



## Privatization of Latin American Higher Education Reflects Worldwide Trend of Collapse of Public Monopoly in Education

by Daniel C. Levy

Few policy issues in higher education surpass privatization for the interest, debate and change witnessed internationally over recent years. And no continent has matched Latin America for the intensity and breadth of transformation realized to date.

Private higher education in Latin America—already powerful a decade ago—has been significantly strengthened and increasingly fits the reigning political-economic ideology. Although the overall private share of enrollments—about one-third—has not grown dramatically, vitality and coverage have. Moreover, private growth has been enormous in the research arena.

Not long ago, the remarkable privatization of Latin American higher education was vulnerable for being exceptional. Now, the most dramatic change on the worldwide higher education landscape involving private-public issues is the collapse of public monopoly.

### Other Regions Joining Trend

Sub-Saharan Africa has joined a minority of nations from North Africa and the Middle East in having some private sectors. Kenya leads at least six pioneer sub-Saharan nations. The largest African nation, Nigeria, has serious prospects to join, after an aborted experiment in the 1980s. Throughout the region, the prime factor is a sharp growth in overall demand for higher education which cannot be met by decreasing government revenues. Other factors are a decline of status, quality, and privilege as well as the diminished opportunity within the public sector.

The collapse of communism

has opened enormous private possibilities in other regions. Romania has about 20 private universities which are attracting students, though lacking State recognition. China has a growing number of “nonpublic” universities drawing on donations from Chinese living overseas and students eager for job placement in business. Australia’s private sector is led by the elite Bond University. England chartered its first private university in 1983. After more than 40 years of public monopoly, Germany has also opened a pri-

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mate sector. Greece illustrates how private institutions can expand even when government does not officially recognize their degrees.

Japan, the Philippines and South Korea demonstrate the existence of strong private sectors holding over three in four enrollments, followed by several other Asian nations with private majorities, such as Indonesia and Bangladesh.

While Latin Americans have reason to note and monitor privatizing trends elsewhere, there is arguably greater rea-

son for others to study Latin America. They are those nations mentioned earlier that have only recently begun to experience dual-sector systems, which are often ardently promoted by international agencies such as the World Bank and the Americas’ Fund for Independent Universities.

### Political Economy a Factor

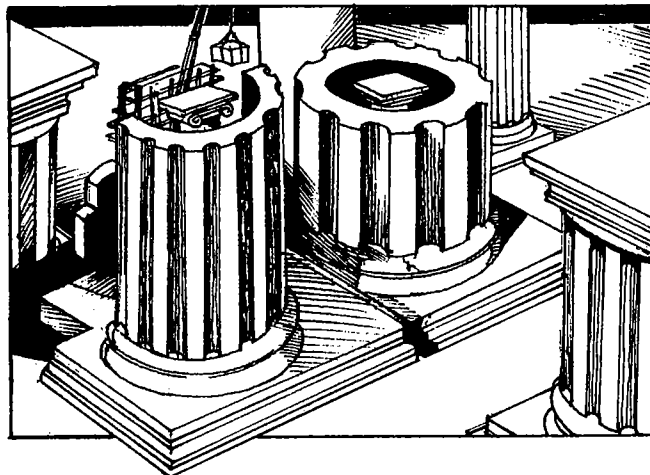
The privatization of higher education occurring in much of the world is part of a broader privatization of the political economy.

For decades, privatization of higher education was inextricably interwoven with broader political, economic and social phenomena in Latin America. Yet, up until a decade ago there were serious reservations about the degree to which this could be seen as part of a wider political-economic privatization. In the 1960s, for example, much privatization of higher education occurred while the role of the State was in fact vigorously growing. Continued privatization in the 1970s occurred as the State role became more muddled. This means that considerable privatization occurred in higher education without being

part of, or dependent on, a broader privatization. But today, the two march closely together.

Nearly every Latin American nation is now experiencing a diminished role for the State and increased room for private action, both for-profit and non-profit.

