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1. Principal beneficiaries are the students (“users”) who therefore should be the ones who choose rather than being saddled with one mode.
2. Whatever their weaknesses, private institutions can struggle, innovate, and improve if not peremptorily forced to follow a common policy line.
3. Even internally the private sector is too diverse to be the appropriate object of a one-size-fits-all public policy. Subsectors geared to absorb demand, provide distinct religious or other values, or attain elite academic quality do not respond well to the same rules and incentives.
4. The private sector can be a model for public reform (in management, finance, academic pursuits, etc.) only if it is left free to do things differently from what rules and modes for the public sector allow.
5. Mainly, however, the private sector must be free from public policy that shapes the public sector so that the private sector can itself be distinctive. The distinctiveness can be based variously on cultural values, academic innovation, delivery systems, autonomy from central authority, or anything that some legitimate actors want—regardless of whether the distinctiveness in question is frowned upon by government or a public majority.

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Other points could be added to either list. Counterarguments could be given to each point, and then there would be rebuttals to those counterarguments. And the contrast of public policy preferences lies not just between the two lists, or among further lists that could be developed, but also among items within each list since prescriptions usually vary (including on the blend of similarity and difference) depending on the chief rationale pursued.

Clearly, there is no one “right” or easy answer to the question of what should be public policy for private higher education. That hardly makes private higher education unique for public policy fields. And no one right answer hardly means no good answers, or a hopeless morass. There are many options, depending on our values, what we do and do not want from private higher education, and what we learn from ongoing scholarly and policy analysis about the consequences of different public policies. —

## The Anatomy of Private Higher Education

**Philip G. Altbach**

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The worldwide patterns of private higher education tell us much about the growth and development of this increasingly important branch of postsecondary education. Private higher education, in many countries, will be the growth area for the first part of the 21st century. Private universities are expanding at a more rapid rate than public institutions, and they are serving ever larger segments of the population. In such countries as South Korea, Japan, Taiwan, and the Philippines, private universities educate the large majority of those going on to postsecondary education—80 percent overall. In Latin America, the private sector is growing quickly in many countries—more than half the enrollments in Brazil, Chile, and Colombia are in private universities. If the nonuniversity postsecondary institutions are also included, the proportions increase and other countries can be added. In 1997, half of the total postsecondary enrollments in Argentina, Brazil, Columbia, Mexico, Peru, and Venezuela were in private institutions. Private universities and other postsecondary institutions are developing rapidly in Central and Eastern Europe and in the former Soviet Union, with growth at all levels of the academic system. This expansion is in general unplanned and unregulated.

The private sector in higher education is diverse. Some of the world’s best universities are private. In Latin America, many of the most prestigious universities are private, and many of these are affiliated with the Catholic church. In Asia, prestigious private universities such as Yonsei in Korea, Waseda in Japan, and De La Salle and the Ateneo de Manila in the Philippines have long stood alongside well-regarded public universities. Although 80 percent of American students study in public universities and colleges, many of the most prestigious universities are private—such institutions as Harvard, Yale, Stanford, Chicago, and others. These universities are stable and firmly entrenched at the top of the academic hierarchy. In general, they have more in common with other top universities in the public sector than with lower-prestige institutions in the private sector.

At the other end of the spectrum, private institutions increasingly dominate the bottom of the system—those “demand-absorbing” schools that offer postsecondary degrees of questionable quality and uncertain usefulness in the marketplace. In Latin America,

India, some countries in Central and Eastern Europe, and elsewhere, private institutions dominate the nonuniversity sector of trade schools, professional academies, and the like. In many countries, these nonuniversity institutions are not officially recognized by government agencies or accrediting bodies, and do not offer degrees. Their certificates or diplomas have an uncertain value in the marketplace. These schools are often completely unregulated. Some offer applied training in fields such as computer technology or business studies that is much in demand in the employment market. Many others provide training in fields that is less useful or is of low quality. In the United States, the “proprietary sector” of private postsecondary trade schools, in general profit making, has been in existence for decades. Quality is mixed, and accreditation and accountability of these schools have always been problematic. This large sector of private postsecondary education is largely unexamined and often unregulated. It is *ca-veat emptor* with a vengeance.

In some countries, private “universities” have been set up to offer “academic degrees” without much study or evaluation of students. These institutions are basically diploma mills established to make a quick profit for their owners. They are generally unrecognized, and frequently shut down by government authorities when discovered. As accreditation and evaluation agencies are established to control the expanding private higher education marketplace, these institutions will be more difficult to set up. At the present time, however, they are a problem in more than a few countries.

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Private higher education is seldom totally private. The private sector is intertwined with the state in many ways. Increasingly, accrediting and evaluation bodies are established by state authorities to provide some standards and controls over the expanding private sector. In some places, government agencies are responsible for accrediting and evaluation, while elsewhere, as in the United States, consortia of academic institutions have responsibility for accrediting, and their decisions are recognized by government authorities. In most countries, public funds are available to the private sector through a variety of mechanisms. In the United States and other countries, students in private institutions are eligible for government-subsidized loans and sometimes

grants regardless of whether they study in public or private universities or colleges. Private universities can in general receive government funds for research. In India, which has one of the largest private higher education sectors in the world, government funding is available to both public and private colleges (all of the universities are public), although a minority of private colleges are fully funded by student tuition payments. The Philippines also has a government-funded program to assist private higher education. In general, when private institutions accept state funds, they must comply with state regulations concerning student admissions, faculty qualifications, conditions of study, and the like.

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With a few exceptions, private universities depend on student tuition for the large proportion of their income. A few prestigious institutions in the United States have large endowment funds that free them from direct dependence on students, but this is quite rare among private institutions, even in the United States. This dependence is a defining characteristic of private higher education worldwide, and means that private institutions must be sensitive to student interests, the employment market for graduates, and patterns of pricing. The reality is that private universities must ensure that a sufficient number of students matriculate to provide the needed income. In some countries, such as India and South Korea, tuition levels are controlled by state authorities and institutions cannot determine their own tuition levels, but in most countries private universities are free to determine tuition.

The rapidly expanding world of private higher education is quite diverse. While academic institutions tend to copy from one another and seek to emulate the most prestigious schools, there is great diversity among private institutions, within national systems and worldwide. As new private universities and other postsecondary institutions seek to establish a niche in a highly competitive and expanding marketplace, there is likely to be more diversity. Private institutions now exist at all levels of the academic hierarchy, although most growth seems to be at the bottom of the academic hierarchy. The private sector is, with only a few exceptions, the growth area worldwide. It is important to understand the complexities of the new reality of private higher education.

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