in universities. Studies cited by Western (1983) seemed to confirm that even with the abolition of fees and the introduction of a generous student assistance scheme, higher education remained largely the province of the higher social classes. Certainly higher education continued to be largely an elite enterprise, with only 15 percent of the traditional aged cohort enrolled in universities in 1988. Unlike the United States, Australia had not yet moved to a system of mass higher education. This would begin to change through the creation of additional universities and the expansion of campus enrollments, underwritten largely by student contributions through HECS. Indeed, total enrollments at Australian universities increased by 67 percent between 1987 and 1997 (Karmel, 1998).

Although HECS was ostensibly introduced partially as a means of broadening access to higher education, the scheme was criticized as a possible barrier to participation in higher education for persons of lower socioeconomic status, who already attended university in much smaller numbers compared to individuals of greater means. However, this did not appear to be the case when examining aggregate enrollment data. While lower-income individuals remained underrepresented in Australian higher education relative to their middle- and high-SES peers, their total numbers increased by almost 30% between 1991 and 2001, a rate comparable to the rise in overall undergraduate student enrollment during the same period (DEST, 2002). Although only 14.6% of enrolled domestic students in 2001 came from the lowest socioeconomic quartile of Australian society, the figure remained almost unchanged from a decade earlier, supporting arguments that the introduction of HECS did not exert a detrimental effect on participation in higher education by individuals from lower-income families (DEST, 2002).

Shortly after the institution of HECS, the Commonwealth government commissioned two separate studies to determine if the scheme had changed the pool of students matriculating at universities (Bardsley, 1989; Robertson & Sloan, 1990).

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The studies, conducted in the states of Western Australia and Victoria shortly after the introduction of HECS, found that most students were not deterred by HECS from application or enrollment, although the Victoria study found that the student population was slightly skewed toward individuals from privileged backgrounds, while the number of distance education students had dropped. A later study by the Higher Education Council, described by Clarke, Zimmer, and Main (1997), found that while HECS did not rate as a major concern overall to students considering higher education, it did possess the potential to discourage the aspirations of certain groups, including low-SES students from rural areas and individuals from single-parent families.

Although the Western Australian and Victoria studies could be rightly criticized for having been conducted too soon after the introduction of a major policy change, research commencing after a more reasonable length of time following the institution of HECS also suggests that the scheme has had little negative impact on enrollment behavior. Ramsey et al. (1998), in a survey of students at the University of South Australia, found that individuals from low-income backgrounds who participated in a special bridge program possessed views on HECS that did not differ significantly from students in a control group—HECS represented no more negative an influence on the decision to enroll for the program students than it did for their peers. In fact, HECS had a more positive impact on the enrollment decision for the low-income students, while individuals in the control group were influenced more strongly by school teachers and members of their immediate families.

In his study of the effects of the 1996 changes in HECS on student university application behavior, Andrews (1997) found that based on an examination of trends in applications to university admissions centers, changes in the HECS scheme did not appear to affect the level of interest in pursuing higher education by recent high school graduates. However, a decrease in applications from “mature age” or non-traditional applicants was observed. A separate investigation by Aungles et al. (2002) found somewhat conflicting results, with a slight drop in demand observed among “school leavers” (a term for individuals who enroll or have the potential to enroll in universities immediately upon graduating from high school, or in some cases after a “gap year” of travel, employment, or service).

Data from Andrews (1997) also suggested that the introduction of a differential tuition system did not alter the specific academic course enrollment patterns of lower-income students. This finding was supported in a study by James, Baldwin and McInnis (1999), in which only 13% of traditional-aged university applicants rated “the level of HECS fees” as a “strong” or “very strong” influence on their field of study preference, which placed HECS at number 11 out of 13 possible factors. Numbers for non-traditional students were similar: only 14% of this group rated HECS as significant in their decision making, dead last among 10 possible influences. Aungles et al. (2002) reported that while the introduction of differentiated HECS caused a small number of low-SES males to avoid the most expensive academic courses, “the introduction of HECS and its variants...have not

discouraged overall participation in higher education among persons from a low-SES background” (p. 3).

EXPLORATION OF THE EFFICACY OF THE AUSTRALIAN MODEL

In my research, I have spoken to many stakeholders in Australian higher education, including federal and state policymakers, university faculty and administrators, and, most importantly, young people and their families. My research has included in-depth interviews with dozens of recent high school graduates—many of whom were enrolled in college and many others who were “college qualified” but opted to pursue other paths. Nearly all of these individuals were from low-income families with little experience with higher education.

Not surprisingly, the vast majority of college students (who I call the college “goers”) indicated they would not have been able to pursue higher education without the availability of the deferred payment option. They cited the features of the system that relieved their anxieties about paying for college, including the minimum repayment threshold and the relatively small amount of their wages that would be directed toward fulfilling their loan obligations. As a result, they expressed relatively little concern about their ability to repay their loans or the burden represented by their debt. Most of them exuded a confidence that they would succeed in getting a job that would leave them plenty of disposable income after deductions for taxes and for their student loan repayments.

Individuals who chose not to attend college decided to pass on the opportunity not because of the tuition costs or potential indebtedness per se, but mostly because they were interested in careers that didn’t require a college degree (hairdressing, retail sales, office management, computer repair, agriculture, military, etc.). In fact, many of these “non-goers” indicated they likely *would* have attended college if it had been required to enter their desired occupational field; the financial indebtedness was something they were willing to assume if necessary. It should also be noted that many of the goers similarly noted that they likely *would not* have gone to college if they had possessed a career goal that didn’t require higher education. The cost-related concerns non-goers expressed had more to do with relocation for college, the need to support themselves while in school, and various out-of-pocket expenses such as books, supplies, and transportation. The up-front costs they would face were more of an issue for them than were future financial obligations related to HECS.

At the same time, the non-goers appeared much less comfortable with the uncertainty of outcomes associated with going to college. While the goers seemed confident about their ability to find adequately paid work, the non-goers expressed concerns about finding a job that justified their educational investment, or worse yet being seen as a failure by leaving college without a degree. The non-goers also seemed to be influenced much more strongly by what I call the “scare stories” of relatives, peers, or individuals in the media who had suffered such a fate (think of the American cliché of the college graduate asking “Would you like fries with that?” or the mythological

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taxi driver with a Ph.D.). While the non-goers saw examples of failure in siblings and peers as warning signs (“That could happen to me!”) the goers saw lessons that could enable them to avoid a similar fate (“I’m not going to let that happen!”).

Does the discomfort with uncertainty among the non-goers suggest debt aversion or something else? Many researchers and higher education advocates in both Australia and the United States have argued that individuals from low-income backgrounds are more debt averse than their middle- and higher-income peers and this plays a role in their decision whether to attend college (see Burdman, 2005; Caliber Associates, 2003; Dowd, 2006). However, what some might label “debt aversion” in the college choice context may in some cases be more accurately described in economic terms as a low “taste for risk” related to the educational investment. Educational debt aversion may exist as conventional wisdom as much as an empirically proven phenomenon (especially given the vast sums of money borrowed by the current generation of students in some countries to pursue postsecondary education and training, including in the burgeoning for-profit sector). What appears to be at work in many cases is a relative lack of knowledge or understanding of principles of finance and investment and of the long-term benefits of short-term borrowing. An effort to promote a higher level of economic literacy in adolescents might help to reduce the anxieties about the cost of college felt by many.

In my research, psychological variables such as locus of control, self-efficacy, personal agency, and one’s relative ability to delay gratification appeared to complicate the process of deciding whether to go to college, but the student loan itself seemed to represent much less of a barrier than one might think. The real issues seemed to be the extent to which a given individual valued a college degree, as well as the tipping point (in price, together with other forms of financial and non-pecuniary costs) that helped to determine whether he or she chose to make the investment. Simply stated, individuals who believed that college was a means to get them where they wanted to go found a way to make it happen, and the opportunity to defer all tuition costs and pay them later in a minimally burdensome way significantly improved their ability to attend. In this sense, the availability of an income-contingent loan could be seen as actually improving access rather than impeding it.

In sum, the financial cost of college was frequently a secondary or even non-issue for the individuals with whom I spoke. In both Australia and the United States, reductions in up-front price through an income-contingent loan program or other forms of financial aid are often not enough to convince talented young people to go to college. Some may simply not want to go, or do not see how a college degree fits into their plans. But plenty more face barriers related to inadequate preparation, unsupportive or unknowledgeable families or peer networks, or misgivings about their ability to succeed (Rasmussen et al., 2012; Rasmussen & Reinert, 2012). These issues are not likely to be addressed or resolved by any particular type of funding model or financial aid system.

What can we learn from the Australian experience to improve the system of college financing in the United States? First, in Australia students and families of

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limited means can plan for college with the confidence that HECS reduces the need for them to put aside discretionary income they may not have. They can plan for college with significantly reduced uncertainty about the costs they will face, and without the anxiety associated with the unknown of financial aid and whether they will receive enough assistance to cover their needs. Imagine if an Australian-type system were in place in the United States. How many more young people from poor families would dare to dream of attending college? How many more adults of limited means would pursue the additional training they need in a changing economy, or complete the degree they abandoned or never started earlier in life due to financial difficulties?

Of course, the Australian model is not perfect. As in the United States, students in Australia often graduate from college with a significant amount of debt. While income-contingent repayment helps to reduce the short-term impact of the debt, some participants in my research did express concern about their future ability to afford a home, take vacations, or support a family as a result of the proportion of their income that would be directed toward education loan payments. The absence of means testing or differentiation of financial obligations among families of varying incomes seems to many a form of regressive taxation. It is also theoretically possible for an individual to never repay his or her educational debt, which would then default to the federal government, although this would seem to work against an individual's economic interests, as he or she would need to remain at a salary level below the minimal repayment threshold or attempt to work for cash and thereby both reduce his or her pension eligibility and risk tax evasion charges.

The relatively stable demand for higher education among a significant proportion of the population may make it easier for the government and individual institutions to increase tuition without any noticeable effect on enrollment. Many of the young people in my research seemed to possess a relatively unsophisticated understanding of finances and investment and appeared willing to assume higher education debt without really considering how much they were borrowing. While their convictions about the importance of higher education and their desire to achieve their career goals was admirable, an “out of sight, out of mind” attitude about indebtedness may lead many to make consumer choices they might consider unwise if money was actually changing hands. A similar phenomenon has been observed in the United States with students borrowing sums of money seemingly out of sync with the salaries they can expect to earn upon completing their educational programs—a factor that helped to usher federal “gainful employment” regulations in 2010 which require institutions to demonstrate that graduates of certain academic programs are able to obtain relevant jobs at a salary that justifies the cost of tuition and fees.

APPLICATION TO THE AMERICAN CONTEXT

It is intriguing to consider how something akin to the Australian model might work in the United States to reduce financial barriers and thus improve access to higher

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education. Of course, a number of differences between the two countries would prevent a wholesale transfer of the HECS model to the American context. Students are much less mobile in Australia, with a very high concentration of the population located in urban areas and the majority of students living with or near their families of origin, thereby reducing their out-of-pocket college costs. Certain other unique aspects of the structure of American higher education would represent a challenge as well, including the decentralization of institutional governance, the vast diversity of institutions (including a significant network of private colleges largely absent in Australia), and the involvement of private financial interests in student lending, to name a few.

Still, the Australian system is worthy of consideration as a possible mechanism for further opening the doors to higher education for individuals who might otherwise not have the opportunity to participate. A number of critical issues would need to be addressed before a system similar to the Australian HECS model could be implemented in the United States or other nations possessing the required resources and necessary infrastructure. With growing interest among policy makers to find solutions to the perceived student debt crisis in the United States, income contingent repayment models are appearing in the research agendas of think tanks and consultancies (see Burd, 2012; Dillon, 2011; Gillen, 2012).

The Role of Private Financial Institutions

The financial aid system in the United States involves a large network of private lenders, consolidators, servicing agencies, and collections specialists who work in partnership with federal and state governments to manage a massive volume of student loans. While the policy landscape has changed since the elimination of the Federal Family Education Loan Program (FFELP) in 2010 and the concomitant subsuming of all federal student lending under the Direct Loan Program, it is possible that some version of FFELP could be reinstated by a future Congress or administration. The growth in private student loans—those made by private, non-governmental entities separate from federal Direct Loans or from other federally administered or controlled programs—guarantees the involvement of a diverse array of interests in federal student aid into the foreseeable future.

The needs and demands of this collection of public and private interests would likely need to be incorporated into the development of a student financial support system similar to HECS. This need is made even more critical in the United States by the fact that continuing, extensive political opposition exists in certain circles to the federal Direct Lending program, which would certainly intensify in response to proposals to expand further the government's role in providing student financial assistance. Representatives from the student lending industry might come together with government and educational leaders to explore how the benefits of the Australian model could be built into the system of college financing in the United States.

Potential Scope and Cost of the Program

Funding a HECS-type system would likely result in a significant growth of government educational indebtedness to a level much greater than the current volume of publicly-held student loan debt—particularly if an American version of HECS were to subsume the private lending that currently fills the gap between the maximum federal loan and the total cost of attendance for many students. Serious consideration would be required regarding the federal government’s willingness—and the public’s tolerance—to increase the financial liabilities of the treasury to fund a HECS-type scheme, particularly in an era of growing budget deficits and increased demands to control the federal debt. Additional thought would also need to be given to the extent to which private colleges and universities would be incorporated into a HECS-type program, as well as the future place of state merit grants and institutional scholarships designed to reward student achievement. Current need-based grants provided by many states might be directed specifically to reduce living and ancillary costs for college students or be used to enhance student academic and related support services to promote student success.

Providing HECS-type loans with no nominal interest rate would require a significant financial investment on the part of any government. Although in the United States the federal treasury currently provides extensive subsidies through the Direct Lending program and the deferral of interest while students are in college, this subsidy largely ends when individuals graduate and begin repayment at interest rates similar to what would be offered in a private market. A system of zero-interest or inflation-indexed loans with graduated or income-contingent repayment would greatly increase the total subsidy paid by the government.

Not only would this involve significant new budgetary demands, it would undoubtedly trigger spirited debate about the appropriate level of subsidy for postsecondary study. As such, governments would need to consider the relative value and merits of such outlays when various other programs and social services (e.g., elementary and secondary education, health care, transportation, corrections) call for similar or increased attention. Additional research and public discussion would be needed to delineate further the public and private benefits of postsecondary study and the optimal level of cost sharing between governments and students that recognizes both individual and societal returns to higher education.

Pilot Study Options

Governments that are interested and willing to commit the necessary resources to a HECS-type of income contingent repayment might consider implementing a pilot program on a relatively small scale, perhaps in one or two states or provinces, or with a few select universities. An Australian-type system might be supported by redirecting federal funds already spent on student financial assistance (Pell grants and student loan subsidies, for example). Money that would otherwise be sent to

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individual institutions to support student attendance through need-based federal grants would instead be given to states to help cover the administrative and operational costs of a HECS-type program and provide states with funding to help pay for the subsidization of zero-interest loans. State monies used for need-based and merit-based aid might also be directed toward a new funding model if not used to enhance student support services. State funds could also be redirected toward incentivizing institutional performance to ensure that colleges and universities are engaged in efforts to ensure that students not only enroll, but also complete their academic programs and graduate with a meaningful credential. Institutions would retain the latitude to award student scholarships as an enrollment management tool, while means testing could be retained to index financial obligations to family resources, if desired.

Countries operating with similar or related means-tested educational grant or student support programs could likewise redirect a portion of this money from individual institutions to the agencies or state or local governments involved in a HECS-type pilot program. Programs could be evaluated after a five-year period to assess their efficacy in expanding access to higher education for low-income individuals. If deemed effective, programs could be implemented in other, perhaps larger, states or in a greater number of universities before being expanded nationally.

Limits of Financial Strategies to Address Sociocultural Problems

As suggested earlier, the continued socioeconomic gap in enrollment in and attainment of higher education is a function of numerous and wide-ranging factors. While a lack of adequate financial resources undoubtedly keeps millions of otherwise qualified and capable individuals out of universities, many other psychological, sociological, cultural, political, and structural variables are also involved in maintaining, if not exacerbating, class inequality in higher education. For example, debt aversion is one possible contributing factor in the underrepresentation of some social and demographic groups in universities. Debt aversion and other sociological barriers to higher education will likely not be solved through the implementation of income contingent repayment or other elements of a HECS-type system. Rather, these issues require additional and varied uses of time, talent, and financial resources to discuss, research, and problem-solve for the long-term benefit of society.

With the clear presence of both individual and societal returns to higher education, and with postsecondary study serving as such a strong vehicle for economic development and social mobility, additional research is needed on the role of public policy in promoting increased access and opportunity for university attendance and the possible value of an Australian HECS-type system in advancing class-based equity objectives in higher education. This research is imperative to help reverse the trend of talent wastage among our young people—an effort that is necessary to improve the lives of individuals by removing obstacles in the pursuit of their goals and aspirations and to promote a stronger, more cohesive democracy for future generations.

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NOTES

- ¹ Taxes paid by employers for hiring graduates.
- ² The Higher Education Support Act of 2003 resulted in several changes to the HECS program and associated higher education policies and regulations, one of which was the renaming of the program to the Higher Education Loan Programme (HELP) and the diversification of financial support programs under the general HELP umbrella. In 2005, the program became HECS-HELP. For simplicity sake I refer to the program simply as HECS.
- ³ All monetary figures are in Australian dollars. As of November 1, 2012, the Australian dollar is nearly on par with the American dollar; however, its value has fluctuated greatly over the past 10 years, dropping below US\$0.50 in the early 2000s.

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PART III

**RESISTANCE TO MANAGERIALISM:
CHILE AND CALIFORNIA**

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CAUSES AND CONSEQUENCES OF THE STUDENT PROTESTS IN CHILE¹

INTRODUCTION

The purpose of this chapter is to analyze the Chilean student movement (which took place between May and December in 2011), its demands, and the government's answers during the conflict. The main issues of the protests will be identified along with their implications.

