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ALL GLOBALIZATION IS LOCAL: COUNTERVAILING FORCES AND THE INFLUENCE ON HIGHER EDUCATION MARKETS *

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ABSTRACT

Globalization trends and innovations in the instructional technologies are widely believed to be creating new markets and forcing a revolution in higher education. Much of the rhetoric of “globalists” has presented a simplistic analysis of a paradigm shift in higher education markets and the way nations and institutions deliver educational services. This essay provides an analytical framework for understanding global influences on national higher education systems. It then identifies and discusses the “countervailing forces” to globalization that help to illuminate the complexities of the effects of globalization (including the General Agreement on Trade and Services) and new instructional technologies on the delivery and market for teaching and learning services. Globalization does offer substantial and potentially sweeping changes to national systems of higher education, but there is no uniform influence on nation-states or institutions. All globalization is in fact subject to local (or national and regional) influences.

Globalization portends sweeping changes for higher education. But what exactly *is* globalization? In the context of higher education and one of its main functions, teaching students, the phenomenon is often described as a process of opening closed or semi-closed as well as expanding markets for educational services. Market forces alone, however, do not further globalization; there are also influences of technological advents,

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including the Internet. Higher education institutions are also undergoing organizational and behavioural changes as they seek new financial resources, face new competition, and seek greater prestige domestically and internationally. Globalization is also affected increasingly by government policies, including relatively new international political bodies like the World Trade Organization and the European Union, and potential changes in international treaties on trade.

A variety of trends demonstrate the influence of the globalization process on HE. Most tug and pull at our more traditional notion of national boundaries as the critical political and economic environment for HE. The global networks and marketplace for academic researchers has grown significantly, for instance. Efforts are being made internationally to converge and standardize undergraduate and graduate degree programs. International collaborations with other academic institutions and businesses are now commonplace. Universities seek new avenues to fund and promote the commoditisation of their knowledge production capabilities. Many higher education institutions are recruiting relatively new pools of students outside national borders. In this quest, most are seeking to apply new instructional technologies to expand enrolment—and to enhance the viability and profitability of international ventures. Facilitated by these technologies, there is the spectre of a competitive environment between existing and new HE providers, including the rise of new non-traditional and for-profit competitors. With this more competitive global framework has come talk of a need for international accreditation processes and new efforts at quality review.

Is this a gathering storm? According to a number of globalists focused on mega-trends, a realistic projection is that higher education is approaching a paradigm change. Some ten years ago, Peter Drucker famously warned that the “old” universities will soon be relics of the past. Others boldly make similar predictions. They project that online providers from throughout the world will replace many traditional brick-and-mortar universities built to serve national clients. Hence, one monopoly will be replaced another. Furthermore, the opening markets will bring convergence in academic practices and a wholly new competitive environment dictated by the wants of clients. In this climate driven by economics and technology, a few large-scale providers may have a significant market advantage.

This essay attempts to describe key elements of this predicted paradigm shift before outlining a set of eight “countervailing forces” that may mitigate or have already mitigated globalization. These forces include not only institutional resistance to change, but also external politics and government initiatives, cultural dynamics, economic wealth, labour needs, and the maturity of existing HEIs. In assessing the impact of globalization, it is important to highlight a number of realities. One, the market for higher education continues to expand rapidly, thus making room for a greater variety of providers and niche players. Two, globalization will have differing effects on differing regions and markets.

A growing body of case studies point to the complexity of globalization in influencing the future of higher education. The objective of this analysis is to provide a framework for a more encouraging, and a more nuanced, understanding of this phenomenon. In effect, all globalization is local, and delineating the experience and responses of differing institutions may help us more readily understand the true influence of globalization and the future path for higher education.

Much of the discussion in this essay focuses on the much-touted influence of Instructional Technology (IT)—an assumed major force of globalization—within the American market. To a large extent, our modern concept of globalization focuses on changing markets and providers linked to new methods of delivering HE products (to use the nomenclature of globalists). How have existing universities in the United States reacted to these market changes? Indeed, what is an appropriate market response?

The Predicted Influence of Globalism: Units of Analysis

Beginning in the 1990s, the potent forces bringing important economic and political changes to the world emerged as a major area of study. Tony Gibbons and Manuel Castells, among others, argued for the process of globalization as a force more powerful than industrialization, urbanization, and secularization combined. Globalization, notes one observer, is the "inexorable integration of markets, nation-states and technologies to a degree never witnessed before—in a way that is enabling individuals, corporations and nation-states to reach round the world farther, faster, deeper and cheaper than ever before" (T. Friedman, 1999). In contrast, some groups of scholars and activists view globalization not as an inexorable process, but rather as a deliberate ideological project of economic liberalization that subjects states and individuals to more intense market forces (P. McMichael, 2000; P. Hirst and G. Thompson, 1996).

Whatever the sources of globalization, most globalist scholars predict an acute and sweeping effect on HE. There are two main and interconnected reasons for this prediction. First, the opening of what were previously closed markets dominated by state-subsidized providers will force a reconfiguration of the HE sector, thus opening opportunities for new providers. Second, new providers will have a competitive advantage, in large part because of their ability to quickly adopt more efficient Instructional Technologies (IT). In this futurist vision, a once ubiquitous mode of delivery (the classroom) is replaced by another (online courses).

However, many observers of higher education are dubious about whether the extent of these market shifts will foster homogeneity and convergence. Might these forces of change foster a greater diversity of institutional types and culturally related institutions? Has the complexity of policymaking and markets been fully appreciated?

Within the realm of higher education, there is a need to foster a more systematic analysis at the regional and local levels, and specifically at the institutional level, to help us more fully understand what is actually happening. Market demand and the existence or lack of HE providers is, in the end, related very much to local conditions. For instance, a prospective student may or may not be attracted to a for-profit online provider (wherever it is located) if equivalent or better quality local and traditional providers are in the locality of the student. And national and local reactions to "panism" (regional or even continental associations or confederations like the EU) offer a window into the complexities of national political leaders embracing international models.

Mega-Global Forces

Globalists have outlined a new HE environment that reflects both actual on-going changes and wholesale speculation. Here are eight interconnected factors often cited as the determiners of a paradigm shift:

- *Changing Recruitment Markets for Students and Faculty*

The international market for students has existed for centuries, but it is now a growing factor driven by demand and by institutions' market desires. On the demand side, some individual students seek the academic quality and credentials of programs offered by foreign universities. Others look outside their local and national networks of HE providers because those providers do not provide academic programs that fit their perceived needs. Some students simply desire a different cultural experience, or are motivated by a combination of these three.