Chile under military rule (1973-90) led in privatization, but a democratic Chile remains much more friendly to private action than was pre-coup Chile. Other democratizing nations



have followed suit. The transformation has been pushed by presidents who campaigned on the theme in Chile, Mexico, and Brazil, and those who declared their intentions after electoral victory, as in Argentina, Peru, and Venezuela.

Broad privatization makes private universities stronger and more secure financially, politically, and ideologically, as is evident in countries such as Chile, Uruguay, and Costa Rica. Even in those countries where opposition to privatization still exists, private sectors are more powerful and assertive than before. Belief in privatization, nonprofit sectors, and pluralism has gained great ground at the expense of belief in State-dominated systems of standardization.

### History of Private Enrollments

Only Colombia and Chile had private universities predating this century. Though colonial universities were entities fusing what we would now call private and public traits, as illustrated by their Royal and Pontifical titles, for the most part these evolved into decidedly public universities after independence from Spain in the early 19th century.

By 1940, only Peru and Mexico had added private sectors. Three percent is a good estimate for the private sector's share of total Latin America's enrollments by the mid-1930s.

By 1955, the first year for which systematic regional data can be compiled, the private sector had grown to 14 percent. The main factor was the establishment and growth of Catholic universities. The private sector then increased slowly for a few years, but jumped to 20 percent by 1965 before undergoing its most intense growth. By 1970, the private share reached near 30 percent.

By 1975 it claimed one in three enrollments, but this rapid proportional growth has not continued. The private sector's share of Latin America's higher education enrollments has remained steady or has increased modestly in the last decade, with figures of 34 percent for 1975 and 37 or 38 percent for the late 1980s variously cited by sources such as Levy and Unesco's Regional Center for Higher Education in Latin America.

Where elite or even just decent private sectors are blossoming, much of the explanation continues to lie in the concept of public failure, or at least the perception of such failure.

### Factors Leading to Privatization

Pertinent factors include lower academic preparedness for those attempting to enter public higher education, massification of teaching, hiring of unqualified professors, diminished value of the university degree on the job market, debilitating political conflict within the university, repression from outside the university, diminished financial resources per student, stultifying bureaucratization, and so forth.

Regarding overall enrollment growth, the 1980s witnessed an increase from roughly five million to well over six million. This is substantial. But considering that the 1970s saw a jump from just about one and a half million to the five million mark, growth has slackened.

Only one nation suffered a major decline in its private share: Nicaragua, where Sandinista rule is the obvious explanation.

All other nations with a major percentage change experienced an increase in the private sector: El Salvador, Panama, the Dominican Republic, Haiti, Costa Rica, and perhaps Honduras. Because all except the Dominican Republic previously had small private sectors, sharp private growth there has meant that the breadth of privatization across Latin American nations is now considerably wider than before. But these changes all involve small nations. Big systems experienced little proportional change. Brazil, the giant, showed remarkable stability or even a slight decrease in the private sector.

Nations with the majority of their enrollment in the private sector are Brazil, Colombia, the Dominican Republic, and perhaps Chile.

Nations with over 30 percent in the private sector are El Salvador, Peru, and possibly Chile. Between 20 and 30 percent are Guatemala, Paraguay, and Haiti, with Costa Rica and Venezuela entering the category. In the next lower decile are

Argentina, Ecuador, Mexico, Nicaragua, Panama, and possibly Honduras. That leaves just Bolivia, Uruguay and conceivably Honduras with private sectors holding under 10 percent of total enrollment.

Cuba remains the sole nation with no private higher education, but pre-Revolutionary Cuba had private universities; therefore, every Latin American nation has had some experience with the private sector.

The most pronounced change in recent years concerns Uruguay. Opened in the mid-1980s, the *Universidad Católica del Uruguay Dámaso Antonio Larrañaga* fits the historic regional pattern wherein the first private "wave" is Catholic. However, it also marks a minor break in the pattern wherein almost every private university created since the early 1960s has been secular.