The Chilean Higher Education System (CHES) includes 60 universities. Among them, 16 state-owned institutions and 9 private establishments created before 1980 belong to a group named the Council of Rectors of Chilean Universities (CRUCH) and receive direct public support (AFD). In 1981 a newly enacted legislation allowed the creation of new institutions that don't rely on state support. As a result, 35 universities, 43 professional institutes (IPS; similar to colleges) and 69 technical training centers (CFTS) emerged. Universities are nonprofit but the IPS and CFTS are not.

This chapter is organized into three parts: the first describes the context necessary to understand the origin and evolution of the student movement and some characteristics of the CHES related to the students' demands. The second part analyzes the consequences of the conflict. Third, a preliminary assessment of the conflict and its results is made.

THE CONTEXT: BACKGROUND OF THE EDUCATION SYSTEM AND CURRENT SITUATION

The Origin of the Student Movement

In May 2011, students from 27 universities² (25 traditional universities and two private institutions) suspended attendance. Students from other private institutions were occasionally involved and participated in the protests throughout the country. This movement, gathering majority support from academics, students' families and citizens, is unprecedented in Chile. The government and congress were unable to respond to the students' demands for a free and high quality public education.

The neoliberal economic model, represented in the 1981 legislation which promoted the privatization of the CHES, currently prevails, generating an enormous discontent among students, teachers and parents who think public education has

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been significantly weakened. In the Chilean system, students coming from private secondary schools (8 percent of secondary enrollments) are more likely to have access to a quality tertiary education than their counterparts enrolled in a public school, which explains why secondary students, particularly from public establishments, support this movement.

Mobilization and the Protest

By mid-May 2011, discontent among university students about the educational policies regarding higher education resulted in the first massive march of students. A few days later, President Piñera gave his annual report; very little was mentioned about the students' demands. As a result, a widespread mobilization took place that led to the occupation of institutions and/or the suspension of academic activities.

On June 16, 2011, the Confederación de Estudiantes de Chile (CONFECH), secondary students, and the teachers union called for a national strike for quality and free education which exceeded expectations in the number of participants. More than 80,000 people mobilized in Santiago and massive marches also occurred in provinces. Demonstrations did not cease. The government and congress reacted with various proposals trying to end the conflict, but the most critical demands were not met.

The Great National Agreement on Education (GANE) on July 5, 2011 was the first attempt by the government to meet students' demands (MINEDUC, 2011). However, the proposal did not satisfy the expectations of students and professors who rejected it because of a lack of clarity about procedures, terms, and resources for its implementation. The frustrated attempt resulted in the resignation of the education minister, who was also questioned for owning a private university.

At the end of July 2011, the new education minister presented a counterproposal entitled Basis for a Social Agreement for Chilean Education followed by the document Policies and Proposals of Action for the Development of Chilean Education; both were rejected. By the middle of August, a new proposal entitled Government Measures on Education provoked more pressure by the CONFECH on the government for an official answer to their 12 pillar-based demands and for direct dialogues with the Movement (El Mostrador, 2011). On September 3, President Piñera invited all actors involved in the conflict to meet in order to review the points demanded by the CONFECH.

The negotiation process was influenced by nationwide demonstrations, some reaching around 500,000 protesters. The government intended to transfer the discussion into national congress sessions, but due to the radicalization of the movement the Chilean government was forced to initiate a direct dialogue with students. The details of the government proposals and the students' reactions are discussed in the second section of this chapter.

Between July and September 2012 the student movement attempted to regroup and renew demonstrations at both the secondary and university levels because the

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students' demands were not addressed by Piñera's administration or the congress. As a result, several marches took place in Santiago and other regions with massive participation, similar to the ones in 2011. Various schools were taken and several universities paralyzed their activities for three to five weeks. The student mobilization again tried to stress the need to strengthen public education and demand public education should be free.

In order to meet these demands, Piñera's administration sent to the congress a tax reform which was finally approved in August 2012. The reform seeks to raise about US\$1,000,000,000. The initiative is totally inadequate for the transformations demanded by the students. The student movement openly criticized this initiative and has continued mobilizing. Nevertheless, the protests have weakened due to the frustration experienced throughout the previous year which had very high costs (e.g. expulsions; loss of the school year for non-attendance) for youth and their families, particularly for those attending high school.

Recently, the 2013 budget discussion began. In the weeks before this chapter was published, students repeatedly asked the government and parliament to allow them to participate in the discussion of this legal initiative hoping to have some influence in the debate. To date, though, students' demands have been ignored: in the 2012 budget law there was virtually no increase in direct state contributions for public higher education. The student's disagreement with what the government and parliament have proposed remains latent; the protests could easily begin again. It is presumed the year 2013 will be a year of massive claims by everyone because presidential and parliamentary elections will be held.

Background of the Conflict

The parties in conflict were at a bottleneck. The students wanted to change the current higher education model, in effect since 1981, which gave the state a decisive role in control and regulation of the educational system. The government, meanwhile, had partially yielded to the demands without putting into question the model that guides the whole system. The conflict deepened when it was disclosed that members of the government's political coalition were involved in the ownership of institutions at all educational levels as were some politicians connected to the opposition, including some members of congress.

The students' criticisms of the educational and economic models implemented since 1981 focus on four main areas: financing and expenditure, the profitable character of some institutions, quality, and access and equity. It is necessary to remember that student movements for peace, social justice, equity, freedom and democracy have a long history in Chile, dating back to the beginning of the student union (FECH) in 1906. Such movements have transcended education to include many social issues and have brought about substantial changes in the existing order. Similarly, the student movement of 2011 sought deeper structural changes pointing to the political-economic system: the market economy, political representation, and

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a government whose primary role is intervention when problems surface that can't be solved by the market (e.g. when someone complains about lack of equipment for their training in higher education) (Varas, 2011).

Financing

In almost all Latin-American universities, discussions of the financing of higher education were inspired by the UNESCO declaration at the regional conference on higher education in Latin America and the Caribbean. UNESCO issued a statement which said, in part:

Higher education as a social public good faces movements that promote its commercialization and privatization, as well as the reduction of state financial support. It is essential to reverse this trend and that Latin American and Caribbean governments guarantee the adequate financing of public higher education institutions and that these institutions respond with transparent management. Education cannot be in any way ruled by regulations and institutions intended for trade or by the market logic (UNESCO, 2008).

In spite of that declaration, the discussions in Chile recognized that all human activity has a cost and someone has to finance it. The key question becomes who should finance education, particularly tertiary education. There are two ways of looking at this issue. The first is that postsecondary study generates a positive private return, therefore it should be financed by its beneficiaries. The second is that education is a social investment that leads to economic growth and development and improves the welfare of the entire population, so the state should finance it. These positions are irreconcilable, reflecting incompatible ideological positions. Hence, Chilean higher education policies sought intermediate options, one of which is a combination of self-finance and student fellowships.

All higher education institutions in Chile, both public and private, charge fees and tuition equaling about five thousand dollars per year, which is unaffordable for large segments of the population. Students of the CRUCH universities have access to scholarships and soft loans with an interest rate of 2%; currently about two-thirds of students receive financial support. At the same time, students from the new private universities have access to a state-guaranteed loan (CAVAL). This is a bank loan with a yearly interest rate of 5.6%; in the early years, the student's institution is the guarantor of the loan, a role gradually taken over by the state. This allows banks to grant loans with a very low risk of non-compliance.

In the field of financing, one of the students' demands was to increase public spending on education, particularly at the tertiary level. Along with this, students wanted an increase in the direct public subsidy to CRUCH universities. The students' demands were justified because the investment by the government was far below that observed in developed countries and had driven many state universities into debt. The deterioration in infrastructure and equipment is another

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result of the poor support given by the state to these institutions over the past 30 years.

To illustrate this, we must analyze what happened with higher education expenditures as a percentage of the gross domestic product (GDP) by source. [Table 1](#) shows that Chile's government expenditures on public higher education in relation to its GDP are far below other OECD countries, but not expenditures for private higher education: in Chile, the proportion of household expenditure (close to 80%) far exceeds that of other OECD countries; in contrast, public expenditure in Chile on higher education is the lowest (14%) among OECD countries (an average of around 70%; see [Table 2](#)).

Table 1. Higher education expenditure as % of the GDP by source (2007)

Country	Public	Private	Total
Chile	0.3	1.7	2.0
Korea	0.6	1.9	2.5
Denmark	1.6	0.1	1.7
New Zealand	1.0	0.5	1.5
Germany	0.9	0.2	1.1
Average OECD countries	1.0	0.5	1.5

Source: OECD (2010). *Education at a Glance*.

Table 2. Relative proportion of public and private expenditure by source as % of total expenditure in higher education (2000–2007)

Country	2000		2007			
	Public	Private	Public	Private		
				Family	Other private entities	Total private
Chile	19.5	80.5	14.4	79.2	6.4	85.6
Korea	23.3	76.7	20.7	52.8	26.5	79.3
Denmark	97.6	2.4	96.5	3.5		3.5
New Zealand	s/i	S/I	65.7	34.3		34.3
Germany	88.2	11.8	84.7			15.3
Average OECD countries	75.7	24.3	69.1			30.9

Source: OECD (2010). *Education at a Glance*.

Indebtedness

One of the student movement's most important issues was the existing credit system, which can be traced back to 1981. To finance higher education, students who graduate from secondary school have, in addition to a heterogeneous set of scholarships intended for different segments of the population (Latorre, González &

Espinoza, 2009), three types of loans: a) the university loan mutual fund (FSCU), which originated in 1981 and is intended for middle- and lower-class students who attend CRUCH universities; b) the state-guaranteed loan (CAVAL) generated in 2005 and intended for students attending public and private higher education institutions (including universities, IPS and CFTS);³ and c) the State Corporation of Development Loan (CORFO).

Since the proportion of scholarships compared to loans is very low in Chile, tertiary education is mostly financed by the students themselves in line with the concept of private profitability under which the 1981 reform was conceived (Espinoza, 2002), leading to very high personal and family debt. One of the financial aid mechanisms that generated great controversy was the CAVAL, which discriminates against students with fewer resources who, if they didn't have other funding options, have had to appeal to this system to pay for their studies. CAVAL loans have an interest rate of 5.6% per year compared to FSCU at 2% and CORFO loans with an interest rate of 8%.

As an example, the average final cost of a degree in journalism from a university ranked among the 10 most prestigious in the system, excluding inflation, is \$17.5 million pesos (approximately US\$34,000). Looking at the different types of loans, the cost two years after graduation with the university loan solidarity fund (2% interest) is \$19 million pesos, with CAVAL it is \$23 million pesos, and with the CORFO loan around \$26 million. The latter would amount to a debt equal to what an average worker earns in 14 years.⁴

Table 3. Journalism (Chilean PESOS 2010)

Year	Calculation of fee plus interest			
	Fee	Annual interest by loan type		
		FSCU 2,0%	CAVAL 5,6%	CORFO 8,0%
First year	3,500,000	3.864.283	4.596.081	5.142.648
Second year	3,500,000	3.788.513	4.352.349	4.761.711
Third year	3,500,000	3.714.228	4.121.543	4.408.992
Forth year	3,500,000	3.641.400	3.902.976	4.082.400
Fifth year	3,500,000	3.570.000	3.696.000	3.780.000
Accumulated 5 years		18.578.423	20.668.948	22.175.752
Accumulated one year after		18.949.992	21.826.409	23.949.812
Accumulated 2 years after graduation	-	<u>19.328.992</u>	<u>23.048.688</u>	<u>25.865.797</u>
Equivalent in minimum wages after 2 years	112	123	147	165

Note: Annual compound interest.

As can be seen in Table 3, the level of indebtedness of students and their families was very high, almost unaffordable for a middle class family especially if siblings

were studying at the tertiary level. This situation explains the widespread social discontent expressed in the student movement and its citizen support.

In addition to loans given by the state, some private universities provide loans for their students, but with penalties and interest rates even more restrictive. For example, a pedagogy student at a private university that offers direct loans requested a loan of one million pesos per year to finance her studies. For economic reasons, she had to abandon her career after two years; her debt had quadrupled in three years and her name was registered in a commercial bulletin which makes it difficult to find a job and to access new loans. In addition, the university transferred her debt to a collection agency (Carmona, 2011). That something like this could happen is a result of the lack of transparency in the delivery of information to users by some institutions and the absence of regulatory mechanisms by the state. It should be noted that in the case of loans provided by institutions, such as CAVAL, the entities that provide the loans profit through the collection of penalties and interests.

Profit

UNESCO (2008) defines higher education as a right of all citizens that benefits the social good. In the case of Chilean higher education, it is evident there is weak legislation that allows profit for private managers as demonstrated by a recent study developed by an investigating committee of the congress.

Private entities in Chile include charities and benefic foundations, churches and religious groups, social groups and unions. There are private or state entities organized for educational purposes around CRUCH universities. There are also institutions associated with economic groups, multinational companies, and personal or family-owned institutions. Not all private entities are for-profit. In fact, according to the law, among higher education institutions only technical training centers and professional institutes can be for-profit; universities cannot be for-profit institutions. However, new private universities do not respect the law. The usual mechanisms to trick the law are the lease of equipment and infrastructure and support services outsourced by linked companies. Non-profit institutions can also act as associated financial institutions providing loans to students at market rates. None of these mechanisms is subject to any control.

There are two substantive issues beyond profit. First, public resources (e.g. those given through scholarships) generate, through some of the subterfuges described above, profits for private managers rather than amortizing costs and reinvesting to provide a better education. Second, institutions charge more for educational services than actual costs would dictate. Obviously, this generates profits for owners, but significant debt for students and their families.

According to figures from the information system for higher education (SIES) based on the financial balances of 58 higher education institutions (Table 4),

Table 4. Financial profits of universities in Chile (2009)

<i>Institution</i>	<i>Profitability (in millions of pesos)</i>	<i>Groups, persons or institutions associated to property</i>
Inacap	17.329	Production and commerce chamber
U. Nacional Andrés Bello	14.523	Laureate International inc.
U. Autónoma de Chile	11.796	Family of Teodoro Ribera (current minister of justice)
P. Universidad Católica de Chile	10.360	Catholic church
U. de Chile	4.027	State
U. Diego Portales	3.693	Private foundation
U. Católica de Valparaíso	3.673	Catholic church
U. T. Federico Santa María	3.673	Private foundation
U. C. Santísima Concepción	3.244	Catholic church
U. de Valparaíso	2.944	State
U. Santo Tomás	2.812	Family of Juan Hurtado Vicuña
U. De Los Andes	2.784	Catholic group Opus Dei
U. Adolfo Ibáñez	2.429	Private foundation
U. Mayor	2.409	Rubén Covarrubias and René Salamé (ex education minister)
U. San Sebastián	2.402	Luis Codero, Ignacio Fernández, Alejandro Pérez, Marcelo Ruiz and Andrés Navarro
U. del Mar	2.077	Héctor Zúñiga, Raúl Baeza and Juan Vera
U. Central	1.817	In part the own academics
U. Tarapacá	1.729	State
U. De Viña Del Mar	1.626	Laureate
U. C. del Norte	1.542	Catholic church
U. de La Frontera	1.432	State
U. Talca	1.064	State
U. Bernardo O'Higgins	1.060	Guillermo Garín, Julio Canessa and Jorge O'ryan (retired military)
U. del Desarrollo	-17 ⁵	Joaquín Lavín (current minister, one of the founders and owners), Hernán Buchi (ex minister of Pinochet), Cristián Larroulet current minister
U. de Santiago	-4.547	State
U. de Las Américas	-11.604 ⁶	Laureate

Source: Pérez (2011). For an approximate calculation it can be estimated as follows: \$500 pesos = 1 dollar.

these accumulated utilities or profits equaled 84.165 million pesos in the year 2009 (Pérez, 2011).

Quality

In general, it can be argued that quality in education is not an absolute concept but is, rather, an ideal based on certain values and principles: the concept of quality depends on the parameters with which we measure. There is a set of dimensions that must be taken into account to define quality, such as learning levels, the preparation and quantity of teachers, the availability and proper use of resources, graduation rates, and consistency between what is offered and what is delivered.

Given the complexity of the factors affecting the achievement of a relevant and quality education and the magnitude of the changes needed to improve educational outcomes, it is foreseeable that changes will take time and require great investment (especially by the state) to create a school system that compensates for differences in the origins of children who enter it.

The law on quality assurance (20,129) enshrines in its articles the need for a professional habilitation system that ensures the training and subsequent performance of professionals who graduate from the system. This was intended for implementation in 2008 (MINEDUC, 2006), but has only been put into place for medicine and education (mandatory careers).

In designing the CHES in 1980, the legislation assumed the market would be mainly responsible for regulating quality: students would prefer the better institutions which would strengthen their funding by increasing enrollment, while lower quality institutions would be left with few students and forced to close. This has not happened for two reasons: a) quality information is not transparent and is distorted with promotion, diffusion and publicity measures carried out by the new private higher education institutions,⁷ and b) the education market regulation lags by several years, so greater regulation by the state becomes necessary.

As a result, Chile developed a public system of evaluation and accreditation in 2006 to which most universities have voluntarily acceded, but not IPS and CFTS. Recent changes in legislation allowed the participation of private accrediting agencies for undergraduate programs. Questions have been raised about the process, both regarding its implementation and the high proportion of accredited undergraduate programs, even those which do not meet minimum standards for certification.⁸

Another critical aspect of the accreditation system is the conflict of interest that currently exists with some private accrediting agencies and higher education institutions because of loopholes in current regulations. There are also agencies associated with professional associations. The law allows institutions to be accredited for only one year, which contradicts international standards and the spirit of quality

assurance. This situation has gradually de-legitimized the quality assurance system (Espinoza & González, 2012).