A relatively new factor is the desire of institutions (public, private, and for-profit) and, increasingly, national governments to increase international student enrolment. The motivations are multiple and related to both academic and economic concerns. Sometimes the motivation is to increase the quality of an institution's student pool. Sometimes the purpose is to expand their international activity on academic grounds (e.g., to foster a greater understanding of other cultures and economic forces). More and more, the motivation is to seek new revenue streams.

Particularly for the public sector, and in light of rapidly declining public funding of the national HE sectors, the vast majority of which also have restrictions on creating or raising tuition, international students can be charged a relatively high tuition rate. Increasingly, the politically acceptable rubric is to use international student fees to subsidise the cost of domestic student enrolments.

Accompanying this shift in the market for students is the prospect of significant changes in the hiring patterns of faculty from a largely national to an international pool. The norms of existing universities and colleges, as well as national restrictions focused on protecting local labour markets for domestic populations, have been powerful forces for limiting the hiring of non-national faculty.

The United States has thus far been the most significant exception to this rule, as exemplified by the significant hiring of Jewish and other academic refugees in the years leading up to World War II as a means to substantially bolster the scientific prowess of its major universities. In contrast to much of the world, the United States also embraced the idea of mass higher education very early. Combined with significant population growth, this meant that higher education institutions' enrolments grew rapidly, and institutions were compelled to look both nationally and internationally for faculty, a pattern facilitated by liberal immigration policies.

Globalization, the significant growth of HE enrolment demand often facilitated by national governments, and the perceived benefits of drawing from a larger pool of potential faculty, have all just begun to erode the hire-your-own predilections of institutions—a process facilitated by the spread of English as the common language of academia, business, and government.

- *International Networks of Academic Researchers Replacing (Replaced) National and Institutional Cultures*

We are currently experiencing a shift, long in the making, from a broad campus community of faculty to international communities of scholars working on specific

areas of study. While still relatively strong, the common bond of faculty teaching and working with colleagues on a campus is weakening. In part, this is a natural progression.

As academic fields have matured, specialization has increased and the need to interact with colleagues from different institutions has become a widely recognised phenomenon critical for the advancement of research and knowledge.

This shift has been facilitated greatly by the development of the Internet, which makes academic interaction with colleagues from throughout the world more practical and ubiquitous. Another factor bolstering this change is the integration of international collaborations. Particularly in Europe, but increasingly in other parts of the world, international recognition has become the ultimate standard for assessing the research and scholarly quality of individual faculty and academic departments. National assessment systems such as those developed in England link international recognition of scholarly activity directly to research funding of institutions.

- *International Collaborations*

Both to facilitate research collaboration and to seek an expanded market for students, as well as the fees they generate, many institutions are seeking relatively new associations with other universities and with business. These range from formal agreements between academic institutions to offer new degree programs, often in fields like business, to funding by industry to bolster research activity in fields that may influence their markets and products, directly or indirectly.

- *Trend Toward Organizational Convergence*

National systems of HE have long been characterised by significant differences in the organization of secondary schools, in qualifications for university enrolment, in the requirements of various degree programs and time to completion, and in administrative structures, including the authority of faculty versus that of academic administrators. The Bologna agreement marks a significant attempt at convergence, in part to facilitate cross-border articulation of degree requirements, as well as to help foster a greater international flow of students and scholarly activity. In this view, those institutions and national systems that do move toward convergence, particularly in degree requirements, will be significantly more competitive internationally.

There is also a sense among a number of national political leaders that many of the traditional degree requirements were and are vestiges of distinctly national and often elite systems of higher education that do not match the training and credential needs of modern economies. Furthermore, there is a sense that the HE sector tends to be extremely conservative and generally unwelcoming of curricular reforms. For these reasons there is both a need, and a significant trend, among national governments to adopt multinational agreements on HE reforms, and to seek and sometimes achieve restructuring of academic programs.

- *Instructional and Computer Technologies Are Opening New Markets and Bringing a Revolution in Traditional University Organizations*

Instructional and computer technologies are cited as perhaps the most significant source of a coming revolution in the HE sector. The widespread speculation among globalists is that ICTs, and specifically online distance education, will fundamentally alter the delivery of HE courses and degree programs. This speculation is based on significant economies of scale, a sense of a much improved pedagogical approach offered by ICTs, and a student demand and preference for such “educational services.” In this view, the traditional classroom is a relic of the past as well as an uneconomical, and perhaps even pedagogically flawed, system.

- *Rise of Non-Traditional and Alternative Competitors*

Closely related to the speculation of a revolution brought on by ICTs is the assumption of a new Darwinian environment in which many old and new institutions will learn to adopt ICTs and thrive, while many others will perish. The rise of these new competitors is being facilitated by the movement of national governments to deregulate their HE sectors, providing new levels of autonomy for institutions, for example to competitively price their educational services and choose what academic programs might best draw student enrolment demand. But in doing so, these same governments are slowly opening what had been largely closed markets to for-profit and international brand name institutions.

- *Repositioning of Existing Institutions into New Markets and Mergers*

Three factors relate to the efforts of institutions to reach into relatively new markets and sometimes to seek mergers with other institutions. The first is a reaction to a substantial decline in many nations of public funding for HE institutions and the subsequent desire to generate new programs that in turn generate new revenue streams. The second is a hope of achieving cost savings by consolidating programs, administrative structures, and perhaps capital costs. The third is a desire to bolster the market position of one or more institutions in order to recruit students and garner research funds, and, as in the case of the recently merged University of Manchester with the Manchester Technical University, to seek greater prestige. Again, none of these factors are mutually exclusive.

- *International Frameworks Related to Education Services (Bologna/WTO/GATS)*

The Bologna Agreement among members of the European Union provides an example of international frameworks that are both pushing for convergence among the various degree patterns offered by European universities and encouraging international exchanges of students. In this case, higher education is elevated and viewed by a larger polity as one part of a general pattern of European integration. One result is that students within the EU may enrol at any public university and at tuition rates (if applicable) reserved for domestic students. Regional or pan-agreements like Bologna create an expectation of convergence and the development and marketing of academic programs to non-domestic students.

Education is being categorized as a service commodity subject to international trade rules. This is the gist of a current proposal under negotiation by the World Trade Organization as part of the pending *General Agreement on Trade and Services* (GATS). There is considerable speculation on the potential impact of GATS on national higher education systems. The WTO seeks to establish education as one of

twelve internationally traded services, and to reduce national controls over its regulation—including accreditation.