The ability to build new areas of strength is a major characteristic of vibrant private sectors. In education, a religious to secular flow is common. Doomsayers foresaw a private sector crisis in U.S. schools and higher education when Catholic institutions lost enrollments. However, fundamentalist, secular, and other new private forces stepped in to fill the void and negated dire predictions. Latin American private higher education has been passing a similar test.

Costa Rica opened its private sector in the 1970s. In the 1980s the sector diversified with several secular institutions (e.g., the International University of the Americas), and enrollments soared.

Chile, where the six private universities had by the 1960s become quite like public universities, saw a breakthrough in the 1980s when three truly private universities emerged. By mid-decade others followed and then wild proliferation ensued just prior to the regime change at the end of the decade.

For better or worse, the university's share of total higher education enrollments in Chile is now matched by nonuniversity institutions. A few of Chile's new private universities seriously aspire to secular-elite classification. A prominent example is the Mayor University, while Adolfo Ibanez University in Valparaíso might well be Chile's parallel

to private management-oriented institutions that have prestigious predecessors in Brazil, Venezuela and Colombia.

Other new institutions, however, can be categorized as part of a private "subsector" which has developed simply to absorb the demand for education which cannot be met by either the State or even by existing private institutions. This subsector is showing the largest enrollment growth and is concentrated in countries where private enrollments have jumped during the last decade. Chile is an important example from among those nations with venerable higher education systems.

El Salvador is a striking example of a system that had less than 5,000 total enrollments in higher education as recently as 1975, a number which increased to 85,500 by the late 1980s. At the end of that decade, the country's one public university (*Universidad de El Salvador*) had 47 percent of total enrollments, while 31 private universities and a number of private institutes and colleges claimed the remainder.

Though growth almost always comes in institutions requiring four or more years of study, it is also evident in Peru's creation in the 1980s of two-year private technical institutions. It surely applies to Venezuela's "university institutes" and "university colleges;" these institutions largely account for the private sector's jump to 24 percent of total Venezuelan enrollments by 1989.

The continued gap between supply and demand is exacerbated by the lack of new Catholic universities and the inherent limits on growth of the elite private sector.

A crucial further reason for the growth of this subsector is the economic crisis which crippled Latin America throughout the 1980s, depriving some individuals of the means to pay for private higher education, and also depleting the State's ability to fund public universities. When coupled with the lessened belief that the State has a responsibility to meet demand and provide opportunities, this led to cuts in subsidies. That in turn affected not only the number of places available, but also the quality of

instruction that was offered in the public sector, both of which then promoted private growth.

Should the State be inclined to lift restrictions that have been blocking the formal recognition of additional private universities, as in Argentina, or blocking approval of proposed new courses or programs within existing private institutions, as in Brazil, this private subsector could grow still more.

This private "demand-absorbing" subsector is more than a passive recipient of students, however. It has increasingly albeit inconsistently shown some success, as in job-market placement for graduates who had committed themselves to comparatively short and inexpensive programs of study. Paradoxically, institutional difficulties have also sometimes led to growth, as with Peruvian universities that struggle to meet costs, and therefore admit more students to collect more tuitions.

In addition, the passage of time accords greater significance to another factor seen prior to 1980: established, long-standing private sectors increasingly attract all students. Whereas initially it requires formidable reasons to break with public tradition and try the private sector, with each passing year it becomes more common for students to do so.

### **Rising Role of Private Research Centers**

Most discussion of Latin American higher education limits itself to institutions that teach undergraduates. It excludes graduate and research institutions. Until the 1970s, that exclusion was not terribly consequential because the private sector did little in research or graduate education.

Crucial change occurred in the 1970s and accelerated extraordinarily in the 1980s. Private research centers have displaced public universities as Latin America's leaders in social science and policy research and have, in fact, led a regionwide revolution in the quantity of research, as well as its quality and relevance.

Private research centers are defined by their juridical identity, separateness

from wider institutions, and dedication to research as a task at least equal to all other. Private research centers have usually depended fully on private, mostly foreign funding; contract research increasingly brings government money but not in the form of institutional subsidy. Institutional governance is usually characterized by a near absence of the State's direct hand.