Access and Equity

Private sector institutions have significantly increased their enrollment. Before 1980 these institutions did not exist; by 2010, new private universities, IPS and CFTS, represented 67% of total enrollment (see Table 5). Total enrollments in CHES increased fivefold between 1980 and 2010; more than 40% of the 18- to 24-year-old cohort enrolled in 2010, and it is expected to be 60% by 2020, similar to what is observed in other OECD countries (Espinoza & González, 2011a). However, increasing enrollments could affect quality.

On the other hand, representation by income quintile has not substantially changed in the last decade. Private universities enroll the largest proportion of the population from the highest income quintile, while CRUCH universities and CFTS enroll the largest proportion of lower-income students. This is consistent with the distribution of fellowships, fees and other costs (Table 6); it is also consistent with students' demands for equity to ensure greater benefits for students from the lower three income quintiles.

Table 5. Undergraduate enrollment in higher education institutions (1980–2010)

<i>Type of institution</i>	<i>1980</i>	<i>1990</i>	<i>2010</i>
Universities	118,978 (100.0%)	127,628 (52.0%)	587,297 (62,5%)
(CRUCH) Universities	118,978	108,119	281,528
Private universities without direct public subsidy	0	19,509	305,769
IPS	0	40,006 (16,3%)	224,301 (23,8%)
IPS with direct public subsidy (existing until 1991)	0	6,472	0
Private IPS without direct public subsidy	0	33,534	224,301
CFTS	0	77,774 (31,7%)	128,566 (13,7%)
Private CFTS	0	77,774	128,566
Total	118,978 (100,0%)	245,408 (100,0%)	940,164 (100%)

Source: Elaboration of the authors.

Oversupply of Professionals

The imbalance between the demands of the market and the supply of professionals provoked indignation among the students. This imbalance has begun to change the career, professional, and wage expectations of current students and graduates who face the consequences of an economic model based on market rules (Table 7).

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Table 6. Percentage distribution of enrollments in higher education by type of institution according to income quintiles (2003–2006)

Type De Institution	2003						2006					
	I	II	III	IV	V	Total	I	II	III	IV	V	Total
CRUCH	7,0	13,6	19,3	26,8	33,3	100,0	11,0	14,0	18,0	27,0	30,0	100,0
Universities												
New Private	4,9	5,9	13,2	25,0	51,0	100,0	6,0	9,0	13,0	28,0	44,0	100,0
Universities												
Professional	6,3	12,8	22,4	30,4	28,2	100,0	8,0	15,0	24,0	28,0	25,0	100,0
Institutes												
Technical	16,0	22,5	26,9	17,1	17,2	100,0	10,0	17,0	23,0	24,0	25,0	100,0
Training												
Centers												

Source: Elaboration of the authors on the basis of Casen Survey. Mideplan, Casen 2003 and 2006.

Table 7. Graduates from CRUCH and private universities (1996–2009)

Career	Graduates 1996	Graduates 2009	Total enrollment 2010
Law	726	2.426	36.610
Journalism	648	1.370	6.466
Psychology	519	3.072	24.723
Commercial	1.675	4.106	31.921
engineering			
Agronomy	540	953	8.069
Nursing	S/i	1.785	28.479
Medicine	566	1.179	12.007
Dentistry	156	615	11.429
Primary teaching	1.142	5.868	18.583
Architecture	332	1.365	12.405
Civil engineering	1.685	4.718	55.318

Source: González, Espinoza y Uribe (1998); Futuro Laboral (2011).

The saturation being observed in the supply of professionals in some disciplines is explained to a great extent by the absence of information for students regarding the employability of graduates. Indeed, in the last 30 years there have been no studies of employment from the ministry of education, except for the one carried out by González, Espinoza and Uribe (1998) at the request of the higher education division, which examined eleven careers, including teaching. It is clear there is little regulation of the higher education sector by the state.

This imbalance between supply and demand is causing much frustration among new generations of professionals who cannot find jobs in their field or pay the huge debts owed to higher education institutions and banks. A reliable source that

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corroborates this bleak picture is the latest INJUV survey (2011) which showed that 60% of university professionals were not working in areas related to what they studied. This figure does not significantly differ from a survey conducted by laborum.com in 2006, which concluded that 66% of professionals were not working in fields related to their area of training. Another interesting finding from a recent study over a sample of careers is that professionals who graduate from CRUCH universities are getting wages approximately 40% greater than those of graduates from the new private universities (Meller, 2010).

Role of the State and Institutionalality

As noted above, UNESCO (2008) states that higher education is a right which the state must ensure. Therefore, educational policies are needed to promote access to quality higher education. Assuming that education and the knowledge produced in the tertiary system is a public good, it would fall upon the state to assume a regulatory and supplier role of those goods, although non-state institutions also participate in this process (Dill, 2005).

In Chile, the reform implemented in higher education in 1981 incorporated the neoliberal principles that inspired the military government ratified by the LOCE in March of 1990.⁹ The law ensured the continuity of the educational model in subsequent years. Freedom of education was emphasized, and the state was required to promote scientific and technological development and safeguard the public trust. Accordingly, the state should intervene only when there is risk of violating these principles or to subsidize actions in which private actors were not interested (González & Espinoza, 2011). In accordance with these principles, there was a transformation in the management of public and private entities in which a preference for the satisfaction of particular needs of individuals and businesses became more relevant than service to the country.

CONSEQUENCES OF THE STUDENT MOBILIZATIONS

After a period of nearly eight months of student protests that immobilized the country, it is important to analyze the results and the implications they had for the different actors (government, students and families) and for the entities involved. It was certainly a very dynamic process quickly legitimized by different actors which forced the government and political parties to put on the agenda issues that otherwise would not have been addressed. In the course of negotiations among the students, the government, and the congress, continuous exchanges of proposals and counterproposals occurred, which sometimes led to the breakdown of dialogue. There were five main issues at stake as indicated above: financing, profit, quality, access and equity, along with the role of the state and changes in institutions.¹⁰ In the next few pages each of these points will be discussed in relation to the transformations generated.

Financing

In relation to financing, students demanded free education by which they meant an end to the loan system, especially the CAVAL, and an increase in the direct public subsidy to CRUCH universities until 50% of an institution's budget was provided.¹¹ The government proposed reducing the interest rate on the CAVAL (from 5.6% to 2.0%), rescheduling repayment of defaulters' debt, creating a fund for higher education equaling US\$4,000,000,000, and establishing three competitive funds to improve the quality of teacher training, support centers of innovation in science and technology, and reinforce regional universities (González & Espinoza, 2012).

Perhaps the most visible result of the demands of the student movement was the reduction of CAVAL interest from 5.6% to 2.0% for students attending private institutions. Ultimately, this was a victory for the private sector not for CRUCH university students, since most students who have state-guaranteed loans go to private institutions. The government also raised the possibility of renegotiating the loans of current debtors, approximately 110,000 people.

Those actions indirectly provided an additional contribution from the state to new private universities, IPS and CFTS; they also resulted in the government making up the 4% reduction in interest rates to financial establishments. The government also decided to transfer administration of the CAVAL program from banks to a state agency at the end of 2012.

In order to finance this transformation in the loan scheme, in May of 2012 the government adopted a pseudo tax reform that will allow it to rise between US\$700,000,000 and US\$1,000,000,000 during 2013. This figure is far below the US\$4,000,000,000 proposed by the government at the beginning of negotiations.

Direct public subsidy did not significantly increase in the budget law of 2012. The chairman of the University of Chile pointed out that the 2012 budget benefited private entities but not public universities. He added that "basal funds and agreements, via other funds, are being opened to all entities (even those without accreditation) without any quality requirements." According to the chairman, the approval of the 2012 budget meant "the big winners were the new private universities, which are seeing great benefits of all kinds" (V. Pérez, 2011). At the time the budget law of 2012 was under full discussion, Rector Pérez indicated to the parliament and government that "if delay of the conflict is sought in order to end up drowning the state universities financially and academically, we have to continue this process far beyond what we are thinking. I hope that politicians don't make mistakes."

Within the context of student mobilization and discussion of the 2012 budget, the Center of Studies of the Consortium of State Universities (CECUE) prepared a document in which it determined the growth of fiscal contributions to CRUCH universities. The document concludes that "one trend that goes on in this budget is to give more resources by the way of demand and through the competition system and to push back the allocation of basal contributions to public universities" (CECUE, 2011: 5), adding that in the 2013 budget project, direct and indirect public subsidy

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will not be increased although competitive funds open to all entities of the system will increase by 8.8%. This means competitive funds are available to autonomous private institutions, with the only requirement being accreditation. This does not respect the agreement in the budget negotiations of 2011, which allocated 80% of these funds to public universities and 20% to private universities. The report also points out there was no consideration of resources for the reconstruction (after the earthquake) of CRUCH universities, and the 2011 budget allocated a greater amount of money for private institutions; losses to traditional universities totaled 27.500 million pesos with only 5.291 million covered, 700 million pesos less than the funds intended for private institutions.

Another factor mentioned in the document (CECUE, 2011) is student aid. Scholarships for private institutions increased at a high rate (e.g. Juan Gómez Millas scholarships open for all institutions grew by 373%), unlike scholarships for CRUCH institutions which increased by only 6.5% and, in effect, punished mobilized students, most of whom attend CRUCH institutions.

Faced with the observed reductions in various state contributions to traditional universities in the 2012 budget, MECESUP funds for institutional development were increased by nearly 12%, and the funds for science and technology grew 22%. Both are competitive resources open to all entities, both private and public.

In synthesis, the government, despite student protests, has continued to promote the logic of privatization of financing, overlooking both the needs of the most deserving students who attend the best public universities and the need for investment in academic bodies, infrastructure and equipment at the institutional level.

Profit

Students proposed the elimination of profit at all educational levels. The government responded with a semester economic report (FECU) for each higher education institution which describes income, expenses and contractual relations to allow greater scrutiny of institutions to prevent profit. Apart from that, there were no significant changes in this area; however, a concern for the subject in public opinion was generated.

Quality

Students wanted all higher education institutions without distinction to be forced to gain accreditation by a state agency. In response, the government indicated it would seek to avoid conflicts of interest between accrediting agencies and higher education institutions through the creation of a higher education superintendence agency in a law that still remains in congress. This agency would be responsible for ensuring the quality of the system as a whole and responding to any reported irregularities.

As a consequence of student protests, there has been a change in the activities of the National Accreditation Commission (CNA), a state agency independent from

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the government. It appears that recent institutional accreditation processes have had stronger requirements for certification. Two private universities associated with international consortia (UNIACC University linked to the Apollo Group and SEK University) which underwent the process of re-accreditation in the second half of 2011 were not accredited by the CNA on their first try,¹² which runs against the trend observed in the months prior to the student protests. Certainly this is a strong signal there is an attempt to clean up the tarnished image of the current CNA” (González & Espinoza, 2012). Moreover, in July 2012, the Minister of Education proposed some changes in the CNA including the appointment of commissioners totally independent from institutions (Ceyer, 2012). The CNA itself proposed an ethics committee (CNA, 2012).

Access

Since the beginning, students have demanded the government improve equity in enrollment through free education; restructuring of the scholarship and student financial aid systems in their amounts, coverage, and criteria for selection; and the implementation of admission tests appropriate to different areas of specialization. The government responded by proposing scholarships for the poorest 60% (income quintiles 1, 2 and 3); restructuring of the scholarship and student aid systems; and using the ranking of graduates by their secondary educational establishment as a criterion for access to higher education.

State resources for scholarships have increased; for example, Juan Gómez Millas scholarships given to students with more than 550 points in the PSU have increased by 523%. Although the increases favor students from the first to the third quintiles, they do not cover the entire cost because there is a difference between tuition and fees by career assigned by the state and the current tuition and fees charged by universities. This situation will force beneficiaries to seek loans to cover the differential cost.

Changes in the State's Role in Higher Education

Students requested that the state be the guarantor and regulator of quality in education, and that a national network of public technical education be created. The government proposed the creation of a new undersecretary of higher education; establishment of a single scholarship agency; creation of a higher education superintendence agency; and improvements in the management of state universities.

As a result of the protests, the government speeded up the creation of a higher education superintendence agency, an idea that had been discussed but not implemented by the previous government; in fact, a law was sent to the congress late in 2011 and is awaiting discussion and approval. The government did not follow through on the rest of its promises. In consequence, there have been no major changes in the structure of the higher education system or in the role played by

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the state. In addition, not much can be expected from the future higher education superintendence since it most likely will fail to comply with the regulatory role required by institutions and will only channel and verify complaints without enforcing sanctions on the power groups.

CONCLUSION

In comparing students' demands and what was achieved by the protests, it is evident that, overall, the government's position has prevailed and the current neoliberal model has not changed. Although the government, consistent with its ideological arguments regarding financing, increased scholarships and is legislating for debtors being allowed to reschedule their loan debt, it did not support public entities but instead strengthened the private tertiary sector, assuming part of the financial costs and reducing interest rates on loans for students in this sector. The government also chose to expand the supply of contestable public funds to public and private universities and did not change the allocation of resources for state universities (direct public subsidy).

With respect to criticisms about profits in education, the government made no changes, except to note that it will observe the law which, as it exists, does not provide serious control or effective implementation. That naturally makes it easier for universities to make profits.

To regulate the quality of the academic supply at different educational levels, a law was sent to the congress to create the Higher Education Superintendence Agency. In addition, an external evaluation of the quality assurance system in charge of an international agency was proposed, but by July 2012 such an assessment had not been carried out.

To deal with exclusions and inequity of access to the postsecondary system, scholarships were increased to benefit students from the lowest three income quintiles. Some universities have also carried out initiatives to implement admission processes aimed at achieving greater equity and inclusiveness by accepting deserving students from public high schools; however, there has not been a government intervention in this regard.

Regarding the role of the state and institutional, the government has streamlined the creation of the Higher Education Superintendence which is expected to increase academic quality and compliance with current regulations; however, this organization still has not been implemented.

In sum, in the short term the protests did not achieve the proposed changes for several reasons. First, many of the changes proposed by the students were systemic in nature (e.g. free education and an end to profits) and required substantive change in the current economic model; unfortunately, the government was not willing to compromise. Second, several of the demanded changes, if implemented, would have undermined the foundations of the prevailing neoliberal model and required planning and resources that ensured the transition from one system to another.

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Third, the political and technical changes would have required staff with special characteristics and appropriate resources to carry them out.

Even though in the short term no significant changes can be seen as a result of the student mobilizations, it is clear they planted the seeds of transformation in society that could take root under a more democratic government that understands education as the main vehicle for social mobility and cohesion in the contemporary world. The mobilizations showed us the maturity of the student secondary and university movements and their capacity to organize and articulate their issues in such a way as to jeopardize the government (Espinoza & González, 2011b). Certainly the student movement will reappear and counterattack at any time with unresolved claims, which are entirely legitimate and affordable. Students, as they have already announced, will return with concrete proposals for changes endorsed by technical studies and with more pragmatic political judgments.

Finally, the Chilean student movement had an important impact on the development of similar movements in Latin America with all the implications that entails. A very similar case is Colombia where students strongly opposed a law that sought to privatize higher education. Learning from what happened in Chile, the Colombian student movement was able to stop the privatization.

NOTES

- ¹ The authors acknowledge the valuable comments and contributions made by our colleagues and friends Andrea Marín y Alejandro Villela. Additionally, we acknowledge the revision of the translation made by our colleague Javier Loyola.
- ² In the case of the Pontifical Catholic University of Chile, activities were paralyzed in only some career areas, and one campus was occupied for a week.
- ³ To access CAVAL, applicants must enroll in an accredited higher education institution.
- ⁴ A minimum wage corresponds to 157.000 pesos, equivalent to 338 dollars (estimated exchange rate: 464 pesos per dollar).
- ⁵ The negative balance was caused by the purchase of a new campus.
- ⁶ Part of the negative balance is due to institutional direct loans that could not be repaid by students.
- ⁷ Private higher education institutions invest approximately 70 million dollars each year in publicity.
- ⁸ Of all institutions with undergraduate programs asking for certification from different private accrediting agencies, 93% were accredited.
- ⁹ Law 18.962 published in the *Official Bulletin* on March 10, 1990.
- ¹⁰ For the proposals of both parts the following sources were used: Bulnes (2011); CONFECU (2011); MINEDUC (2011).
- ¹¹ The reforms demanded by the students included that the government should increase the public expenditure on higher education as a proportion of GDP from 0.3% to 0.8%. Such investment would be similar to public expenditures on higher education in Brazil and Mexico, but would still be below the average expenditures in OECD countries of 1.0% (see Table 1).
- ¹² However, SEK University appealed to the CNA in late 2011 and was re-accredited.

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ALTERNATIVES TO MANAGERIALISM: DEFENDING PUBLIC HIGHER EDUCATION IN CALIFORNIA

INTRODUCTION

On September 24, 2009, several thousand students, workers and faculty went onto the streets at UC Berkeley and other UC campuses. The date marks the beginning of a movement to defend what was once America's finest public education system.

The Berkeley campus is well known for its protest tradition, but it would be a mistake to label these mobilizations around public education with the label of "Another Contentious Berkeley Action" for several reasons. To begin with, the Movement in Defense of Public Education can be regarded as one of the forerunners of the Occupy California Protests.¹ In connection with the subsequent Occupy Movement, the protests around education should be interpreted as immediate reactions to the intensification of neoliberal policies during the ongoing financial crisis. Protesters in Berkeley repeatedly stated that the fee hikes and budget cuts in education constituted for them a point to pitch their protest against a much larger theme in their society: The increasing commodification and privatization of what has been formerly regarded as public goods and services and the consequent inequality of access to these goods. Activists' favorite choice of occupation as mode of contentious action is set against the loss of public ownership through privatization. The frequently chanted slogan "Whose University? Our University!" reflects their attempt to reframe conventional notions of public property rights and points towards the dominant theme of the subsequent Occupy protests.