WTO member nations were asked to propose trade rules in regard to education. The United States was one of four nations to put forth a proposal in the initial round of negotiations in early 2000. Other proposals were presented by Australia, Japan, and New Zealand. Each urged the opening of national HE markets, and each country has a sizable perceived stake in providing higher education services to other WTO member nations and in enrolling foreign students. For example, out of 38 institutions in Australia, 27 universities have offshore programs in the burgeoning HE market in China (Garrett 2004).

Under current trade negotiations, higher education may be deemed a “special service” not subject to normal GATS open market regulations, or it may be deemed a service subject to free trade rules like any other commodity (ACE 2004). In either case, one extreme example of what this might mean relates to funding. State subsidization of public universities could be ruled an infringement on free markets. Private and for-profit providers, under one interpretation of GATS, would be economically disadvantaged in a market subsidizing public institutions. Under GATS, some form of subsidization would need to be extended to these other non-public providers. This may not be the net effect of GATS, and how invasive the treaty might be depends not only on the language finally approved, but also on the way GATS is subsequently interpreted.

Whatever its actual influence, there is a general sense that GATS reflects a shift in how nation-states may view higher education. As a recent study by the American Council for Education notes, “The vocabulary of trade applied to higher education suggests that education is but another service to be traded, not an investment in a nation's social, cultural, and economic development, and that the market is the dominant force in policy.” Madeleine F. Green states the fear of many: “liberalization of trade in education may weaken government's commitment to and investment in public higher education, promote privatization, and put countries with weak quality assurance mechanisms at a disadvantage in their countries by foreign providers” (Green 2004).

Further, those who are negotiating this agreement, which is scheduled to go into effect in 2005, are not members of the higher education community; rather, they are government officials concerned about opening markets and promoting trade—whether it be educational services or steel.

Trouble for the Traditional HE Sector

A consensus among many economists and observers of higher education is that these mega-forces all combine to produce major problems for what is often termed the “traditional” sector of universities and colleges—and in particular the public sector, which dominates most OECD countries. The following six shifts in circumstances will force organizational changes or the demise of some portion of the existing traditional HE sector.

- *Growing Imbalance Between Available Resources and Market Demands*

The age of significant subsidization of the operating costs of public universities is widely viewed as coming to an end, particularly in more advanced economies where education is one among a host of competing services offered by governments. With traditional sources of funding declining, demand is growing at the same time for virtually all forms of higher education services—from academic degree programs to part-time courses, as well as for university-based research, particularly in areas related to the global economy.

The network of public universities will either require raising new revenues, or require a major shift in how academic programs are staffed and offered in order to lower costs. One probable shift already in progress is that institutions, with the blessing of governments, will increasingly shift the financial burden of their operations to students and their families.

- *Unpredictability and Pace of the Market*

The decline in traditional resources in the midst of growing public demand will be accompanied by a rise in competition from new HE providers (some local, some global), and a shift in the dynamic of competition for students. Price, convenience, and quality (or perceived quality, perhaps linked to specialization and structured to meet changing expectations of "clients") will grow as factors determining student enrolment patterns.

- *Permanence and Stability Become Less Important than Flexibility and Creativity*

In this new market environment, globalists like to claim that one of the few certainties will be the presence of continual change and changing expectations. As noted, students will become clients (and many already view themselves in this manner), not simply thankful participants under the tutelage of faculty.

- *Contemporary Culture of the Academy is Too Conservative Either to Protect its Niche, or to Broaden its Services*

There is a widespread concern that the contemporary culture of our universities is simply not up to the task of making the shifts in organization and in services that the new market age will require. Indeed, many of the values of traditional academe, it is argued, threaten to make many if not most traditional institutions obsolete—hence the threat is both external and from within. "The current faculty-centred, monopoly-sustained university paradigm," warns James Duderstadt, a former president of the University of Michigan, "is ill suited to the intensely competitive market of a global knowledge society" (Duderstadt 2000).

The Globalist IT Paradigm

The survival-of-the-fittest paradigm plays a prominent role in ideas on how higher education will be delivered in the coming decades, and specifically in the key role expected for IT and distance education. Will there be a need for brick and mortar institutions, or will there be a significant downsizing of physical facilities in favour of virtual education environments?

Again, with the prospect of a perpetual decline in state subsidization of Public HE, the future of higher education will depend on alternative and non-traditional methods of delivering its product. The logic goes something like this:

- *The current higher education infrastructure cannot accommodate growing enrolments, making more distance education programs increasingly necessary.*
- *The institutional landscape of higher education is changing: traditional campuses are declining, for-profit institutions are growing, and public and private institutions are merging.*
- *Increasingly, students are shopping for courses that meet their schedules and circumstances, thus adding to the decline in traditional institutions.*
- *For-profits “pick the low hanging fruit” by offering marketable and low-cost courses, e.g., business, computer science, etc., and leaving more costly and less commercial courses to traditional HEIs.*
- *As a result, unless the traditional HE sector more aggressively enters these markets using IT, its financial troubles will be compounded. With the economy in recession, however, there are fewer resources for public higher education and higher education initiatives, such as distance education.*

The Institutional Shakedown?

Within the set of dire circumstances just described, however, there will likely be differences in the influence of market changes on different HEIs. The following provides a method to decipher the differential effects according to institutional type.

First, there is a tier of what are best described as elite institutions, often the older universities that have survived the process of mass higher education relatively intact and secure in their markets and prestige. These institutions will follow one of two general paths:

- Tier 1-A Institutions will remain standard bearers of prestige, and despite shifts in resources and markets for students, will remain robust with their quality preserved.
- Tier 1-B Institutions will preserve their core academic programs and traditional markets, but also seek innovation and new markets.

Oxbridge, Berkeley, the University of Michigan, the University of Heidelberg, and similar mainstays of elite and prestigious higher education have, in this view, little to fear. While government policies have tended in many countries to standardize financing for public universities under the rubric of equality and quality across the board in its higher education systems, the prestigious universities always seem to keep an edge in securing both state and extramural resources. In the US and throughout the world, the reputation of these institutions has only grown as the value of higher education to both society and governments has increased.

Indeed, the culture of aspiration long dominant in the United States, and a focus of all OECD countries since World War II, has made enrolment in "brand name" universities increasingly the desire of middle and lower economic classes—a seeming guarantee of socio-economic mobility and social status. Yet it is important to remember that elite institutions are just that—only open to a small sector of the higher education enrolment market.