There has been some privatization of higher education along similar lines—though much less dramatically—in nations such as the United States, with its proliferating "think tanks," and in India. But the key to the growth of Latin America's private research centers is the region's transformed political economy. Among the ways this has promoted private research centers are the following: a notion that private institutions can legitimately conduct activities like research for both the private and public good; decreased social responsibilities for the State and, consequently, diminished research by the State bureaucracy and by its public universities, which depend on State finance.

As with private universities, the private research center boom also owes much to public university failures, which has become especially clear in the last decade.

In the 1970s private research center growth was largely attributed to the military's takeover of government in Argentina, Chile, and Uruguay, along with the Brazilian case originating in 1964. The redemocratization of the 1980s has not led to public university recovery in research—or to a decline of private research centers. Their proliferation and prominence now characterize every Latin American nation outside Cuba. Such private growth depends on both "positive" factors, such as the heightened demand for research and the heightened supply of researchers, as well as increasing philanthropy, and "negative" factors, led by the public university's inability to fulfill its promise in research.

### **Private Sources of Financing**

The increasing vigor and breadth of private universities is due mainly to their overwhelming dependence on non-gov-

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Government funding. The leading source remains tuition, but other private sources also have grown. Indigenous foundations that donate funds are still rare, but less so. Corporate giving to universities likewise is still rare, but less so, as shown by the Autonomous Technological Institute of Mexico (ITAM) and especially the same nation's Monterrey Institute of Higher Technical Studies (ITESM).

Much more extensive than philanthropy, however, is the fast-growing world of contract research, where certain elite universities such as Peru's Páifico have blazed the way.

To be sure, the rule holds that most private universities get no State funding, or little. At the same time, exceptions are growing. Particularly significant are decentralized sources and payments, rather than centralized State subsidies. Money flows not from the education ministry, but from multiple public agencies, many of which enjoy a degree of autonomy from the central government apparatus. Brazil and Chile are leaders. Colombia, Venezuela, and Argentina fund through their national councils of science and technology; Mexico has created a National Research System. Such funding is surely evidence of increased, open cooperation between the State and the private sector and of a broadened financial base for private universities.

### Imitation by Public Institutions

Another sign of private robustness that reflects on both universities and private research centers is imitative movement within the public sector. In the last

decade, even historically reluctant Argentine public universities have looked with growing interest at principles of management, decentralization and efficiency more characteristic of the private sector.

Course offerings responsive to student and market demands, imposition of admission examinations, and increased institutional autonomy from a system-wide, standardized, central control by the state, are all suggestive, though they are far from sweeping the public sector. A particular contribution from the public research centers is the idea of evaluation and of targeting funds to those people and institutions showing positive performance rather than distributing funds in a broad, nondiscriminating manner.

Nonetheless, the major factor in private sector vitality remains the public sector crisis, not reform. This crisis continues to make the private sector look comparatively good and allows it to attract increased talent and resources. There has been no fundamental reversal of the slide of public institutions of recent decades.

Definitive signs of an enhanced private presence include funding from new sources; addition of graduate programs and research, often through the university's own centers; expansion into a wide range of fields, including agronomy and physics, at a few places such as Argentina's Salvador University; and expanded geographical coverage.

But perhaps the most striking private sector strides in the last decade have

come, in their own way, in elevating quality within the weakest subsector. The "demand-absorbing" subsector remains populated mostly by institutions that are just as bad as ever. Yet it is not clear that the proliferating institutions in Chile or Costa Rica are as bad as many predecessors in Brazil or Colombia. Some institutions have tried fields such as medicine, though success has come overwhelmingly in commercial and computer fields where some decent faculties and offerings have been established.

Over the last decade, Latin American private higher education has proven itself in many ways. Whether this success is good or bad depends on the evaluators' values and a myriad other factors. Even continuity alone would have demonstrated noteworthy institutionalization. □

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