Additionally, in contrast to previous contentious actions at Berkeley, the university was not used as a public forum to articulate political opinions and societal grievances. This time the purpose of the public university itself and how it is currently run was called into question. The protesters' critique was aimed at the gap between the urgent tasks a public university should nowadays address and what it actually accomplishes. Their immediate outrage was aimed at the managerialist mindset of the university administration and the Californian government. It pointed towards the striking contradictions that both higher education managerialism and neoliberal policies cause. These include the enormous increase in student fees, accompanied by the decreasing quality of education and suboptimal financial aid measures, whilst at the same time maximum salaries are paid to members of the administration; the promise to remain "excellent" regardless of the costs, while departments (regarded as less important for excellence) are threatened with closure and faculty and staff

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have to be laid-off. A number of students felt that many contentious actions tended to be (and still are) recuperated² by the university administration. As one of my interviewees³ put it: “A lot of people walked out, and they realized that it (the September 24th mobilization) would make it in the *New York Times*. But it was a day, so what. I mean then the university can name a cafe after us, like the Free Speech Movement Cafe” (Lucy, 2011). Again, occupation was viewed by some protesters as a tactic that was much less usable as a marketing strategy by the university administration.

Yet, the protests are not only of interest because they diverge from previous actions at Berkeley. The counter-actions against the cuts offer the opportunity to study alternative ideas on the purpose of public education. Visions of a democratically run, free of charge university as well as the notion that a university could serve under-resourced communities and is accessible to all strata of society are prevalent amongst the protesters. These notions lay the basis for the counter-narrative to the officially claimed inevitability of cuts and fee hikes. Many activists saw occupation as a means to open up a, albeit temporally constrained, space in which these alternative visions of the university and participatory decision-making procedures could be discussed and tested.

Recent student protests have been a minor theme in social movement studies, although student activism as part of the 1960s cycle of protest played a role in the generation of Resource Mobilization Theory (Mayer, 1995, p. 173; Tarrow, 1998, p. 16) and constitutes a popular example for the study of more recent theoretical debates (Dyke, 1998; Klimke, 2010; Polletta, 2006). Studies on recent protests that come from a social movement perspective focus on social networks amongst UK student activists (Crossley, 2008; Crossley & Ibrahim, 2012) and student protests in France and Germany (Kipp, 2010). This dearth of studies on recent events is astonishing, given students’ historical prominence in protests and the politicizing effect of university attendance (Crossley & Ibrahim, 2012, p. 2). Although the student protests which California witnessed between fall 2009 and summer 2011 were rather small in comparison to e.g. the Chilean experience (see Gonzalo Zapata’s contribution to this volume), the Californian example is interesting in the light of the history of student protests and the emergence of the Occupy California movement.

The first part of the article traces the reforms and cuts in Californian higher education that preceded and accompanied the protests. I will situate the reforms in the context of the crisis of government in California, the commodification of higher education and managerialist reasoning and the aggravation of these long-term trends by the financial crisis. Each development points to neoliberalization in a specific sector. The second part gives an outline of the protesters’ critique, their ideas on a democratically run university, the reframing of public ownership through occupation and the creation of alternative spaces. As a conclusion, I discuss the protesters’ goal to return to a fully funded public educational system in connection with their broader beliefs.

REFORMS AND CUTS IN CALIFORNIAN HIGHER EDUCATION: THE CASE
OF THE UC SYSTEM

The restructuring of the Californian educational sector that spurred the protests came about due to several concomitant phenomena. At first sight, the financial crisis seems to be the reason for the urgency to cut the funding for education. Yet, it is important to consider the long-term development of the Californian budget crisis, the causes of which lie in the specificities of Californian politics, in particular in the anti-tax legislation. A third important strand is the development of higher education managerialism and the crisis of public educational institutions. Managerialism in higher education certainly took root because of the ongoing decline in state funding of public education from the 1980s onwards. However, managerialism is also widely regarded as a solution to overcome bureaucratic structures and adapt higher education to the changing needs of knowledge-based, capitalistic societies (Meyer, 2002).

The above mentioned crises and the emergence of managerialism in non-economic spheres can both be attributed to the rise of neoliberalism. Even in the aftermath of the financial crisis neoliberalist restructuring maintained the seemingly natural way of progressive reform in the economic, political and educational sector. Neoliberalism denotes “a set of economic principles” that “became part of the accepted framework for thinking about, and acting upon, the economy” (Fourcade-Gourinchas & Babb, 2002, p. 533). According to this definition, neoliberalism points to both the cognitive categories with which actors comprehend the world as well as to the way social and economic arrangements function. As such, neoliberalism is as much a worldview as a particular mode of economic and political government. Neoliberalist restructuring usually comprises a bundle of reforms: Withdrawal from regulation of the economy, anti-tax measures and privatization are some of the characteristic measures (Fourcade-Gourinchas & Babb, 2002, p. 533). All of these operations have been practiced by politicians and administrators on different levels of decision making as the following paragraphs show.

The financial crisis, meaning the deep recession that followed the collapse of the U.S. sub-prime mortgage market, doubtlessly aggravated the Californian budget crisis. Like other U.S. states, California had to deal with heavy losses due to plunging tax revenues. However, it is important to differentiate between the trigger and the cause of California’s continuing financial misery. Between 1997 and 2007, California’s debt increased dramatically. Whereas the Californian State Treasury states \$14.3 billion in outstanding general obligation bonds and \$7.4 billion in authorized but unissued bonds in 1997, both figures increased within ten years to \$41.3 billion and \$63.7 billion respectively (California State Treasurer, 1997, 2007). The credit-rating agency Fitch is of the opinion that the causes of the Californian budget crisis lie in “the state’s continued inability” to balance its budgets (“California’s budget crisis: Meltdown on the ocean”, 2009). To achieve a balanced budget the State of California could have either reduced expenditures or increased

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taxes. Yet, there are certain limitations to the latter action in the case of California. According to *TIME Magazine*, the current crisis has its roots in an anti-tax measure from 1978, better known as Proposition 13, which radically limited property taxes. “Prop 13 required local governments to limit any ad valorem tax on real property to 1% of assessed valuation, while scaling back assessed values of properties to 1975–76 levels; to restrict increases in assessment to 2% a year except upon sale of the property [...]” (Smith, 1999, p. 174). Howard Jarvis, the main architect of the tax limitation measure, included a requirement which until today makes tax increases extremely difficult. A two-thirds majority in both houses of the legislature is needed to pass new state or local taxes. Yet, the heritage of liberal and moderate Californian governments, a well-developed public infrastructure, including America’s finest public college system, has been maintained. What is more, new state services (e.g. assistance to needy families, funding to local government and school districts) were put into place by subsequent governments (O’Leary, 2009). While each of these factors darkens the financial picture, it is a combination of features which are responsible for the current situation: Like any initiative to increase taxes, the yearly budgets have to pass both houses with a two-thirds majority – an excellent chance for the Republican minority to block taxes and delay budget decisions. This legislation led in the long term to ever more expenditures because spending is so much easier than gaining revenues. E.g. to cut corporate taxes only a simple majority vote was needed, but a two-thirds majority would be required to reverse that cut, something the minority Republicans would never allow (“California’s budget crisis: Greece is the word”, 2010). Moreover, California’s turnout is comparably low and the people who vote “tend to be older, Whiter and richer than the state’s younger, browner and poorer population” (“California: The ungovernable state”, 2009). On top of that, Californian voters are deeply divided, which impedes discussions about urgent matters, including the system of public education. Other problems are a huge number of overlapping jurisdictions and the all too easy possibility to misuse the means of direct democracy. Californian voters can decide on many policies directly, which is in combination with the low turnout and the polarization of the electorate a disputable asset. There is “an entire industry of signature-gatherers and marketing strategists” (“California: The ungovernable state”, 2009) involved in the creation of new propositions. More often than not, affluent and influential citizens or very special interest groups provide the financial resources to bring initiatives onto the ballot. To sum up, California’s budget crisis stems from the sheer impracticability of raising tax revenues, the deep political division of the Californian voters and the perversion of direct democratic procedures. The deeply held conviction that taxation harms the economy and the fierce opposition between the Democratic and Republican parties prevent attempts to reform the legislature and increase the state’s revenues through taxation. Thus, the predominant measure of Republican and Democratic governments in California has been to cut expenditures. The educational sector (including K to 12) constitutes the main target for the austerity measures by the state (“California’s budget crisis: Meltdown on the ocean”, 2009).

Mr. Powell, the UC faculty's chief liaison to the Regents, was cited in *The New Yorker*: "The legislators have told us, essentially, 'The student is you're ATM. They're how you should balance the budget'" (Friend, 2010). It seems that the university administration adopted the lawmakers' "strategy" of austerity and consequent privatization. The following overview traces the fee hikes (enacted by the university administration) as well as the budget cuts (approved by the Californian government) from spring 2009 to fall 2011. Admittedly, the figures do not serve for a general evaluation of the restructuring in public higher education in California in the aftermath of the Economic Crisis. Yet, they can be regarded as a detailed example of the state's withdrawal from public education funding. The reliance of the UC administration on tuition as revenue points to the development of tuition fees becoming the most rapidly increasing proportion of university revenues (Hossler, 2006, p. 15). The recent cuts are surely immense, but they follow a general trend that dates back to "the 1980s as a consequence of changes in federal student aid programs and reductions in state per-student subsidies to public colleges" (Priest & St. John, 2006, p. 2). This long-term tendency is also true for the specific case of the UC. The state's funding of public education has declined considerably over the last 20 years. Today it bears 60% less of the total cost of a student's education than in 1990. Concurrently, students' share of their educational costs rose from about 13% in 1990 to 49% in 2011 (UC Office of the President, 2011). Although the UC administration portrays its proceeding as solely coerced by the state's cuts in spending for education (UC Office of the President, 2009, p. 4), there is evidence that raising student fees was a favorable measure even before the Financial and Budget crises unfolded. Hence, as data from UC Davis shows, tuition more than doubled between 1997/98 and 2007/08. The costs rose from \$4,332 to \$8,925 for undergraduate California Residents (UC Davis, 2011). The system-wide increases between 2009 and 2011 can be regarded as the succession of a general trend, suggesting that rising tuition might have been the "moral shock" (Jasper, 1997) which made students take to the streets, but not the only cause.

In May 2009, the UC regents agreed on raising tuition fees⁴ by 9.3 percent, or \$662 for resident undergraduates. This meant that the total mandatory system-wide fees for resident undergraduates amounted to \$7,788 in summer 2009 (UC Newsroom, 2009). After the state cut UC's allocation by \$637 million (20 % of UC's operating budget) in July 2009, tuition fees were increased again (UC Office of the President, 2009). This time undergraduate fees were raised by 32%, amounting to \$10,302 per year (Friend, 2010) Although in the 2010–2011 budget the state's allocation to UC restored \$199 million from the cut of the 2009–10 budget (UC Newsroom, 2010a), the UC regents agreed on November 18th, 2010 to raise fees by \$822 in the 2011–12 academic year, bringing undergraduate cost to \$11,124 (UC Newsroom, 2010b). To summarize, whereas undergraduate fees in fall 2008 amounted to \$7,126, they added up to \$11,124 in fall 2011. Thus, tuition fees rose by about \$4,000 within three years – an increase of 56%. The increases were only part of a number of reforms issued by the university administration. Furloughs and lay-offs of campus workers,

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curtailing enrollment and cutting student services, as well as the deferral of faculty employment and increased class sizes are other measures that were taken in response to the cut (UC Office of the President, 2009).

Rising tuition fees are not the only result of the state's long-term withdrawal from public education. Another consequence is heightened competition amongst the institutions of higher education. Inciting competition among educational institutions is an important feature of managerialism (Hossler, 2006). Relying more and more on private funders and affluent students to finance educational institutions, measurable performance in specific realms becomes more important. Thus, competing to attract promising graduate students and prominent faculty as hallmarks of reputation, as well as developing the best sellable innovations and services in fields of applied research, becomes a crucial task to sustain a public university. Consequently, the frequently applied term "excellence" is thought of to be undefined. The decontextualized use of it allows educational institutions to adjust to changing rating standards in higher education, wishes of donors and volatile preferences for specific degrees on the job market. Thus, the aim to remain excellent as a university means to be able to satisfy varying demand. The strong focus on "maintaining excellence", as expressed by UC president Mark Yudof in an open letter to the Californian public, points to the goal of remaining competitive amongst the top universities despite the major cutbacks in funding:

My sole focus has been on protecting excellence. [...] Californians should never accept the idea of their University of California tumbling toward mediocrity. And my job, my only job, is to make sure that it does not. [emphasis added] (Yudof, 2010)

According to the president's further remarks, it is again "excellence" that legitimates higher tuition fees. He further states that the indicator to determine the "publicness" of a public university would not be the amount of tuition fees. The degree of a university's commitment to provide "opportunity to worthy students regardless of socioeconomic background" (Yudof, 2010) would be the correct benchmark to measure "publicness". As student tuition and fees currently make up more of the University of California core operating funds than the state's allocation to the latter, this statement reflects an attempt to give a new meaning to the attribute "public" in the institution's name. Since the mentioned opportunity is restricted to those students who have shown themselves as "worthy"⁵ to receive financial aid, the public mission of the UC is the education of the best few (in opposition to the "mediocre" education of the many). President Yudof avails himself of a traditional line of thought that often serves as a legitimization for elites: Emphasizing an elite's importance for and commitment to the public good (Straßenberger, 2012, p. 193). Correspondingly, Yudof addresses all Californians and indicates their public ownership of the UC by using the possessive pronoun "their" in the passage quoted above. Yet, the financial aid offer to students from households with lower income is only partially to be understood as the accomplishment of a service to the public. The reverse side of the

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measure's rationale is to stay competitive as one of the top universities. A letter from the Academic Council to president Yudof evidences this managerialist reasoning:

Similarly, UC's ability to attract the best graduate students—essential to maintaining UC's prominence as the top public research university in the nation—has been compromised by our inability to offer competitive support packages. We appreciate your continuing commitment to increased funding for graduate students. (Croughan, 2008)

Even though Cal Grants cover the tuition costs and fees of low income students up to \$12,192 of the \$12,834 (UC Berkeley, 2012a), students still have to cover the remaining costs of attendance, about \$16,000 per academic year (UC Berkeley, 2012b). Thus, despite receiving grants students from low-income families have to take out loans or work to support themselves. The problem is that “student loans, in fact, increase the cost of college going, because of the loan origination fees and interest charged during repayment” (Heller, 2006, p. 25). Financial aid can only to a limited extent be regarded as an attempt by the UC to take on the responsibility of equalizing opportunities in higher education. On the contrary, as part of the endeavor to stay “excellent”, financial aid packages point to managerialist and elitist rationales.

My aim was to give an overview of the cuts and austerity measures on both the state and the UC administration level. The UC is certainly an elite institution. Nevertheless, the actions that the UC administration undertook reflect a more general trend, for other institutions of higher education are very likely to react in a comparable vein to the severe cuts in state funding. Students and workers, affected by the sway of neoliberal restructuring, engaged in protesting the cuts and searching for alternatives to privatization and austerity. They countered the official version of the aim and purpose of public education with alternative ideas on public education and ownership. As such, the Californian education movement tries to establish a counter-narrative to the dominant version of the need to privatize public education and to pursue excellence (Eder, 2011, p. 67).

METHODOLOGY AND CONCEPTS

The following paragraphs constitute an attempt to identify prevalent ideas of the movement. I understand ideas as “the more-or-less coherent set of explicit, stated beliefs and values espoused by a protest movement” (Jasper, 1997, p. 157). These beliefs are grounded in worldviews – the unquestioned moral convictions and assumptions that guide our explicit thoughts (Luker, 2003, p. 134). Movement scholars who engage with narratives propose that storytelling is the practice in which ideas and worldviews are communicated (Polletta, 2006, p. 13). When protesters tell a story about how the budget cuts affect students and workers on campus, they draw on their cultural understandings of moral upright behavior. In order to get to the protesters' stories I relied on narrative interviews and written texts in pamphlets, broadsheets, websites and blog posts. I conducted the interviews with “student activists”, mainly at

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UC Berkeley, between September 2010 and June 2011. With regard to the sample of interviewees, I interviewed those students who had sacrificed a large amount of time and energy for protesting, assuming that they would be most clear about their ideas and goals. To count as “student activist” the student had to be involved in protesting as well as in organizing actions for at least one semester. Although unions and campus workers played a huge role in organizing the first walkouts and rallies, I do not rely on accounts of workers or faculty members. I limited my focus to students, because they experience the changing circumstances of learning at the university more directly and in connection with the fear of dwindling opportunities on job markets. Moreover, despite or even due to their transitional position students have historically often felt themselves to be in a position to oppose the “ruling ideology” and to be capable of partially transforming the structure of educational institutions.

As with the figures relating to the budget cuts and fee hikes, I do not want to claim that the cases of my UC Berkeley interviewees are representative for all of California’s students. All the more so because it is likely that students protesting on the Berkeley campus are more radical and higher in numbers given Berkeley’s history of protest. The division of California into “highly partisan districts: loony left in Berkeley, [...] rabid right in Orange County” (“California: The ungovernable state”, 2009) is another factor that makes it crucial to be cautious with generalizations. However, according to the observation of several of my interviewees, the protests spread to a number of other campuses (away from the early strongholds in Berkeley, LA and Santa Cruz), which suggests that similar ideas became prominent elsewhere. This view is supported by a recent study by the Transnational Social Movements Research Working Group at UC Riverside on the Diffusion of the Occupy California Movement, which can be regarded as a successor to the protests around education. The occupations reached smaller towns in rural counties and even one fourth of Republican strongholds (Chase-Dunn & Curran-Strange, 2011).