Market changes will have a greater impact, with the largest effects on society, in the second tier. Here globalization, it is thought, will have greater consequences. In this category we find three general paths and institutional types:

- Tier 2-A Institutions consist of mid-range comprehensive universities relatively secure in their market position, yet also faced with declining public resources and a need to develop alliances or perhaps merge with other institutions to secure revenue-generating enrolment and markets. Hence they need moderate reorganization to reduce costs and reorient academic programs.
- Tier 2-B Institutions will be severely challenged by the new global competitive environment and will be desperate to survive. Here we see a scenario of declining resources and the need to eliminate some academic programs, to expand into more profitable degree programs (e.g., eliminate philosophy and expand business programs), and essentially to reorganize in order to compete with other Tier 2-B and for-profit institutions.
- Tier 3-B Institutions are those that are too conservative in their internal culture to change and compete, or simply are victims of rapid shifts in the number and type of providers.

Savants predicting the future of higher education see a significant institutional shakedown. There will be many losers. Most importantly, the way educational services are generated and delivered at most institutions will be forever changed. In this model, the internal world of the academy and its leaders will be the primary determiners of the fate of the Tier 2 institutions.

For those tired of the tendency of academics to seek shelter in the cloistered halls of the university, and to consistently ignore much of the outside world, this is a welcome transformation. Mass higher education brings with it a need to ramp up production and seek greater efficiencies. In a very real sense, the higher education community has become a victim of its own success. In the 1970s and in the early stages of basification of British HE, a distinguished Cambridge academic noted one aspect of this conundrum: "We who have protested that education is the birthright of a civilized man are surely caught in a ridiculous posture when we resent the crowds at our gates demanding to be educated, and even daring to hint that they are disappointed with what we have to offer" (McConnell, Berdahl, and Fay, 1973).

For those attempting to shift the priorities of existing universities, frustration is mounting. Steven Schwartz, Vice Chancellor of Murdoch University before recently relocating to the UK to head the University of Sussex, castigated Australia's university faculty and administrators as "large public works projects with guaranteed lifetime employment" (Cohen 2000).

Countervailing Forces

I have outlined a vision of how globalization will affect higher education and the elements that will constitute a new market environment. But how is this paradigm shift progressing? Is it a paradigm shift, or is there a more complicated story? To a large extent, globalization is about markets and suppliers, and the influence of IT. What is the effect of new suppliers on existing universities? How is IT influencing the delivery of educational services? What are the appropriate responses of existing suppliers to market changes?

These are, of course, complicated questions. We really do not have sufficient experience to gauge the true effect of globalization and new technologies. One thing we do know, institutions are often naturally resistant to wholesale change. Markets are also unpredictable. The following offers a set of either existing or potentially important countervailing forces that might help in developing a more nuanced understanding of the future of HE.

- *Economic Wealth and Political Stability: Advanced, Aspiring, Developing*

There are significant differences in the effect globalization is having in different countries, related in large part to their economic wealth. Advanced economies all have advanced systems of higher education—a symbiotic relationship widely recognized internationally, and one reason that less wealthy nations aspire to build educational access. Aspiring economies and nations tend to have lower rates of access to higher education and have higher rates of students travelling to foreign soil to attend a university. This dynamic is even more exaggerated in lower-income economies.

Related to these differences in environment are often different levels of political stability. There is a high correlation between political and economic stability and the ability of nations to build and support quality higher education institutions.

- *Balance of Existing Institutional Providers and Local Market Demand*

There are large differences in markets and the range of existing HE providers. In China, for example, the demand for higher education is rapidly growing, there are not enough existing HE institutions of sufficient quality to meet that demand, and the national government has made it a priority to resolve this problem in part by welcoming outside providers. China now represents a huge market even as the national government attempts to build its own system of higher education.

In contrast, the market in the US is profoundly different. No other nation has such a variety of providers, public and private, as the US; until recently, no other country rivalled the US in access rates of its population to higher education. A mature market characterized by a balance of providers and local enrolment demand tends to mean that HE is a ready-made net export. A natural desire to export services is also created by countries with an imbalance of mature providers, dropping domestic enrolment demand, and/or rapidly declining state support.

- *Nation/State Regulation and Initiatives*

In an age that tends to tout the virtues of market-oriented solutions, the vast majority of HE reform is coming not from entrepreneurial efforts of institutions, but from government regulatory initiatives. To varying degrees, all national governments are becoming more involved in shaping the character and services of their public higher education systems. Regulatory controls, often developed under the rubric of creating more market-oriented higher education systems, are becoming in fact more invasive. For example, government-imposed review processes focused on assessing the quality of teaching and research are now ubiquitous. Yet within this general trend, there are remarkable differences in governmental approaches, rooted in the national political culture and the seeming maturity of state funded higher education systems.

England provides an example of a country in which the national government is seeking a larger array of regulatory controls linked to funding, while seemingly ignoring the Bologna Agreement. Britain's "third way" largely retains its traditional degree patterns. A major portion of funding for universities is now linked to national assessment exercises, and a new Labour Government initiative promises to expand this link. The Labour government also recently succeeded in passing (by a narrow vote) a proposal to create a new student fee structure—that is modelled after Australia's, and significantly different from the rest of the EU (Pelfreyman 2004).

England also offers an example in which the market for outside providers appears extremely limited thus far, and in which government feels compelled to be the primary mover to shape the HE sector. Not only is the Labour Government expanding regulatory systems to shape enrolment patterns and academic standards, it has launched a new initiative focused on online academic programs and learning: UK eUniversity. This project is very much in the vein of the Open University, and it is curious that this initiative to expand access is not simply tied to the Open University. The government's view seems to be that a separate entity that draws collaboration among existing HEIs will be the best bet for increasing online learning and expanding HE access, and it is putting decently large sums of funding into the venture. We will return to the success or failure of this venture later in this essay.

- *Cultural Pride, Biases, and Needs Not Served Directly by Global Providers (e.g., tax law)*

The examples of England and China demonstrate significantly different approaches to expanding HE enrolment and shaping the labour market. China welcomes outside providers in its push to increase the size and scope of HE access—at least for the time being. In opening its HE market, that national government makes certain demands. Foreign universities must partner with a Chinese university; half of the members of governing boards for the venture must be from China; and the venture cannot seek a profit as an objective (Garrett 2004). China appears to be planning for the day when it can expand its own network of national universities.

England and the UK in general also show strong cultural biases, linked to long traditions related to class structures and to ideas regarding the importance of undergraduate university education as a communal experience. Notwithstanding WTO and GATS agreements, the implications of which are still not entirely clear, outside providers may find limited opportunities to secure a profitable market. Two

examples illustrate this difficulty. The University of Phoenix, the largest for-profit HE provider both in the US and internationally, recently pulled out of the UK market because of a lack of enrolment demand. The UK's Open University attempted to form alliances in the US market, only to find the market already crowded with both public and private providers of largely adult education programs' it then pulled out of this venture in 2003.

The desire for homegrown institutions relates to cultural pride, but also to a sense that national HEIs will cater more directly to local labour and economic needs. Facilitated by the dominance of English as a universal language of business, diplomacy, and education, courses in fields such as chemistry may be duplicated and scaled for international consumption, but other fields are linked to local and regional cultures. For example, accounting and tax law have strong relationships to locality. Social science and humanities fields also have strong cultural orientations. Arguably, however, developing economies tend to focus their interests predominantly in the sciences and engineering (and to a lesser extent business and international trade), and here curriculum and degree programs are more generic.

The complexity of cultural and political differences between nations will remain a significant factor, and it is not clear how much the global world of international providers will change or erode the market position of HEIs, which are essentially pillars of national identity. Indeed, one aspect of globalization is that the continued increase of foreign student enrolment is fuelled, in part, by foreign students' attraction to the national character of, for example, both British and American universities—and, of course, to the universal character of the English language.

- *Internal Academic Cultures and Organizational Behaviour*

Globalists often claim that traditional universities are inflexible and too conservative to react in a timely manner to changing markets and public needs. Certainly, there is some truth to this. But there are also many examples, particularly in the US, of universities that are adapting and seeking organizational responses to help meet public needs—sometimes on their own, and sometimes in reaction to government demands.

In the 1930s, Robert Maynard Hutchins, then president of the University of Chicago, commented on this phenomenon and the tendency of established institutions to protect what the academic community thinks of as its core activities. The institutional response is to create new units outside this core to fulfil expanding public demands. Hutchins viewed with trepidation the scientific, technological, and economic revolution that engulfed mid-century America. He wished to protect or at least reduce the push toward higher education as a tool of vocations and what he viewed as the misguided wants of trustees, donors, and alumni who argued that universities should more directly cater to economic development. Hutchins' answer to the unrelenting desire of society for utilitarianism was to create new programs and institutes that operated largely outside and independent of the core academic programs. Therefore the university could maintain its internal compass as an autonomous centre for learning and inquiry. Hutchins hoped that universities might help the nation "outgrow the love of money" and acquire "a saner conception of democracy" in order to "understand the purposes of education" (Hutchins 1936).

Indeed, the pattern of creating university-operated units outside of the academic core was already well underway—particularly among America’s public universities, which already had large-scale extension programs offering courses and credentials outside of the regular degree programs. At the University of California, for example, extension programs date back to the late 1890s and today enrol some 500,000 students in various courses. This is considerably more than the nearly 200,000 students regularly enrolled in the nine-campus UC system. Not coincidentally, extension programs are the common providers of online courses among American universities. As semi-independent entities, financially and operationally separate from the core academic operations, they have usually taken on the significant financial risks of expanding their markets and experimenting with new forms of distance education.

Scientific field stations for agriculture and national- and state-funded research laboratories were created beginning as early as the late 1800s and later included Los Alamos and similar major research units run by universities. In the Post-Sputnik period, federal demands and funding for basic research driven by Cold War fears brought a significant shift in university activities toward building a more robust scientific community. This came at a time when higher education institutions were growing dramatically to accommodate enrolment and expand access. The development of university hospitals that cater to public medical needs (not just research), student service units, outreach programs to schools, and cultural programming all fit this pattern of organizational expansion. Clark Kerr’s notion of the “Multiversity” was largely informed by the significant record of universities and colleges taking on more tasks over time, and creating new communities and services independently operating under the umbrella of the academic world (Kerr, 1963).

Globalists view the current and future environment as unprecedented, with important implications for core academic activities. Particularly among Tier 2 institutions, major shifts in the organization and culture of existing and traditional HEIs will be required or, more accurately, forced by market changes and new technology. But universities might not need to make wholesale changes. The value of their core services, with marginal changes, will likely remain relevant to consumers. They might, however, add new units and services outside of the core academic activities, *a la* the Hutchins model. Thus far, this is exactly what most universities are doing, with varying success (as will be discussed later in this essay).

- *Counter-Intuitive Factors - IT/Internet as a Force for Globalization/Market Control of Large Brand Name Providers, or Empowering Local/Regional Institutions?*

Globalists have assumed that Instructional Technologies and the Internet create a platform for brand name and entrepreneurial providers to enter new markets, essentially offering courses that are economically scalable and that reap large profits. In this world, a basic science course in, say, chemistry or biology can be designed and delivered online to students in China, in Japan, in the UK, and in the US.

Yet here is an alternative scenario. Thus far, the investment required in order to develop a high quality academic course online, or even a hybrid course (mostly

online, with some actual physical meeting of student and instructor) is relatively high. Why is this the case?

One reason is that the current state of software for online courses (including commercial producers like Blackboard) is relatively difficult and primitive. One might equate the contemporary sophistication of this software with the early stages of word processing and the concomitant investment required in mainframe computing. Designing a course requires a significant amount of programming and a team of professionals not only to get it up and running, but also to maintain its content. Once designed and implemented, course content needs to change over time as new knowledge is produced. Rates of change are correlated to the field—for example, physics and biology are rapidly changing.

When off-the-shelf software and design become more user friendly, and as the computer skills of faculty increase, one might imagine faculty generating and modifying their online course content, an evolution like that of mainframes to PCs. The mass scale and generic framework of corporate providers might give way to smaller scale and more locally centred curriculum development. This scenario fits more readily into the existing culture of HE communities by empowering faculty to shape and modify course content, and to maintain quality and control of degree programs, as well as by providing students with a greater sense of connection with the product of a particular institution.