PROTESTERS’ CRITIQUE AND ALTERNATIVE VISIONS OF THE PUBLIC UNIVERSITY

A broadsheet, distributed on the 2 March 2011 Day of Action, shows a hand the fingers of which, with the exception of the middle finger, have been cut off with scissors. “there’s only one thing left to do ... STOP THE BUDGET CUTS!” exclaim the Black, hand written letters that surround the image. Below this, various statistics, at first sight apparently unconnected are juxtaposed:

- \$1.4B amount of Gov. Jerry Brown’s proposed cuts to public higher education
- \$500M cut from UC, \$500M from Californian State Universities, \$400M from Community Colleges
- 16% increase in the number of millionaires in the US despite the financial crisis in 2009.

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- 36 highest paid UC employees wrote a letter demanding millions in increased pensions amounting to over \$50 million.
- 1 GUN pulled by UCPD [UC Police Department] on unarmed student protesters at the Nov. UC Regents meeting at UCSF.
- 33.8% Amount of the national wealth the top 1% of Americans own. (mobilizeberkeley.com & thosehouseit.wordpress.com, 2010)

The broadsheet conveys several ideas that played a role in the protests. First, the juggling with numbers brings to mind the sheer unintelligible thicket of news and expert opinions with regard to the economy during the financial crisis. However, at the same time, the way in which the figures are juxtaposed and selected deliver the message that it actually is possible to see through the muddle and discover the injustices taking place. This gives the reader the feeling that he or she is in the position to understand the economic and social developments – and that it is very urgent to counteract the cuts: There is only one finger left. Choosing figures that highlight the uneven distribution of wealth in the US and connecting them to the topic of budget cuts and protests around public education motivates thinking in socioeconomic class terms. It also links the narrow struggle against fee hikes and equal access to colleges to the broader theme of the increasing inequalities due to the further commodification of public services and privatization of public goods. Moreover, the image addresses loss. Loss refers not only to debt and deficit in public funding, that is the budget cuts, but also to a loss of opportunity: The fading promise of a well-paid position after the completion of a degree in postsecondary education. Marc expressed this disillusionment vividly:

The resources the people are trying to get here [at the university] are things to put on the resumes to get the high paying job that doesn't really exist anymore in the United States. So, people feel that if they really hassle hard in college that they get the professorship down the line, but that is not true, because these professorships are not gonna exist, they don't exist. [...] There is this idea that all of these things are waiting for you once you get out, but in reality I don't think these things are really waiting for anybody once they get out. (Marc, 2011)

The disenchantment with respect to what was once a typical career path and the breakup of the consensus that the public university should provide equitable education for all lead protesters to question what the purpose of the public university is and whom it serves today. “No one knows what the university is for anymore. We feel this intuitively. Gone is the old project of creating a cultured and educated citizenry” (Research and Destroy, 2009). Although protesters fight for a reversal of the budget cuts and broach the issue of the loss of the former consensus to fund education publicly, their aim is not a return to public education as it used to be. Their criticism goes beyond the demand to reverse the cuts, to

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the question of which positive effects the university has for large parts of the “public”.

We don't wanna reproduce the university, we wanna produce a different university. We're not just trying to save what we have here, we are trying to produce something different and that's a question the academy has to deal with, too. If they wanna survive they gonna have to deal with this question 'why do we exist'. Right now a lot of people, in a certain way, they are justified in pointing the finger at the academy, because the academy doesn't exist to help working class people, people of color. They don't see a tangible connection between the work that the university does and their own communities. (Marc, 2011)

Questioning the existence of the public university in its current state with regard to its usefulness for the public distinguishes the rallying around education from the protests UC Berkeley in particular has witnessed in the last decades. For the first time, protesters do not “use” the university as a site to protest against single issues, but express an alienation from the institution whose previous tasks have become redundant. As such, the university is regarded as a symbol of an estrangement from a society in which the market is given the power to deliver the goods as well as to determine their worth and desirability. The dissatisfaction with the conditions and outcomes of a market-based society was cited by all interviewed student activists as a major reason to protest the budget cuts. John's utterance is a good example of a disagreement with inequality in socioeconomic terms:

I go to these protests, because I do think that underlying the immediate question of education, the fee hikes and cut backs, it's fundamentally a question of the distribution of wealth. The education movement here is particularly important, because it really represents to me the first time, probably in 70 years in this country, where the question of the distribution of wealth has really come up. (John, 2010)

Many of the interviewed students acknowledged the intersection of socioeconomic inequality with racial inequality by using the expression “students/people of color, working class” almost as a compound. As Susan reported during the interview, demands to recognize other forms of structural inequalities had aroused controversial discussions within the movement:

We had to constantly force White students to understand the realities of students of color and that this needed to be central to our organizing and our demands. Because if you can't see the way the attacks are coming down and how they're affecting different communities differently, then we're not going to be able to fight to defend education. The experience of students of color and oppressed communities is that we've been excluded from the education system and marginalized within the education system for years and years and years. It didn't start with the cuts. (Susan, 2011)

Whereas the student activists' accounts clearly show their preoccupation with structural inequalities that are reproduced in the public education system, their demands mainly address the university administration. The UC Berkeley General Assembly's demands from 7 October 2010, issued on a broadsheet and distributed during the walkout, reflect this tendency. The three general statements "*Accessible, affordable & diverse education for all at all levels! Fully funded quality education for all! Democratic and just education system!*" summarize the 22 specific demands (The General Assembly, 2010). Only three of them are directed at the Californian government. The tendency to predominantly address the University Administration and the Regents points to the expectation of many student activists that changing the conditions at the university eventually gives rise to protests in other public sectors hit by the cuts. Thus, the university is regarded as a fulcrum for bringing about changes on a larger scale.

I shall now leave behind the long-term aspirations of the activists and turn instead to the more immediate visions the protesters have with regard to the university. One of these is the transformation of the university into a more democratic institution. To this end, the activists push for disclosing the budget, increasing the number of students, workers and faculty in decision-making bodies and for making those bodies accountable to the public as well as to the people who engage in the core tasks of the university (teaching, learning, providing services). Some protesters legitimate the postulations for accountability by emphasizing the students' share in funding the university:

Student fees finance UC operations as much as state funding does, and therefore governance should be shared. The Board of Regents should consist of and be elected by the people directly affected by the decisions made, such as students, faculty and workers. (www.ucsolidarity.org, 2010)

Not all members of the movement subscribe to this rationale behind the call for accountability. Especially those who advocate occupation as a form of struggle propose a concept of ownership that is detached from material wealth. Chants such as "Whose University? Our University!" and slogans like "the university belongs to those who use it" constitute a skillful reframing of the concept of property. Because it is workers, faculty and students who epitomize the university through their daily tasks, the protesters define themselves as owners of the public university. By reclaiming the right to have a say in the decisions about the university, the protesters rely on an unquestioned assumption central to Western political thought: that the subjects of property are regarded as inherently rights bearing (Verdery, 2003, p. 15). In short, protesters derive their right to have a voice in the decisions about the fate of the public university from the fact that they are the ones who "use" it. The group of people who embody the university is placed in opposition to "those who wish to corporatize it" (thosewhouseit.wordpress.com, 2010). Moreover, reframing the concept of property goes along with an alteration of the meaning of the attribute 'public'. In contrast to the administration's elitist redefinition of 'public', the activists define public institutions and belongings as property that should belong to

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all and be accessible for all. Thus, occupation is a form of contention which conveys this reframed notion of ownership through the action of reclaiming public space. Furthermore, proponents of the tactic see it as the only effective means to provoke a substantial change, for it is a tactic that is less constrained by matters of time and less apt to be recuperated by the university administration.

Taking over the campus in combination with a large-scale strike is the only thing that's gonna change anything. And so, this idea that a bunch of people goes out, it's almost like a ritual. It doesn't threaten the university; they don't care. It probably looks good. 'Yeah, a bunch of famous professors and the legacy of protest at Berkeley, we can point to it on the tours [guided campus walking tours for visitors]'. (Lucy, 2011)

Activists who do not advocate occupation as a form of protest so strongly criticize the preference of action over tasks that are essential for sustaining the movement. In connection with the need to reproduce the movement and create new ideas most of my interviewees shared the idea of creating "alternative spaces". These spaces are not seen as alternative to neoliberalism, but as alternative to the existing institutionalized bodies like the student government.

I think of a meeting space that's participatory, that offers certain forms of opportunities and skills that people want, but that gives it to them in a way that's not institutional. [...] Only spaces outside of the system promote a different kind of viewpoint. All the other institutions have gate-keeping mechanisms. So, if you're in the ASUC [the student government], you cannot be disillusioned with voting in the United States, you can't advocate for reclaiming space, you cannot advocate for taking over any type of physical space. You can't talk about those things, unless you want certain gate keeping mechanisms to come and weed you out of that system. (Marc, 2011)

The requirement that these spaces should not be institutional comes also from a critical reflection on the role of NGOs and other institutions that engage professionally in organizing. Similar to the gate-keeping mechanisms of the student government, these professional organizations preclude certain forms of action and escalation from their repertoire a priori. Furthermore, many of these organizations rely on a very hierarchical concept of leadership – a matter that contradicts the protesters' belief in direct democratic procedures and equality amongst the activists.

We're not gonna be able to ever have an effective fight back on campus unless we are able to build spaces where we can have mass democratic decision making and where students can get involved and have a say; where there is no trained leadership or professional organizers telling us what to do. (Susan, 2011)

The notion of these "spaces" is closest to what Polletta defines as "prefigurative spaces". Symmetric ties amongst the members and the capacity to sustain the latter's

commitment to the cause as well as to develop new claims are characteristic of this form of association (Polletta, 1999, pp. 9, 12). However, the spaces the Californian protesters talk about are not thought to prefigure a future society, but to redefine the use of physical, public space today. In this vein, the concept of “alternative spaces” is closely related to the logic of occupation, but leaves room for other forms of contention. These forms might be even more effective in evoking a critical reflection on the use and purpose of public institutions and space in so far as they also repurpose spaces with radical intentions, but do not require those spaces to exclude people who are less involved in the struggle.

I think the kind of space I’m talking about particularly is a space that ironically engages with the production of space and tries to subvert the normal production of space. I don’t think we can actually create a space that is alternative to capitalism within capitalism or neoliberalism. Like right here there’s a hunger strike going on. This is a space where most people just pass by, this whole space is not constructed for people to stay here, it’s for people to go to and from. So maybe an alternative space would be this kind of space, maybe a more engaging space, where people are having an ongoing action or learn things. We were trying to do that at different times throughout the year. At the beginning of the year we put hundreds of balloons in different class rooms that had facts about the budget cuts. Just screwing with traditional conceptions of space, what the space is for, what it can do, what it could hold, what ends it exists for. (Marc, 2011)

CONCLUSION

What would the student activists’ immediate goal look like when translated into policy measures? Certainly a return to fully funded public education and the implementation of financial aid for low income students would be given top priority. It could be argued though that the outcome of free public education with regard to equal access to universities and colleges is mediocre, as the example of Germany shows. Since the 1970s public education in Germany has been free of charge. Moreover, the German government provides relatively generous support packages for low income students which partially cover their living expenses (see the contribution of Anna Kroth in this book). Despite this, only 15% of the students in higher education come from low income households, whereas almost 60% have a higher and high income background. (Isserstedt, Middendorff, Kundulla, Borchert, & Leszczensky, 2010, p. 129) Students whose parents both migrated to Germany make up only 8 % of the student body⁶ (Isserstedt et al., 2010, p. 509). Thus, free public education alone does not necessarily lead to greater social mobility for low-income students. Yet, tuition and service fees have a greater discouraging impact on low-income students regarding their decision to go to college than on students from more affluent backgrounds (see also Anna Kroth’s contribution in this volume).

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This notwithstanding, the Californian protesters' perspective recognizes the situatedness of educational institutions in the structural conditions of their society. Thus, the student activists' goal to fully fund public education is intrinsically tied to their conviction that a profound change in the distribution of wealth and privileges is needed to equalize access to educational institutions. From this follows that reforms in education would be part of a more encompassing set of social policies in order to have an impact on the composition of student bodies at colleges and universities. What is more, workers, students and faculty would be substantially represented in all bodies that are involved in decisions about the university to ensure that the latter are informed by their interests and critique.

The student activists' objective of a free-of-charge university that is run by students, workers and faculty is rooted in a worldview that favors an egalitarian society with regard to both the existing color line and the divide between rich and poor. Moreover, their ideas are grounded in the belief that creating accessible spaces where democracy can be learned and alternative visions of the university and society can be reproduced is a necessary condition for the formation of more egalitarian institutions and ultimately a more just society.

NOTES

- ¹ A chronology of the events, starting with the protest on 24 September 2009 is posted on the homepage of Occupy California. (Occupy California, 2012)
- ² Recuperation refers to the process by which anti-capitalist critique is co-opted by the capitalist rule. According to Boltanski and Chiapello (2006) critics of capitalism are the ones "who provide it [capitalism] with the moral foundations that it lacks, and who enable it to incorporate justice-enhancing mechanisms whose relevancy it [capitalism] would not otherwise have to acknowledge" (Boltanski & Chiapello, 2006, p. 163).
- ³ I conducted nine narrative interviews with students at UC Berkeley between September 2010 and June 2011. See the section On Method and Concepts for a more detailed description of the approach.
- ⁴ All fees cited are UC tuition fees for undergraduate students who are Californian residents. They do not include additional campus fees. The curve of fee hikes becomes much steeper when specific rather than 'average' student fees are considered.
- ⁵ The changing nature of admission criteria at Ivy League universities shows that perceptions of excellence and worthiness are tied to political and social preferences of the university leadership. (Karabel, 2006) Determining the fortunate "worthy" who are eligible for a grant is a procedure that can be compared to admission policies.
- ⁶ About 19,3% of the German population has a so-called migrant background (Bundeszentrale für politische Bildung, 2011).

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PART IV

POLICY CHANGES TOWARDS GREATER FAIRNESS

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FAIRNESS IN ACCESS TO HIGHER EDUCATION: TOWARDS A GLOBAL PUBLIC DEBATE

INTRODUCTION

The strands of this book suggest that the dominant global policy model of financing the expansion of higher education increasingly through loans is unsustainable. In England, one of the largest and most violent student protest since the broke out in 2010. Over 50,000 students and the wider public protested against a tuition increase from a previously nominal level. Similar protests took place in countries such as Canada, Chile, France, Germany, and the USA. Given the intense protests and policy debates in many countries, the questions of how the growing costs of higher education should be financed and what implications tuition increases have for college access are emerging as key issues in international education policy (OECD, 2012; Wilkins, Shams & Huisman, 2012).

In this chapter we call for a global public debate on access to higher education that

- a. recognizes concerns for fairness, as well as excellence and efficiency;
- b. acknowledges the nature of higher education as a *public* institution of the highest importance; and
- c. breaks with the taken-for-granted framing of the problem as *financial* and *economic* rather than social and civic.

THE NEOLIBERAL MODEL: LIMITS AND OBJECTIONS

The New Condition

Policy making in higher education is facing an unprecedentedly complex task, because the early 21st century is a time when

- a. emerging knowledge economies make a minimal amount of higher education a universal prerequisite for thriving in the economic and civic affairs of society;
- b. the century-old boundary between publically-financed lower education for all and privately-financed higher education for some is eroding;

H.-D. Meyer, E. P. St. John, M. Chankseliani & L. Uribe (Eds.), Fairness in Access to Higher Education in a Global Perspective: Reconciling Excellence, Efficiency, and Justice, 277–288. © 2013 Sense Publishers. All rights reserved.

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- c. expanding enrollment and cost increases make the social-democratic model of financing higher education through general taxes obsolete; and
- d. globalization spurs (hyper-)competition and promotes inequality among institutions and students while also creating global transparency.

In this *policy conundrum* the default response increasingly has been a “private cost shift.” The default rationale has been that higher education, seen as human capital investment, is a largely private good. However, this response creates many new problems. First, there is of the problem fairness because many who lack the means to take out loans or who would struggle for decades to repay them are excluded from higher education. Others, who fail to find remunerative employment, are thrown into indebtedness and often decades-long credit dependency. Furthermore, the privatization of higher education funding seems to facilitate cost increases and hyper-competition (ever greater investment of resources by families and institutions in pursuit of minute strategic advantages to access high value segments of the higher education “market”), leading to increasing inequality among higher education institutions.

Second, where the private cost shift has been delayed, there is evidence that higher education systems which do not charge private contributions suffer from underfunding (OECD, 2012). In some countries (e.g. Georgia) a substantial share of prepared students are not accepted into public higher education because of lack of institutional capacity while in other countries (e.g. Germany) there are growing concerns about the quality of teaching due to lack of teaching personnel (OECD, 2012). Improving financing is thus crucial for widening participation and improving quality. It is an important objective from a social justice as well as from an economic perspective.

Third, even moderate tuition fee hikes have the potential to deter enrollment, particularly among underrepresented groups such as students of low socioeconomic status (low-SES) or from immigrant backgrounds. Negative effects on enrollment are a serious problem because, even in the absence of tuition fees, many entirely publicly-funded systems such as Germany or Argentina face low enrollment rates and high social inequalities in college access (OECD, 2012). In addition to these limitations of the private cost sharing policy, there are several specific objections to be raised.

Objections to the Neoliberal Model

First: Higher education is a public and private good. Higher education is best conceived as a mixed good benefitting our communities whose collective capabilities they enhance as well as the individuals who are enriched by it. There is thus a public and a private interest in high-quality higher education and fairness of access. This interest should be reflected in an appropriately large portion of the public’s funding of higher education.

Second: A bias towards cost-increases. The “inevitable private cost-shift” position does not address and has tended to mask the fact that college costs have risen way ahead of inflation. What explains that drastic rise? A system that is mostly loan-based has a built-in cost increase mechanism because it offers no checks to the tendency towards hyper-competition among universities and families for strategic advantage. Loans release universities from the strictures of middle-class (and even more so, working class) affordability. This hyper-competition is driven by a small elite class of “super-universities” which could easily sell their product (a four-year college education) at multiples of the current, already steep rates and still find qualified and cash-ready demand for it due to the huge (perceived and real) economic, political, and social advantages a super-university education confers. For other universities to remain competitive, they must imitate super-university behavior.