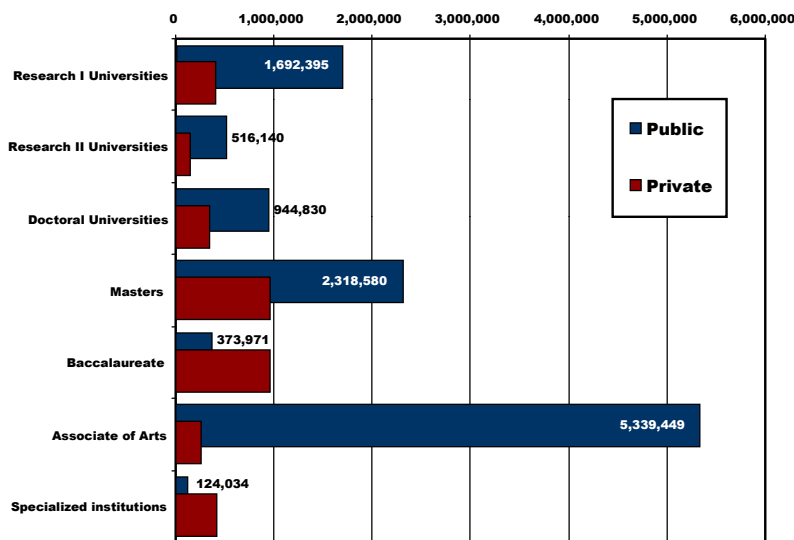
Globalization and American Higher Education

A brief look at how globalization is affecting and influencing institutional behaviour in the United States provides the basis for a cursory evaluation of the influence of these "countervailing forces."

First, the US is at the top of the scale in terms of economic wealth and political stability. It also has the richest balance of institutional capital that corresponds with national, local, and regional markets. Indeed, no other nation has such a broad array of institutional types. This is an effect of America's pioneering and early investment in mass higher education, and in its promotion of both public and private colleges and universities. Figure 1 provides a summary of the range of HE institutional types in the US and their market share in terms of the number of institutions and enrolments.

In regard to *Nation/State Regulations and Initiatives*, one might assess American higher education, relative to other OECD countries and those in the EU in particular, as moderate—thus far. This is due in part to structural differences in authority over HE between the US and most other countries. In general, power is more dispersed. The US lacks anything like a central ministry setting policy and funding for HE as in most other countries. Higher education is largely the responsibility of state governments, with the role of the federal government focused on funding student financial aid (almost all of which is directed at students, not institutions), funding academic research on a competitive grant basis (again, not as institutional aid), and increasingly through Civil Rights legislation.

Figure 1. Diversity in American HE: Enrolment 2002



State governments have the power to charter institutions, public or private. They are also responsible for funding the operation and capital needs of their own network of public HEIs and, frequently, indirect aid to private HEIs (usually marginal aid to students who attend a private institution in their state). Yet no state has a policymaking and funding ministry for HE. Each of the fifty states has its own particular mix of public institutions and structure of governance. But all have some form of a governing board or boards and various government-financed co-ordinating bodies.

The net result is that power is more dispersed in setting HE policy and funding priorities. Legislators and governors for each state do set regulatory laws and determine funding, and they are increasingly interested in “accountability measures,” some linked to funding incentives. While there is the spectre of new quality assurance regulations and demands for greater efficiencies, the scale of these government initiatives and the lack of a central government agency to insure their implementation stands in sharp contrast to the type of regulatory controls in most of the EU.

The *Cultural Pride, Biases, and Needs* of the US market are significant. The great array of HEIs—many with high reputations for quality and productivity—and its tradition of cultural and political isolationism, causes few students to look abroad for HE services. There also is a strong sense of ownership over curriculum that is linked to the perceived cultural and economic needs of the US.

As discussed previously, the US HEIs and state systems have also shown significant abilities to take on new tasks, and to service new populations while maintaining core academic traditions and practices. Within the category of *Academic Organizations Resistant to Change*, American higher education rates very high. But this rating should be qualified by noting the broad charge given to America’s public HEIs, and by reiterating the tradition of expanding activities and services through adding on new semi-independent units. A recent study by Jan Currie, Jeron Huisman, et al. comparing responses to globalization by four universities in four countries (the US, France, the Netherlands, and Norway) notes the phenomenon as well. They observe that universities often make broad statements of commitment to employing IT and competing

in the global market for HE. However, the pattern is to place such efforts in small experimental units (Currie 2003).

Figure 2. US Countervailing Forces Scores (scale 1-10)

Economic Wealth and Political Stability	0
Match Between Institutional Capacity and Local Markets	9
Nation/State Regulation and Initiatives	5
Cultural Pride, Biases, and Needs	9
Academic Cultures Resistant/Organization Responses at Margin	8
Counter-Intuitive Factors	?

In contrast to most HEIs in other countries, and beginning in the mid-1800s, public HEIs in the US were chartered to meet broad mandates, including expanding access, developing academic degree programs, and pursuing research relevant to local and national economies. As the value of higher education increased, and as new mandates were placed on public institutions, they showed significant organizational flexibility, largely at the margin. Hence, the core activities and traditions of faculty remain strong, and resistant to wholesale change in pedagogy and curriculum content.

The economic stability and wealth of America, the scale and diversity of its HE enterprise, and its reputation for quality (despite great variance) means that relatively few Americans look outside of the nation's borders to attend an HEI. All of these factors also make US HE extremely attractive to foreign students and to businesses seeking collaboration with America's juggernaut of research universities. WTO negotiations related to GATS identify four modes of HE services that help illustrate the market position of American higher education.

- Mode 1: Cross-border supply (in which the service crosses the border, such as in distance learning);
- Mode 2: Consumption abroad (in which the consumer moves to the country of the supplier, as in study abroad);
- Mode 3: Commercial presence (in which the service provider establishes facilities in another country, as in branch campuses or arrangements with local institutions); and
- Mode 4: Presence of natural persons (in which people temporarily travel to another country to provide service, as when professors or researchers work abroad).

In each mode, and particularly 1 through 3, the US is well positioned as a net exporter of HE services. New restrictions on student visas following the devastating terrorist attack on the World Trade Center in New York have placed a downward pressure on foreign students enrolling in American universities and colleges. The UK and a number of other countries with aggressive efforts to increase foreign student enrolment have benefited from the restriction in the US. But America still remains the most likely place foreign students will enrol. As the visa process becomes better administered and as restrictions possibly ease, foreign student enrolment is likely to continue to grow.

At the same time, there is also a somewhat limited domestic market for alternative and for-profit HE providers in the US. Thus far, these institutions have grown in enrolment. They profit almost exclusively in niche markets, largely serving adult and part-time students. They currently enrol only 4 percent of all students in American HE. Because the HE market is expanding, for-profit and alternative providers will continue to grow in enrolment, yet their overall share of all HE student enrolment may be marginal over the next ten years. In the US, the market is already crowded with providers. This is one reason why many are looking to expand their operations internationally.

Although for-profit institutions control a relatively small percentage of the market, they are politically powerful. Lobbying by this interest group is one major reason that the pending GATS agreement requires national governments to relax restrictions on foreign providers. Federal US officials who are negotiating the agreement with the WTO recognise that HE is already one of the few robust net exports. Opening new international markets will benefit for-profit providers. Thus far, most national governments have restricted outside providers essentially to helping to fill perceived needs their own higher education institutions seemingly cannot meet—as in the case of China. The higher education provisions in GATS are an attempt to weaken these restrictions.