Third: A model that excludes lower classes. A mostly loan-based expansion will not sufficiently expand degree completion because it is affordable only by the upper- and middle-classes. Low-income students are more likely to accrue debt without obtaining a degree than to be able to pay off the debt that now accompanies college completion. As we will see below, many middle-class and even more lower-class families have very good reasons to refrain from incurring the levels of credit debt higher education requires.

Fourth: Violating local norms. As the cases of Germany, Finland, and many other countries show, the neoliberal loan-based model depends on institutional and cultural prerequisites that are not present even in many highly developed countries. Attitudes in those countries are far more risk-averse when it comes to financing higher education through bank credits.

PARAMETERS OF THE DEBATE

While the limits of the neoliberal model of access to higher education are fairly clear and the need for alternatives urgent, few innovative approaches to improving access have been considered. This is a situation that calls for a sustained global public debate. In this section, we outline a few of the parameters of that debate.

Solutions will be Incomplete

We should start by acknowledging that workable solutions will often be partial and incomplete. While there is a fund of ideas from moral and political philosophy that can guide the debate, there is no formula that can be applied. Any ‘solution’ will be subject to the “inescapable plurality of partial solutions” (Sen 2009, 106). In particular, there is no prospect for workable, purely meritocratic solutions (Meyer, Chapter 2). Still, a process of cross-national learning and testing of taken-for-granted parochial assumptions has the potential to lead to innovative solutions.

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Pure versus Mixed Systems

Since no one knows the challenges of tomorrow, although everyone knows they will be multiple and diverse, mixed systems are likely to be better prepared than pure (typically government controlled) systems to meet those challenges. In particular, mixed systems which are open to a diversity of talents are also likely to do greater justice to the wide range of talents and ambitions of the young. Thus, promising institutional configurations are open systems featuring a diversity of institutional types, with lots of transfer options, second chances, and without irreversible, dead end tracks, or artificial exclusionary cut-offs. To the extent that testing is necessary to regulate admission, it should be designed to measure a range of abilities and aptitudes. Tests should represent only *one* of several data points for admission.

Not Only About Money: What Kind of a University Do We Want?

The debate cannot just be about money. It has to be about the institution of higher education more generally. Should it be an engine hitched to the wagon of the economy or an institution that serves eminently public interests? Should it mostly produce economically useful skills and knowledge or serve as the center of basic research and inquiry, the guardian of our cultural inheritance, a forum of public debate, a sanctuary of free speech, and a key mechanism for producing and enhancing the knowledge, skills, and moral attitudes needed so that complex societies can meet challenges with dignity and civility? To cultivate the latter kind of higher education requires public commitment and investment. By framing higher education as a mere handmaid of the knowledge economy, we obscure these important functions.

Solutions will be Local

While debate and learning should draw from the global experience of higher education, solutions will be path dependent. That is, they will be partially shaped by diverse and divergent local conditions. Here we offer two examples. First, while discrimination by race, gender, or class are globally 'outlawed,' there are still many countries where tradition makes this kind of discrimination a key hurdle to fair access. Second, cultural conditions in many countries that are worth honoring and sustaining should limit the use of the neoliberal model.

The Role of Cultural-Moral Norms: Loan Aversion in Germany and Finland

The Finnish and German cases illustrate the complexities and difficulties of forcing neoliberal concepts of the role of higher education and financing schemes (i.e. loans as a central mechanism for public finance) onto mature higher education systems in developed countries. This political hegemony threatens not only to undermine the historic commitment to excellence in education, but also to redefine its social

and humanistic purposes. A case in point is the question of why students in higher education are sensitive to relatively small tuition fees in a low-cost/high-aid system. Even a modest tuition fee of 1000 Euros (ca. US\$1300) per academic year, introduced in seven German states in 2006 has had a direct effect on low-SES high school graduates' probability to enroll in higher education (see Anna Kroth, this volume). Indeed, it seems that low-SES students in Germany are averse to taking out loans to a level beyond what would seem economically rational, since empirical studies show that the vast majority of them will receive from a college degree net monetary returns higher than tuitions fees.

Although Finnish higher education institutions don't charge tuition fees to Finnish or EU/EEA nationals, student surveys in that country testify to a similar kind of aversion to loans. In *The Finnish Student Survey 2010*, the vast majority of respondents, regardless of socioeconomic status, aim at financing their studies through a combination of study grants, housing supplements, and income from paid work; only 15% have taken a government-guaranteed study loan to cover their monthly expenditures. Support from parents is negligible (15%), and, in general, most students find it embarrassing to be dependent on their parents. Working along with going to school slows down university students' progress and about 30% of them feel they do not have sufficient funding for studies, yet they still avoid taking out a loan (Saarenmaa, Saari & Virtanen 2010, pp. 29–34, 41–42). As with German students, the loan aversion of the Finnish students might be considered irrational, since the annual salary of university graduates with a master's degree is estimated to be 17,000 Euros higher than that of vocational secondary-school graduates (Virén, 2011, pp. 332–335). The probability of high-SES students entering a university is already eight times that of lower-SES students despite the free higher education system (see Marja Jalava, this volume).

In the humanities and cultural studies, only 33% of students are optimistic of their employment chances (Saarenmaa, Saari & Virtanen 2010, p. 54). In the light of new studies, this is a very realistic concern and a good reason to avoid incurring debt, since the number of unemployed university graduates is growing fast, hitting an all-time record in Finland in July 2012 (Liiten 2012).

Furthermore, the very idea of higher education as an investment that is wise to finance by a loan appears to be a relatively uncommon thought, especially among low-SES students. Quite the contrary, the Finnish are raised to believe one should not maintain himself/herself with borrowed money, but rather live a frugal life, which is also seen as a highly ethical choice. This seems to be particularly true of students whose parents were badly hit by the 1990s recession, and who have thus personally experienced the effects of excessive indebtedness and a financial breakdown (Lavikainen 2012, pp. 29–32). Nevertheless, the fact that so many high-SES students share similar loan aversion indicates there are some larger cultural factors at work.

In the Finnish case, it has been argued that loan aversion is partly based on the strong Lutheran agrarian heritage which emphasizes the importance of managing

on one's own. Another factor may be the Nordic welfare state's principle of "statist individualism," in which the state provides free education to all citizens who, in turn, are willing to work hard and pay the relatively high progressive income taxes. From this perspective, the idea that one should take a loan to be able to pay a tuition fee to the state might be considered unfair, since it can be interpreted as violating this mutual "moral agreement" between the state and the individual. (Jalava 2012, p. 53; Lavikainen 2012, p. 26) According to the sociologist Gøsta Esping-Andersen's (1990) categorization of three distinct welfare regime types, there is a significant difference in the degree of "de-commodification" between the Nordic and the continental European models, including that of Germany, which is arguably reflected in the different attitudes towards tuition fees.

The cases of Germany and Finland illustrate that the neoliberal, loan-based model depends on institutional and cultural prerequisites that are sometimes not present, even in highly developed countries. Attitudes in those countries are far more risk-averse when it comes to financing higher education through bank credits. And there are rational bases for loan aversion in even developed cultures: Historic cultural norms communicate an inner logic of "don't live on borrowed money." Using credit cards to support the cost of living has become very problematic in some national economies, an unsustainable shift away from cultural norms. In addition to the cultural rejection, many German and Finnish middle class parents simply lack the funds to back up their kids with loans that require monthly payments upwards of 300 or 400 dollars for a decade or two.

Why Have Germany and Finland Chosen Different Paths in Financing Higher Education?

While many countries, including Germany, increasingly move towards a neoliberal model, Finland has maintained a social-democratic model and kept public spending at a high level to finance higher education. Over the last 25 years, Finland spent about 2.2 percent of its GDP on tertiary education compared to Germany's 1.3 percent (OECD, 2012). The share of public spending on all spending in tertiary education remained at 96 percent in Finland while in Germany, the public share has decreased to 84 percent.

Why are these countries which previously followed a similar financing model moving in different directions? Differences in economic development are not a sufficient explanation. Behind closed doors, German policy makers across the political spectrum admit that the fees of \$1200 per year could have easily been financed with tax money. Instead, different moral contracts seem at play.

In Finland, the societal goal or the moral contract is to expand the proportion of college-educated youth. The current net entry rate in Finland is 68 percent (OECD, 2012). In Germany only 42 percent of adolescents enroll in higher education (OECD, 2012); the others are expected to enroll in practical training in vocational education. It is often argued that the low access rates are functional, because German industry

needs individuals with a practical, vocational background. Yet, another reason for the low enrollment rate might be to reserve privilege for the upper class and middle classes.

Persistence of “Pre-Rational” Access Problems: Brazil and South Africa

While Brazil and South Africa have similar histories as powers that exploited the indigenous and Black populations, they have had very different approaches to segregation. Upon emancipation in 1888, Brazil destroyed all birth records of the slaves and instituted the racist nation-building policies of *branqueamento* (Whitening) and *mestiçagem* (racial mixing) which encouraged an emphasis on color rather than race. In 1933, sociologist Gilberto Freyre labeled this approach the “myth of racial democracy” (1988), suggesting these measures gave the appearance of an equal society in what was otherwise a seriously racially-stratified country. Though Afro-descendants outnumbered Whites, these policies with their implicit approval of the “mulatto escape hatch” were so effective that unlike the United States and South Africa, Jim Crow-style segregation did not happen (Degler, 1971).

South Africa, by contrast, had *de jure* segregation promoted by laws such as the Population Registration Act (1950), Natives Land Act (1913), and Bantu Education Act (1953). National identity cards listed an individual’s race in unambiguous language. The end result, however, was the same: an educational system that trained Blacks for manual labor jobs and limited access to postsecondary education, and one of the world’s highest income inequalities between the rich and poor as measured by the Gini coefficient.

The two countries differ in the proportion of Black population: In South Africa, Blacks comprise almost 80 percent of the population, while in Brazil, Afro-descendants are about 50 percent. At the advent of democracy in South Africa in 1994, 9 percent of the African college-age cohort attended postsecondary education compared to 13 percent of the “colored” cohort; by 2005, these figures had grown to 61 percent and 75 percent, respectively. From 1995 to 2006, Afro-descendent enrollment in Brazil increased to 31.4 percent at public and 124.5 percent at private universities. Afro-descendent gross student enrollment more than tripled from 2 percent to 6.3 percent, but this still means 93.7 percent of Black youth aged 18–24 were not enrolled in college (Paixão, Rosseto, Montovanele, & Carvano, 2010). Affirmative action in university admissions began eight years later in Brazil than in South Africa; Brazil clearly lags behind and must take aggressive measures to increase the percentage of the Black age cohort attending college.

Affirmative action in admissions was influenced by political and socio-political factors. Decades after the divestiture movement began, South Africa rejected apartheid, elected Nelson Mandela president, and embarked upon a democratic government. In Brazil, the world socio-political pressure came from the Durban Conference (2001), which condemned the country for racism, along with the *abertura*, the reawakening of democracy, and the election of the President Lula in

2002. Lula was cognizant of the racial history of the country, often referring to his family as having “one foot in the kitchen,” an illusion to Brazil’s slave past.

This comparison illustrates that many nations are still grappling with “pre-rational” problems of access related to race, gender and class, a set of underlying challenges to fairness that predate the Enlightenment and the emergence of modern universities. The Brazil and South Africa cases illustrate how difficult it is to achieve fairness in developing nations engaged in the global economy; even concerted efforts to promote fairness contend with cultural, systemic, and financial barriers. But institutional racism is not the only matter of fairness addressed in the cases in this book. We also saw problems of discrimination by gender (across nations), class (Colombia), political attitude (China), and rampant corruption (Georgia). As globalization raises expectations of human rights, these practices are increasingly under pressure to change.

The Brazil and South Africa cases also illustrate that government usually must play role in overcoming barriers to equal treatment. The realization of human rights and capabilities within nations is dependent on fairness in elementary, secondary, and higher education. Given the strong cultural advantages of children from upper-class families, it is difficult for nations to maintain fairness, as illustrated by the discussion of the three no’s in the South Korea case, a nation that uses lotteries and other mechanisms to equalize opportunities. It is clear that it requires vigilance by activists and advocates within and outside of government to move nations toward fairness. The systems of accountability used by governments favor the corporate culture and neoliberal arguments for control. This vulnerability to misuse information and technology for social control may be the most serious threat to equal opportunity within developed nations engaged in the global economy.

Advocates for fairness and social justice need access to information on the consequences of policy. As Rasmussen notes in his review of Australia’s income contingent loan program, there is very little research on the effects of the strategy, so advocates and proponents of loan schemes in that country are left to ideological arguments rather than evidence-based discourse about fairness. The activism of some researchers in the United States provides evidence of the ways states’ neoliberal policies often increase inequity (e.g. St. John, Daun-Barnett, & Moronski-Chapman, 2013), but it is extremely difficult to disseminate evidence from critical-empirical research in ways that inform the public discourse.

THE SHAPE OF THINGS TO COME

The next chapter (St. John and Meyer) provides a detailed survey of policy instruments and tools that can be used towards fairer access policies. Here we only note that while more sustainable solutions are hard to imagine without a renewed commitment by governments to higher education as a public and civic institution, it also is hard to imagine that the needed funds can be mobilized without tapping into *new* sources of funding.

One direction in which to look might be a reinvigorated flow of voluntary giving. Due to its unequivocal potential to further the social good, higher education has historically been a field attracting generous philanthropic giving. Oddly, that flow of philanthropy today disproportionately goes to a small group of universities with endowments in excess of a billion dollars. Policies that encourage donors to spread their support to include lesser known, but equally vital institutions would seem timely.

Second, while a very large portion of philanthropic giving to higher education stays within institutional boundaries (flowing from alumni to their alma maters), many adults without strong attachments to an institution of higher education have no obvious target for their potential generosity. Government initiated public funds, independently administered to support qualified, needy students, might attract these people.

Third, given the degree to which businesses, health care, and other sectors depend on higher education for suitable human resources, ways may need to be found to return portions of the often considerable wealth of these organizations for the purpose of higher education. Funds could be set up by private corporations earmarked for students with certain interests, characteristics, and qualifications. Selection could take place by a board of independent judges. On a small scale, such funds are already available today, doing much needed work, but their radius and reach could be easily expanded.

A HISTORICAL JUNCTURE?

We have argued that the neoliberal, loan-centered higher education funding scheme comes up against hard limitations:

- It unjustly shifts the bulk of the cost burden to private families, rather than distributing it more equitably across all beneficiaries, private and public.
- It encourages run-away higher education cost inflation via hyper-competition.
- It excludes increasingly large segments of lower-and middle-class students from the higher education their talents may make them eligible for.
- It implies a flawed reframing of higher education as a private good.

The question is whether we can we diffuse higher education to wider groups without incurring flagrant injustices or will we continue on the track of further private cost sharing? In many ways, we seem at the threshold of a policy revolution akin to the social-democratic revolution when policies like the GI Bill in the United States and national stipend schemes in Europe first upset the long established elite equilibrium.

Because of the central role of higher education in a country's economy, polity, and culture, the stakes in this debate are high. In the more developed countries it may determine whether we find our way back to a large, inclusive middle class, or further tilt towards a polarized wealth distribution against which public opinion is

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increasingly turning. This, in turn, may determine whether individuals find the path to upward mobility vis-à-vis individual improvement or class struggle.

As in the 1950s and 1960s, profound change may be favored by the coincidence of the increasing perception of inequity and unfairness and the economic and technological demand for expanded enrollment. In the U.S. and other countries, higher education is the beneficiary of an implicit social contract that accepts certain degrees of inequality as long as higher education functions by and large as an instrument of upward mobility. When that is no longer the case, the legitimacy of the institution of higher education is threatened. The “occupy” movement has directed attention to some of these issues.

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**RECONCILING EFFICIENCY WITH EXCELLENCE
AND FAIRNESS: PROPOSALS FOR POLICY
AND PRACTICE**

INTRODUCTION

The question—How can nations reconcile the pursuit of efficiency with excellence and fairness?—should be a central concern in policy discourses on higher education within nations. The chapters in this volume illustrate that: 1) national engagement in global competition has undermined the traditional goals of excellence and fairness in pursuit of efficient (defined as low costs for taxpayers) public higher education; and 2) there have been bold efforts to reform higher education systems across nations, although patterns of change are not uniform. The outcomes of reforms have sometimes not corresponded with intent in part because of the dominance of the neoliberal efficiency rationale. We use the cases in this volume to encourage rethinking and reconstruction of national policies on higher education governance and finance. In the neoliberal trajectory, higher education is treated as integral to international economic competition and corporatization in ways that undermine actualization of the historic mission of universities promoting the social good within nations.

Earlier, Meyer argued that the neoliberal notion that efficiency can be realized through market systems may have run its course in higher education (Chapter 2). This volume has not only focused on examining the role of fairness within national systems, but the cases also consider the ways governments organized public systems and used market mechanisms to achieve excellence. Reconsidering the role of higher educational finance is a necessary part of reflecting on the limitations of market mechanisms in achieving fairness and excellence, because without consideration of these aims, any economic efficiency of markets noted will be false if citizens receive an inferior education and incur high debt that cannot be paid with the employment opportunities they receive.

Traditional means of financing and developing institutions within nations have been altered by international competition and corporate values (St. John, in press). In this chapter, we consider strategies governments can use to bring the overemphasis on efficiency into balance with the established goals of excellence and fairness. We first examine how neoliberal arguments about efficiency and markets have altered the long term aims of achieving fairness and excellence as illustrated by the cases

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and conclude by recommending strategies for governments in the 21st century seeking new ways to balance the goal of efficiency with fairness and excellence within higher education systems.

REFRAMING EXCELLENCE, EFFICIENCY, AND FAIRNESS

A neoliberal *market efficiency* argument—that college access can be expanded by market models emphasizing high tuition and loans—has dominated higher education policy in many countries. While we recognize the aim of market efficiency is not part of the policy discourse on higher education, we also argue that fairness and excellence must also be considered by crafting higher education policy within nation.

We argue that three aims—excellence, fairness, and *systemic efficiency* (i.e. how well the system provides fairness in payment through taxes and direct costs relative to educational quality)—provide a tri-polar frame for examining the efficacy of national policies in higher education, a policy triangle. We refer to these goals as *tri-polar* because there are arguments promoting each of these aims within national higher education systems; myopic emphasis on one of these aims can distort systems in ways that make it more difficult to achieve the other two goals. Below we examine the national cases presented within this volume: Australia (Rasmussen), Brazil (Somers, Morosini, Pan, & Cofer), Chile (Espinoza & González), China (Yang), Columbia (Uribe), Finland (Jalava), Germany (Kroth), South Africa (Nieuwenhuis & Schoole), Korea (Kim & Kim), and the United States (St. John), including a California state case (Schwenck). These cases provide examples of the ways both developed and developing nations have pursued the tri-polar aims of efficiency, fairness and excellence.

The New Dominance of Efficiency Rationales

Internationally, neoliberal arguments have promoted student loans and higher tuition as means of expanding college access during the globalization of economies in the late 20th and early 21st centuries (Henry, Lingard, Rizvi, & Taylor, 2001; Stiglitz, 2002; Woodhall, 1989, 1992). These arguments have largely been couched in the rationale that college graduates earn more and therefore are able to pay off their debt, a rationale with underlying notions of markets. The conversion from public subsidization of colleges to high tuition and loans has occurred faster in nations in the Pacific region than in Western Europe. Developing nations that engage in the global economy face fundamental questions about whether to use tools of the market—high prices, grants, and loans—rather than low tuition and public subsidies as they expand their higher education systems to compete internationally.

The *prima facie* test of the market efficiency rationale has been whether access can be provided through market mechanisms that reduce the cost to taxpayers, a construct that includes both costs and enrollment. [Figure 1](#) compares the extent of access (percent of the college-age population enrolled to the public expenditure used

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for higher education) for OECD nations in 2005. In theory, a nation that provides high access at low cost to the public is more efficient if other factors such as fairness and quality are not affected by financial mechanisms.

Three of the national cases included in this volume (South Korea, Australia, and the U.S.) are in the high access, low public financing quadrant (a high tuition, high loan model). In contrast, the two European cases, Finland and Germany, show a more substantial public investment in higher education.

Germany (until recently) and Finland provided both no tuition and student aid for students from low-income families, much like the U.S. model in the 1970s; however, Germany had lower enrollment. Was the German public finance strategy less efficient because it had nearly as high a percentage of public expenditures as Finland with lower enrollment? We could leap to such judgments from this type of simple cross-national reporting. In 2006, Germany started charging a modest tuition fee, as examined by Kroth, with somewhat surprising results.

It is crucial to note that most of the non-OECD nations in this study appear to be using market models to expand higher education access, including private colleges, loans, and tuition in public colleges. This pattern of development is especially evident in Chile, Brazil, Columbia, and within the Pacific region. But not all developing nations have followed this new ideology. For example, South Africa and Brazil have taken extreme measures to assure fairness within their national systems.

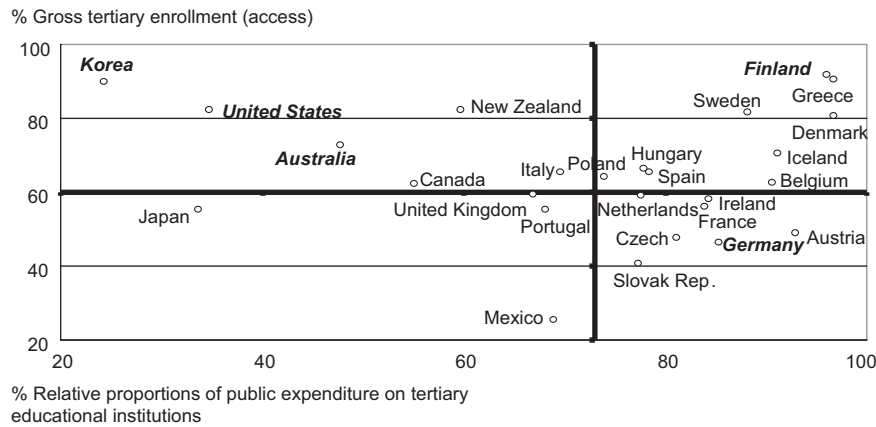


Figure 1. Comparison of OECD member countries on access to and public subsidies of institutions of tertiary education (2005).
Bold and Italics: Indicate nations represented in this volume

From the perspective of neoliberal advocates of market efficiency, the most disturbing aspect of this comparison of OECD nations on access and public spending is that many European nations that have dedicated a high percentage of public expenditures

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to higher education have also had serious economic challenges this century (e.g. Greece, Iceland, Ireland, Spain). As was the case with Chile in an earlier period, financial crises can become periods of rapid transition to marketization of public systems (Klein, 2007). Thus, even the old European system is prone to change with claims of financial crisis being used to reconstruct the public role in higher education.

This volume also included three nations that were in the high access, low cost category: Korea, Australia, and the United States (see the upper left quadrant of [Figure 1](#)). The Korean and U.S. cases illustrated that there are serious problems in fairness of opportunity within nations that use the market approach. The success of the market model depends on fairness in access to preparation in elementary-secondary education, a public good that is not fairly distributed, and the ability of prepared students to pay for college. High tuition and high grants may redistribute the cost of education in fairer ways than low tuition, because in the older system, low- and middle-income families were taxed to subsidize the college costs of privileged students who attended better preparatory schools in their neighborhoods. In the new market model, fairness can be improved if there is both improvement in the quality of education for the great majority of students (an issue discussed in the U.S. and Korea cases) and sufficient grant funding for low-income students to pay for college.

While income contingent loans overcome unfairness at the repayment stage, underlying inequalities are created by shifting from direct funding of students and colleges and mechanisms of cross-generation uplift to borrowing schemes that put the burden on each generation to pay its own costs through future earnings. This is conceptually the polar opposite of investing in the future generation for the social good. Further, as Rasmussen acknowledges, the fairness of the scheme (i.e. whether or not it has actually reduced inequality) apparently has not been studied. Thus, not only are all loan schemes morally problematic because they fundamentally alter the concept of the public good in higher education, but the notion that altering repayment might improve fairness in access remains a theoretical claim. The abundance of evidence in the United States, where there has been extensive research on the effects of debt, is that emphasis on loans without sufficient public investment in need-based grants results in increased inequality in opportunity to enroll in quality institutions (e.g. Fossey & Bateman, 1998; Hearn & Holdsworth, 2006; St. John, Daun-Barnett, & Moronski-Chapman, 2013).

Thus, while claims about market efficiency will continue to be voiced in the near future, this strategy probably increases economic volatility across and within nations (e.g. Chile and California cases in this volume). Governments must consider how these market efficiency claims can be balanced with longer term concerns about the role of higher education within nations. Our argument is that to the extent to which nations aim to achieve efficiency in the financing of higher education, this goal should be balanced with concerns about fairness in opportunity. But not only is efficiency as measured by lower taxpayer costs per student an illusionary goal for higher education systems, it may be a foolish one for nations, if both fairness and excellence decline as a consequence.

Fairness in College Opportunities

Fairness emerged as an explicit goal of public policy in higher education after World War II (Meyer, this volume; Trow, 1974; Yang & St. John, in press), but efficiency rationales in the neoliberal period altered the trajectory to fairness in access during the neoliberal, global period (Meyer, Chapter 2), illustrating the need for a new vision of fairness (Chapter 3). Given changes in tuition charges, lending, and public accountability, it is essential to revisit the concept of equal opportunity to prepare for, enroll in and complete college degrees. To the extent that fairness of opportunity is realized, it should be possible for governments to adapt to the new challenges to expand opportunity.

Marja Jalava's discussion of Finland illustrates the ways European nations used higher education as part of nation building after WWII. She discusses the ways technical universities were developed in response to national economic priorities, creating a system of unequal institutions and social stratification of opportunity. Germany followed a similar trajectory toward a differentiated system after WWII, but did not expand as substantially. These cases illustrate an earlier version of adaptation of national systems to incorporate an economic focus. In contrast, the U.S. system of community colleges and public universities had long had divergent pathways stratified by social class and, while programs like the GI Bill and Pell grants equalized opportunities to enroll in higher education, they did not equalize opportunity to enroll in a 4-year college. Australia had a tiered system with public universities, colleges of advanced education (CAEs), and technical and further universities. Efforts to amalgamate Australian CAEs and universities and convert the leading technical colleges (e.g. Melbourne Royal Institute of Technology) to university status began in the late 1970s and 1980s, but the system remains stratified (Rizvi, 2006).

Fairness in educational opportunity has been an elusive goal across nations; in fact, it is inherent within national systems that include an array of institutional types. Of course, China employed measures that were too extreme after WWII to expand opportunity for peasants (Yang, this volume). South Korea went to extraordinary lengths, using lotteries and other mechanisms, to ensure equal opportunity for diverse income groups to have access to elite universities (Kim & Kim, this volume). Student protests in Chile have had little impact on system change (Espinoza & González, this volume). In the United States, the federal government did not actively force Southern states to desegregate until 1977, and a year later the Supreme Court's decision in *Bakke v. California Board of Regents* (1978) forbade elite universities from explicitly considering race in admissions, a constraint upheld in subsequent Court decisions (e.g. *Gratz* and *Grutter*). Indeed, across national settings, elite universities with excess demand have found it difficult to actualize racial and/or economic diversity except for the quasi-entitlement grant programs in the U.S. (i.e. Pell Grants and the GI Bill) and the income-contingent loans in Australia (although empirical evidence from Australia is limited).

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The problems of social inequality in educational opportunity remains deeply embedded in societies and manifest in the patterns of preparation and college choice exhibited within national systems of all types. Two developing nations are now engaged in efforts to overcome the history of racial discrimination—Brazil (Somers, Morosini, Pan, & Cofer, this volume) and South Africa (Nieuwenhuis & Schoole, this volume)—but it is still too early to judge their progress. While the Brazil and South Africa cases provide extreme examples of inequality in prior educational and social opportunities, what Jacobs called background unfairness (this volume), there was also evidence in developed nations (Korea, U.S. and Finland in this volume).

Thus, fairness in opportunities for preparation for and in access to college are goals across nations, whether or not educational and economic systems are well developed. But defining and achieving fairness within both elementary-secondary education and higher education remain crucial to finding balanced approaches to public policy that promote social uplift *and* economic development. The prospect of gaining market efficiencies must be balanced with—and not sacrifice—fairness in educational opportunities within nations.

Global Competition for Excellence

Interestingly, efforts to develop excellent universities as defined by the international standards of publications, research funding, and so forth, have become integral to globalization (Wildavsky, 2010). Most of the case nations in this volume provide examples of national strategies to ensure the competitiveness of their leading universities, but we need to step back to understand earlier notions of equality and excellence within institutions in contrast to current conceptions in the neoliberal, global discourse.

Through the end of the Cold War, excellence in higher education was largely defined within nations. In the postcolonial period, quality within the previously dominant nation influenced quality within their network of former colonies. For example, for decades the nations in the British Commonwealth followed the patterns of change in the United Kingdom, with a few years lag (St. John, 1986; St. John & McCaig, 1984). It was relatively easy to understand quality in both technical and tertiary education across nations in the Commonwealth. The global influence of new methods of strategic planning and information technology began to have an influence on discourse across these colonial systems before the end of the Cold War (St. John, 1987), especially in universities (e.g. Kerr, 1978). This wave of managerialism (i.e. adoption of corporate methods of decision and control) influenced the methods used to plan and develop institutional systems, but did not alter the basic conceptions of the role of universities and technical educational systems across nations, but there was movement toward the upgrade of institutions within nations. The current neoliberal ideologies driving globalization have substantially influenced shifts in conceptions of quality and excellence. The arguments for universal access have

influenced an elevation of technical colleges within many systems (e.g. China, Finland, South Korea, United States). They have also altered high school education, increasing the emphasis on academic courses as preparation for both collegiate technical and university education. In the current global context, there are new measures of quality used to rate universities across nations; older conceptions of quality in technical education, teacher education, training of health technicians and so forth were more easily understood. Beyond the push for expanding access and ranking universities globally, there is also an emerging shared understanding across nations in the definitions of quality for these fields that historically have provided entry into the middle class.

The emerging concepts of excellence within the new global scheme of higher education bear substantial resemblance to older notions of quality, as illustrated by an emphasis on rankings, a concept closely linked to publications in high quality and peer reviewed journals. The neoliberal arguments about excellence in higher education have focused largely on notions of national competitiveness in science and technology, a pattern abundantly evidence in the national cases. Yet human networks of scholars and the ability to engage in collaborative research remain central to achieving excellence in scientific research (Clements & Powers, in press). This conception of global scholarly community that relies on judgments about the excellence of scholarship, including peer review systems, is an artifact of older practices across disciplines. Networks of scientists are being built through interactions among scholars across nations as they learn the accepted standards of research and secure funding for competitive projects. Indeed, there is a broader conception emerging of the global community that appears compatible with traditions within science, the social sciences, and humanities as they are evolving in the international discourses in related fields and practiced by scholars in research universities across nations.

But the new and older concepts of excellence are not well aligned with the differentiation of higher education systems that has emerged. There is a vision of highly competitive universities that seek advantageous placement in international rankings, but this vision needs to include high quality opportunities for higher education that provide entry to traditional middle class professions as well as the newer scientific and technical jobs central to neoliberal arguments about economic globalization. In an era when technical education has been elevated from high schools to colleges, all students are expected to prepare for collegiate education in high school. Students who earlier would have had technical education during high school are now expected to take advanced college preparatory courses before they can obtain collegiate technical education. In this new context, it is crucial that governments develop workable and generally accepted notions of quality for all levels of postsecondary education because it is directly linked to the economy; false claims about efficiency can undermine the economic well being of educated citizens, as illustrated by the California and Chile cases on protest.

Finding Balance within National Systems

Developing and strengthening national systems of higher education—and the institutional and social networks that comprise them—represent an essential element of national competitiveness in the global economy. There has been a globalizing influence on economies: not only do factory workers compete across nations, but many middle class jobs in science, engineering, and other professional fields are subject to international competition through outsourcing. In the United State, there are many unemployed and underemployed lawyers and masters' graduates of business schools. These conditions contribute to the public outrage about the consequences of national engagement in the global economy and the realization that the market efficiency model is fundamentally flawed.

Having made this criticism, we recognize that the magnitude of public costs merits attention as part of the a broader conception of fairness, one that should consider tax rates, public investment strategies, extent and quality of educational opportunity, and the outcomes of public investment for individuals and society. As part of this broadening of the conception of fairness in higher education, we suggest nations must strive to achieve a balance among three goals:¹

1. *Excellence* of educational institutions and opportunities for preparation and collegiate education, as measured by:
 - a. Fair measures of achievement, preparedness, and congruence of individuals' goals, background, and talents across levels of education (strength-based indicators of ability to navigate educational systems)²; and
 - b. The quality of linkages between education and employment opportunities across institutional types, a challenging proposition for both employers and institutions of higher education that becomes more important when personal borrowing is necessary for college completion.
2. *Fairness* in educational opportunities at all levels of the system (procedural fairness), as measured by:
 - a. Equal access to quality opportunities for elementary and secondary education (background fairness).
 - b. Equal opportunity for consideration of merit in competition for admission at prestigious institutions, adjusting for prior background inequality as appropriate relative to talents required for academic success (stakes fairness).
3. *System Efficiency* in public investment in higher education systems as measured by:
 - a. Fairness in *ability to pay* for the costs of education through
 - i. Taxes on earnings from cross generation uplift; and
 - ii. Family and/or student payment of affordable direct costs after subsidies (affordable net cost).
 - b. Fairness in public subsidies as a share of the costs of providing quality education, as measured by:

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- i. The overall quality of educational opportunities relative to the levels of and return to public and private investment; and
- ii. Return on the public share of investment in relation to percentage of direct educational cost for subsidies to institutions and students.

The challenge for governments is to balance these goals. The current notion of accountability assumes governments should control educational institutions. In contrast, we argue for government responsibility. By developing information systems sufficient for research analyzing these measurable outcomes, government agencies can adjust and adapt policies to balance these aims (Hearn, 1993; St. John & Musoba, 2010). If these goals conceptualized as tri-polar, then the aim of policy should be to reduce the distance between each of the aims (i.e. to reduce the size of an equilateral triangle).

While it is possible to achieve a balanced approach to the public financing of higher education that includes fairness for students, citizens, and businesses within nations as measured in these indicators of goal actualization, it is rare to find this balance. The comparison of U.S. States, which have the primary responsibility for public financing of higher education, has found that some states are closer to achieving this aim than others (e.g. St. John, et al., 2013).

MOVING AHEAD: A “TO DO” LIST

Given the need to balance public calls for efficiency with the longer term goals of excellence and fairness in higher education within nations, there is still a compelling need and rationale for public finance schemes that subsidize students and institutions in ways that promote fairness and ensure quality. Yet coincidental with their engagement in the global economy of the post Cold War period, most nations have adopted the neoliberal argument for using loans and high tuition as means of public funding for higher education. This method of expansion of higher education systems has made it increasingly difficult for most nations to actualize the goals of excellence and fairness. Therefore, we provide a “to do” list for governments seeking to bring efficiency into better balance with the goals of excellence and fairness.

A central neoliberal argument has been that expansion of higher education, especially degree production in science and technology, is essential for competitive engagement of nations in the global economy. To find means of funding expansion, an argument was developed to use loans and high tuition as alternatives to traditional models of institutional subsidies which reduced direct costs for students and provided need-based grants to pay the living costs of students in financial need. The Finnish model is an important counter case because the nation expanded access, especially to new technical programs, using this traditional model.