Instructional Technologies – A Dose of Reality

Within America's broad network of public and private institutions, what types of market shifts and structural changes might we expect due to Instructional Technologies (IT)? The discourse on the future of higher education has, thus far, placed significant emphasis on the promise of IT to change how educational services are organised and delivered. Yet much of the conjecture has revolved around perhaps simplistic ideas about the nature of the higher education market and the predilections of both providers and consumers. Here are a number of observations that might better inform us about the US market.

- *Different student types (by age, profession) show differential preferences for online versus classroom experiences.*
- *Most students are showing a preference for “blended” courses that include online and traditional classroom components.*
- *Among all US higher education students in Fall 2002, only 11 percent (or 1.6 million) took at least one online course (including blended courses).*
- *Only 3.2 percent took all of their courses online.*
- *Among traditional public institutions, 97 percent offer at least one online or blended course and 49 percent offer an online degree program.*
- *Less than 5% of all higher-education students are enrolled with for-profit providers—although it is important to note that 33% of all online students are enrolled with these providers.*
- *Thus far, course-completion and program-retention rates are generally lower in distance-education courses than in their face-to-face counterparts.*
- *Complete online degree programs are offered by 34 percent of HEIs, but largely in professional areas and serving a relatively new market niche of adult learners.*
- *The number of students taking at least one online course by 2004 is projected to increase to include a total of 1.9 million students, a number that will marginally increase market share in the US.*

Regarding this last point, Figure 3 provides recent information on the type of students who are enrolling in distance learning courses in the United States. Most are over the age of twenty-four, are enrolled part-time, are working adults, and they tend to be female.

Figure 3. Percent of US Undergraduates Participating in Distance Learning Courses

<u>Select Student Characteristics</u>	---2-Year---		-----4-Year HE Institutions-----		
	<u>Total</u>	<u>Public</u>	<u>Total</u>	<u>Public</u>	<u>Private Not-For-Profits</u>
TOTAL	7.6	9.0	6.6	6.9	6.1
GENDER					
Male	6.6	7.2	6.1	6.1	6.2
Female	8.7	10.4	7.1	7.5	6.0
AGE					
24 or Less	6.3	7.8	5.3	5.7	4.4
More than 24	10.2	10.2	10.3	10.3	10.2
ATTENDANCE STATUS					
Full-Time	6.9	9.8	5.6	6.0	5.0
Part-Time	8.8	8.7	9.0	8.9	9.4
STUDENT WORK STATUS					
Do Not Work	6.1	8.3	4.7	5.1	3.8
Work	7.5	9.4	6.3	6.7	5.3
Employees Who Work P/T	9.5	9.2	10.3	10.2	10.4
HOURS PER WEEK WORKED					
Less than 20	5.9	8.2	4.8	5.1	4.1
20 or More	8.8	9.3	8.2	8.2	8.2
DISTANCE FROM PROVIDER					
30 Miles or Less	7.7	8.7	6.1	6.4	5.2
More than 30 Miles	8.2	11.6	7.3	7.3	6.8

Source: Allen and Seaman (2003)

When the percentage of online learners is examined only in institutions that offer online courses rather than all schools, specialized schools have the largest percentage of students taking at least one online course—some 16.3% of all students enrolled. This is followed by community colleges, which offer only the two-year Associate of Arts degree and vocational and adult learning courses—with some 13.3%. Four-year colleges offering the Baccalaureate have 12.0% of their students taking an online course. Those HEIs offering the Baccalaureate and Master's degrees have some 10.6% of their enrolment taking at least one course in this manner. And universities offering degrees up to the doctorate have only 7.0% of their students enrolled in an online course (Allen and Seaman, 2003).

One important question: Are these initial profiles of students and providers indicators of future patterns in higher education? In other words, will there be significant shifts in both the type of students and the types of programs and providers of distance education and online courses as their market share of higher education grows?

A Rush to Market?

Over the past decade, a number of high profile US public and private universities attempted to make such a prediction. There was a strong sense of a largely untapped market for online programs. The initial analysis (and hope) was a growth market for online courses and degree programs perhaps initially focused on professional areas such as business, but eventually encompassing liberal arts programs. There was a strong belief in the US market, but even more faith in the ability of brand name universities to enter major and developing international markets.

University leaders, captured by the idea of significant changes in HE under the emerging global economy framework, sensed that the first to successfully enter the market would likely become dominant providers in the long-term. A number of major American universities wished to capitalize on their existing reputations for quality, both locally and internationally. Yet because of their limited knowledge of the costs of creating and maintaining online courses, most sought partners to share the risk. Almost no ventures were integral parts of the larger academic enterprise. Rather, they tended to be separate business ventures with similarities and sometimes with direct affiliations to university extension programs. In general, elite private universities with substantial endowments were more likely to form for-profit consortiums and assume the risk than were public universities.

A few notable university ventures help to illustrate this trend of entering the market early and with high hopes. Under the premise that universities are knowledge entrepreneurs who could sell their intellectual capital, Columbia University set out to establish a for-profit unit in 1999. Fathom Knowledge Network Inc. was designed as a portal for courses and e-learning materials developed by Columbia and other consortium members. Early partners included the University of Chicago, Cambridge University Press, and the New York Public Library. Fathom began with a \$20 million investment by the partners, growing to some \$200 million.

Stanford University and the University of Pennsylvania formed partnerships with e-learning companies like, respectively, UNext.com of Deerfield, Ill., and Pensare Inc., based in Los Altos, California. Life-long learners formed the initial target audience for both ventures. New York University and Cornell University each created new for-profit ventures. NYUonline set out to capture a seemingly lucrative corporate-education service, banking on its name recognition to create an instant market.

A pattern emerged, however. As previously noted, developing online coursework is thus far much more expensive, difficult, and ethereal than once imagined. A report by the University of Illinois two years ago argued that online education is actually more costly and time-consuming for a university than traditional classroom teaching. E-learning requires expensive technical support, according to the report, and class sizes need to be smaller to compensate for the loss of classroom interaction. Ideas of scalability and economic savings, and their relationship to the quality of the educational experience of students, are still being debated. Any profits are in the future (Green and Jenkins, 1998).