Thus, we start our “to do” list with the proposition that it is possible to maintain or reconstruct fair systems of higher education using this traditional public finance

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scheme within developed economies, but it is also necessary to recognize the new status quo created by three decades of global neoliberalism. We argue that as governments use the newer market methods of high tuition coupled with loans to expand access, it is necessary to monitor the impact of these strategies on both fairness and excellence within public systems and to use this information to inform adaptations that move these institutions toward, rather than away from, these crucial aims of higher education. Neoliberal arguments about efficiency in public finance of higher education remain hollow and deceptive if they do not also prioritize fairness and excellence along with the efficient use of tax dollars. Indeed, it simply is not possible to achieve fairness in and expansion of higher education without public subsidies for students and/or institutions.

Philosophy of Public Finance

There is a major shift underway in the global period, from the use of tax dollars and other subsidies to support both economic development (e.g. tax incentive for building factories) and social change (i.e. expansion of and fairness in education and social opportunity), to systems that rely on market mechanisms. For nations that now use neoliberal reasoning in the governance of higher education, it is crucial to balance emphasis on fairness and excellence with the drive to economize in the use tax dollars.

1. Coordinate public finance to ensure fairness and assess the relative benefits of traditional versus market methods of public finance.

In the initial wave of advocacy for the market model in U.S. higher education, economists argued for shifting funding from direct subsidies to institutions to funding students. Great attention was paid to finding an appropriate balance between families paying the direct costs they could afford to pay and the government subsidizing tuition for low-income students. Need-based grants provided a mechanism of integrating a greater emphasis on fairness within this system, a pattern of public finance evident in the initial GI Bill and in the original Pell grant program.

The funding constraints on grant programs coupled with the acceleration of public tuition charges in the neoliberal period have accelerated unfairness, both in terms of the *implicit expectation* of indebted servitude on the part of low-income students with excessive loans, including private, unsubsidized loans, and the *explicit shift in social responsibility* from focusing on cross-generation uplift to the expectation that each generation must pay its own way. It is crucial that governments continually assess the fairness of their public finance schemes for higher education. In a period of nearly universal access, overrepresentation of low-income and minority groups in low-cost, low-quality institutions serves as a primary indicator of serious problems and the need to develop alternative methods of public finance.

2. Take steps to ensure institutions are adequately financed to maintain and improve quality when shifting to market methods to finance higher education.

In the old system of public subsidies to colleges, institutions could make arguments that high public funding would ensure high quality, and elaborate public funding schemes were often developed to maintain institutional quality in the initial shift to the market model. In the new system of high loans and high tuition, the ability of institutions to fund quality improvements is linked to their capacity to raise tuition when public subsidies decline, attract students who can pay the full costs of attendance, and raise funds from donors. Because of their histories of functioning within market systems, elite private non-profit colleges were in the best position to benefit from the second stage of marketization of high education in the United States; conversely, community colleges and comprehensive colleges that attract low- and middle-income students were at disadvantage because of the same factors. The quality of these institutions is often threatened, a situation also evident in many developing countries (e.g. Chile, South Korea, Brazil).

While there are well established links between levels of funding and the quality rankings of institutions, it is now not clear how governments can best maintain and improve the quality of their colleges and universities in market systems that emphasize tuition and loans over direct institutional subsidies and need-based grants. Consideration of completion rates, employment rates of graduates, and other outcomes may help inform policy on these matters, but too often such information is used to redirect subsidies to wealthier institutions that have better records on these outcomes. It is crucial that the links between level of direct public subsidies and ability to attract and retain high percentages of low-income students be considered along with comparisons of completion rates as governments attempt to reemphasize quality within the new market systems that have developed.

3. Adapt and improve public accountability systems to provide information to inform change initiatives.

The data collected for public subsidies are typically used in overly simplistic ways without adequate consideration of the links between public funding and outcomes related to both excellence and fairness. This type of action (e.g., redirecting subsidies to institutions with high completion rates without considering other critical indicators) can undermine both equity and fairness in the colleges and universities serving the great majority of students. However, many systems now collect data that can be used by change advocates within higher education to inform reforms that expand opportunities and improve equity (St. John, in press; St. John & Musoba, 2010). Formal data systems, including student record tracking data, can be used to assess challenges confronting educational institutions, encourage thought about and design possible remedies, and use of pilot tests of new remedies that are then evaluated to provide accurate information on outcomes. This process used a research-based approach to inform adaptation and innovation within systems.

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In addition to using extant data as a resource for improving quality, government should use the data they collect to assess how well their strategies are achieving the aims of excellence, fairness, and efficiency. Existing data will usually include some indicators or data that can be used to construct viable indicators. Using extant data systems for support of institutional reform and for assessment of progress toward goals will provide incentives to improve the quality of information at all levels of the system.

Adapting Contemporary Strategies for Public Finance

In the United States and many other nations (e.g. Chile), there are widespread neoconservative arguments for not funding education. At the extreme end of these arguments, only wealthy people would have access to quality education and health care, a condition that is already evident in some states in the U.S. In contrast to the neoliberal rationale that advances efficiency and STEM education as logics for public funding, the neoconservative rationale argues against public funding altogether, an argument aligned in some instances with libertarianism (i.e. value placed on social freedom and free markets).

The neoliberal and neoconservative arguments that dominate public policy in the United States and some other countries have deemphasized using tax dollars to support cross-generation uplift through fair access to quality education, social services, and health care. Traditional liberal arguments about the social good as a balance to claims about efficiency and technology are seldom voiced within the public discourse. The comparison of trends in the Pacific region (Chile, South Korea, Australia, and the U.S) with the European cases, especially Finland, illuminate fundamental differences in taxation and the use of tax dollars to ensure progress in the public sphere.

4. Tax individuals, including and maybe especially high-income earners who actualize the monetary benefits of public investment in education, to subsidize public colleges and universities.

There has been a dramatic redistribution of wealth from the poor and middle class to the wealthy during the global period, especially in Pacific region countries. It is crucial these nations adjust for the disparities in wealth redistribution to the wealthy class through fairer taxation and increased investment in education and social programs that support uplift and social progress.

In the economically stratified system of education that now exists in most developed and developing nations, the pattern of low tuition in colleges serving the masses and high tuition in elite universities accelerates social, racial and economic stratification in higher education systems. While low-income students attending low-cost colleges already need financial support to pay for living and other costs beyond their families' ability to contribute, their financial need increases when tuition rises. In fact, in the United States, most public four-colleges now have net

costs of attendance after need-based grants that also exceed the ability to pay by many middle-income families. When this threshold is reached, it can be difficult for colleges to generate enough net tuition revenue (income after need-based grants) to pay for the costs of quality education when they also must provide grants to meet the financial need of their students.

The public has a stake in funding need-based student aid and expanding opportunity. Further trustworthy information on quality, including public transparency about graduation rates and the employment rates of graduates, are necessary to create a fair system of public and private financing of higher education in market systems. If the focus is on reducing the public share of costs without considering the quality of educational opportunities and fairness in access to the institutions providing collegiate academic and technical programs, then support for using public taxation to fund higher education can erode, decreasing the legitimacy of government and higher education, a condition evident now in some states in the United States (St. John, et al., 2013).

5. Consider low- or no-tuition plus need-based grants because they are the fairest possible combination of approaches to public financing of public higher education for students and taxpayers.

Excessive borrowing and work constrain learning opportunities for most students because their choices of fields and ability to engage in study groups are constrained compared to wealthier peers. Such policies are simply not tenable in societies that espouse commitments to fairness and social justice.

Other than the neoliberal notion of market efficiency, loans have only two possible moral uses within a national system of public finance: 1) students may have reason to borrow to pay for extras (luxuries) beyond their financial need (e.g. a year of study overseas); or 2) the fairest basis for requiring a set and fair work-loan burden is to set a level that must be met by students before they receive need-based grant aid (i.e. self help), in which case the same standard should be applied for all students.

The first standard, the luxury borrowing rationale, relates to the purchase of additional educational opportunities beyond those set as the generally agreed upon standards of a quality education. In some nations, the opportunity to study in other nations might be part of the general quality standard. But more generally, such opportunities of enhanced educational experience could appropriately be considered luxuries for which students must borrow (i.e. pay their own way) if their families do not have sufficient wealth to pay for these options. Thus, setting and monitoring a quality standard becomes an important mechanism for discerning the viability of loans when a luxury standard is applied.

The second standard, the self help rationale, should be extended to wealthy students receiving merit aid. If low-income students are expected to work and borrow before they receive grants, then the same expectation should be applied to wealthy students receiving merit aid, especially when self-help is used as a rationale for requiring students to take out loans rather than providing low-income students

with direct payments based on need. Such reasonable rationales are seldom the basis for lending policies, however. Instead loans are generally used as a basic part of the need-based aid package, a practice that is difficult to justify in relation to the public good. The shifts nations have undergone in the use of loans—for example, from grants to loans for need-based student aid and from no tuition to high tuition plus loans—undermine fairness within national systems of higher education.

6. Use loans only as last resort for funding expanded access.

Using need-based grants to subsidize the costs of low- and middle-income students when tuition increases to levels that only about half of the population can pay without subsidies actually costs taxpayers less than not charging tuition because only students with financial need receive the subsidy. In contrast, using loans as a means of funding student aid shifts the premise of public finance from supporting cross generation uplift—a central assumption of moral obligation in John Rawls's just savings principle as a theory informing public finance (St. John, 2003)—to having each generation fund its own attainment.

Loans redistribute the tax burden from paying forward for uplift to paying backward for opportunity. It reduces consumers' disposable income across generations and erodes the capacity of nations to develop economically. Income contingent repayment of loans, as in the Australian model described by Rasmussen in this volume, reduces unfairness in the backend taxation, but the shift from taxing for the future of society to taxing past generations for the opportunities they consumed is still part of the equation, even if there is a gentler, kinder mode of repayment. While we have not found econometric studies of the effects of forgivable loans in Australia, the system is generally regarded as fairer than other loan schemes (Lleras, 2004).

7. Make sure there is fairness in repayment when loans are used to expand access.

Rasmussen argues for income-contingent repayment in the United States and also that money should be shifted from Pell grants to these loans. This approach has elements of progressive taxation, but it has two serious problems: it shifts the burden of supporting the progress of the next generation (public good) away from tax payers and it assumes, like proponents of loans, there is fairness in prior preparation. When economists examine the effects of loans using econometric analyses, they *assume* there was prior fairness in preparation (background fairness) (e.g. Lleras, 2004). Since this assumption is not met in any nation—and probably never will be met—it is necessary to take steps to ensure fairness in K-12 education opportunities.

The differentials in community support of education along with families' willingness to pay for elementary-secondary education when they have the ability to do so ultimately undermine the ability of nations to provide fairness in academic preparation. At best, public systems and publicly-subsidized, quasi-public market systems of elementary-secondary schools (e.g. charter schools) can meet a minimum quality standard set by the state, province or nation. The government, along with the school and community, share an obligation for funding the public and quasi-public

systems at a quality standard that meets expectations for college preparation. But there is inevitable variability in the quality of the schools in these systems, so it is impossible to have authentic fairness in preparation. The adjustment of admission standards, indexing exam scores to school quality and/or using strength-based indicators of talent, provide means for fairness. But the implicit inequality in the system itself undermines the rationales for using loans as a primary means of funding access to students who receive a basic education in public systems.

Fairness in Preparation, Access, and College Success

Neoliberal arguments about education in the global period alter the alignment of secondary education, higher education, and work. Advocates of this rationale argue for the uplift of technical education to collegiate status and the redefinition of high school curriculum as college preparatory. In some nations, the realignment of pathways between education and work has undermined the quality of secondary and higher education, adding to social stratification, income inequality, and the futility of loans as a means of funding expansion of access.

8. Recognize the ways contemporary academic strategies promote educational stratification by race, class, and gender.

Before neoliberal arguments for universal college access as a necessity for international competitiveness, most nations had alternative pathways through elementary and secondary schools that led directly to work; college preparation was limited to a select few. This system had inherent class-based inequalities. While some nations still have this traditional system (e.g. Germany), there is a shift in most nations toward defining high school education as college preparatory and elevating technical education to the collegiate level. Regardless which system is used, students are provided with different levels of academic preparation, either through non-academic tracking or through inequalities in high schools within nations. Unequal collegiate preparation fuels stratification in access to higher education, a pattern evident in South Korea, Finland, the United States, and other nations. The pattern of elevating technical education to collegiate status coupled with the failure to fully alter secondary education in formerly technical programs to meet the new academic quality standards has undermined quality in both systems.

9. Maintain and promote appropriate alignment between basic and advanced educational systems.

The shifting patterns of alignment between education and work merit constant review and critical analysis. For more than three decades, neoliberal arguments about education and work have prevailed in many nations. Yet following these policies have not always worked well, especially in the United States. Careful study of national patterns of change is crucial regarding trends in high school and college degree completion, trends in average earnings across education attainment levels

and degree types, and patterns of employment. These trends should be examined for different types of higher education systems within and across nations, along with policy patterns (in curriculum and finance). After three decades of neoliberal policies, it is time to evaluate their impact. In the United States and South Korea, for example, it is evident the new graduation requirement often increases high school dropout and does not substantially reduce inequality in collegiate opportunity.

The role of testing schemes also merits critical examination with sound empirical evidence. There is apparent unfairness in monolithic, government controlled, “meritocratic” test-based systems like China, Japan, France and other nations. Among students, there is a large diversity of talents aligned with the content of academic and professional programs that are not tested. For example, in the United States the use of non-cognitive measures has been widely adopted as an alternative to over reliance on standardized tests (Bowman & St. John, 2011; Sedlacek, 2004). Greater attention to the role and effects of testing is needed.

It is essential that researchers and policymakers within and across nations collaborate on critical analyses of the effects of policy implementation to build information to inform the reform of policy. While we have argued for a return to old liberal policies, it is unlikely that the global nature of education, work and production of goods will change. So it is crucial to build a better understanding of the ways contemporary policies lead to equality and inequality of outcomes, as well as to the quality and poor quality of educational enterprises. However, rather than merely accepting the naive and corporate-like notion of holding schools and colleges accountable for their outcomes, it is time to think more seriously about the failures of this new generation of education and public finance policy. Based on research evidence examining the linkage structure between policies and outcomes, it should be possible to craft better policy, rather than rather that recreating ideological arguments based on misconceptions, as has been the case in education policy for decades.

10. Encourage public testing of new remedies to inequality.

Given the use of high tuition and high debt as a means of financing higher education in many nations, it is essential to encourage philanthropists, universities, and advocates of fairness to test new mechanisms for funding fairness and to expand use of those with substantial evidence of success. Currently, there is a substantial rationale in university funding campaigns to support endowments for quality programs, an essential aspect of the excellence recognized in the high international rankings of some U.S. research universities (i.e. Harvard, Stanford, Princeton, University of Michigan, etc.). Unfortunately there has not been sufficient development of philanthropic mechanisms that have proven successful. Through a process of open experimentation within nations, states, provinces, and cities, new partnerships could be created to pilot test:

- *Alternative forms of taxation.* Local businesses and employers get involved in supporting alignment of educational opportunities with employment opportunities.

For example, ‘college graduate tax’ might be used to assess tax in proportion to the number of college graduates employed by a business, a process that could provide incentives to align technical and other postsecondary programs with local employment opportunities.

- *Targeted approaches to tax incentives.* Corporations could ‘buy themselves out’ of some forms of local and state tax by making voluntary contributions to a student grant fund. This approach could benefit corporations more than reduced taxes alone. It would also create incentives for alignment of academic programs with employment opportunities.
- *Target grant funds to local labor needs.* Public and non-profit grant funds could be set up by private corporations, wealthy citizens, and governments and earmarked for certain kinds of students, pursuing certain kinds of studies, and exhibiting certain kinds of characteristics and qualifications. Selection could take place by a board of independent judges, such as university professors etc. Currently there are schemes in the United States to direct scarce need-based grants, like Pell grant funds, to the ubiquitous STEM fields. A more directly targeted approach the uses local philanthropy might be a better approach.
- *Partnerships between universities and philanthropists, governments, and corporations:* Universities and colleges may also contribute target grant programs using a shared cost approach, if these funds extend their capacity to meet the financial need of their students. They should be encouraged to use some of their endowment money to ease the crisis. Institutions with billion dollar endowments should be able to come up with creative ways of funding students (not necessarily only their own).

The Prospect of Resistance and Protest

The increasing inequities in college access have not yet met with widespread resistance, although in the United States protests in California may be harbingers of things to come as were protests in Chile. Joseph Stiglitz, a professor at Columbia University, actively engaged with protests in New York City, and his recent book focuses on the future of the occupy movement (Stiglitz, 2012) illustrating the potential of widespread protest of a type not witnessed globally in decades.

There is a direct link between the neoliberal reconstruction of education, changes in the financing of higher education, and extensive student debt. These trends are not just coincidental, but are linked through a complex set of state, national, and international policies (St. John, et al., 2013; Stiglitz, 2012).

In the U.S. in particular, colleges are the beneficiaries of an implicit social contract that accepts certain degrees of inequality as long as college essentially as instrument of upward mobility. When that is no longer the case, larger numbers of Americans may speak up. The Occupy Movement has directed attention to some of these issues. We call attention to these developments as indicators of public unrest attributable to the high tuition, high loan scheme.

NOTES

- ¹ This statement is derived from the Meyer and Jacob chapters in this volume along with St. John's prior research on social justice in educational opportunity (St. John, 2003, 2006; St. John, Daun-Barnett, & Moronski-Chapman, 2013)
- ² The concepts of noncognitive (Sedlacek, 2004) and strength-based indicators (Bowman, 2012; Bowman, 2012) provide measures of ability to navigate educational systems, including realistic self-understanding. These measures are frequently used in the review of applications for college.

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