Secondly, few ventures captured the student market they had hoped for. Fathom projected 200,000 registered users within 18 months, with about 20,000 paying students

registered in Fathom courses. But after nearly two years, it could count only a few hundred paying students. Similar disappointing numbers confronted Unext and NYUonline. Thirdly, such for-profit ventures easily attracted venture capital during the last gasps of the stock market boom of the late 1990s. But this funding quickly dried up, and with it the patience of universities and private investors for sinking money into enterprises that no longer seemed like a good bet. Both Fathom and NYUonline folded. Unext and a number of other early ventures substantially revised their target audience and anticipated revenues.

A number of other consortiums involving public universities and colleges have suffered similar difficulties. In the United States, a number of quasi-governmental initiatives have been launched to create virtual universities. The Western Governors University (WGU) linked a number of Midwest and Western state universities to offer a portal to courses at affiliated institutions, leading to a WGU degree. WGU was the brainchild of a meeting of state governors wanting not to generate new income, but rather to broaden access and possibly to reduce public costs for expanding enrolment.

When first approached, California’s governor thought WGU a good idea and attempted to entice the University of California, the California State University, and the state’s community colleges to participate. Instead, California’s public HE sector balked at subjugating its courses and ultimately its degrees to an alliance. Losing control of the authority to grant the degree led to a watered-downed version of WGU: the California Virtual University (CVU) —a venture clearly instigated not by the interest of the public HE systems, but by the governor’s vision and political desires.

Figure 4. Major American Online Ventures and Targeted Programs, 2003

	HE Degree Program	Professional Adult	Corporate Programs	College Courses	Recreational Learners	Failed (F) or Morphed (M)
Non-Profit/Some Profit Sector						
Penn State University	.	.				
University of Wisconsin	.		.			
University of Nebraska	.					
University of Texas	.			.		
University of Illinois	.	.		.		
Columbia University	.	.	.			
Carnegie Mellon University	.	.	.			
Univ of California - Berkeley		.			.	
UCLA		.			.	
For-Profit						
University of Phoenix	.	.				
DeVry University	.	.		.		
Quisic	.		.			
Sylvan		.		.		
New York University-Online		.	.			F
Fathom (Spin-Off Columbia Univ)		.				F
Univ of Maryland		.	.			M
UNext / Cardean University		.				M
Western Governors University (WGU)				.		
George Washington Univ/Prometheus		.		.		
Global Education Network (GEN)		.		.		
Caliber		.	.			
Pensare			.			
Unext			.			
Smart Force			.			
Healight		.			.	
OnlineLearning.net		.				

The CVU emerged as a portal to a rather sparse number of online courses offered by member public institutions. Here too, enrolment numbers were well below projections in the initial years of the venture. With the decline in the economy, CVU limped along and

remains a small player in providing access to students. Meanwhile, the WGU finally opened with modest enrolments after a gestation period of approximately four years.

One of the apparent lessons of the last decade is that there is a growing market for online courses and degree programs, but the market is narrower than previously predicted. Figure 4 provides a listing of a number of major ventures in online courses and degree programs by non- and for-profit providers. In this sample, for-profit ventures, whether they were under the auspices of major private universities or by proprietary institutions such as DeVrey and the University of Phoenix, search for profits in programs for professional adults. Both DeVrey and the University of Phoenix offer degree programs, but they are largely focused on business and other professional fields—the low-hanging fruit. Online degree programs offered by non-profit providers, such as Pennsylvania State University and the University of Wisconsin, tend toward the same focused market with a promise of a profit.

Most of these American-based ventures have experienced limited success internationally. In the past, non-profit colleges and universities have operated abroad through partnerships with local institutions, and most have focused on relatively small programs in business. Few make a profit.

However, a number of US universities pinned their hopes on their online ventures to sell their services or products in other countries. As in the domestic market story, many over-extended or over-estimated the market demand in places such as China and Malaysia. Probably the most successful venture is the University of Phoenix, which has built an empire of educational services that range from operating secondary schools in South America, to part-time degree programs offered in office facilities near freeways throughout California, to growing online degree programs. Even this success has its limitations, however.

The University of Phoenix opened a “campus” (essentially an office facility for classes and administrative functions, but with no space for resident faculty) in England in the late 1990s. However, with competition by low cost public providers like the Open University, Phoenix found a limited market and difficulties in offering courses with relatively high tuition costs. Phoenix ended its venture in England in 2003.

A similar problem with carving out a market in the midst of a crowded set of providers, both public and private, confronted the Open University when it attempted to partner with a group of domestic universities to offer distance courses and eventually online degree programs in the US. The Open University folded its foreign operation and perhaps learned an expensive lesson. In the midst of that failure, the Labour government in England launched a major new e-learning initiative.

In 2001 the Higher Education Funding Council of England helped to establish UK E-University with an initial government investment of £62 million. UKeU was to operate separately from the Open University and government as an independent corporation and was announced as a major new initiative to significantly expand access to HE, both in England and internationally. Both HE institutions and government ministers view globalization as a tremendous business opportunity for exporting British educational services. UKeU hired business managers in nine countries and acquired 26 local HEI partners in 16 countries. But shortly after opening for business in March 2003, UKeU

looked like a bust. Enrolment levels were dismal. Only 900 students had enrolled in on-line courses—well below the 5,000 student target.

In March 2004, HEFCE chief executive, Sir Harold Newby, announced the demise of the scheme. Newby noted two reasons for the inability to attract a sufficient number of students to insure profitability: one was the “preference” of students and partner universities in blended courses; another was a sense that the venture poured most of its resources into the UKeU web-based platform and little into actual course content. Function followed form, essentially, which seems a persistent problem with on-line schemes bent on profits.

Concluding Thoughts: The Issues of Access, Quality, and Sovereignty

Where are we in the learning curve regarding globalization and its influence on higher education? The list of successful as well as unsuccessful ventures provides indicators regarding the complexity of the international market for higher education. The market, though significant and growing, is seemingly more narrow and specialised than previously thought. At the same time, higher education is expanding in its value to society. Enrolment demand is growing in virtually all parts of the globe, thus making room for more types of providers. Political and cultural differences, and the locations of higher education systems within nations and regions, are extremely important factors moderating the influence of globalization. While IT may influence the way courses will be taught, it seems unlikely that new technologies are forcing a paradigm shift from traditional to non-traditional providers. The changing nature of higher education is much more nuanced and cumulative.

At the institutional level, the movement toward international markets by existing and often traditional universities has been motivated largely or solely by the desire for profits. Seldom is it part of a well-planned expansion deliberately linked with an institution’s mission. Declining state subsidies motivates the understandable desire for profits by public institutions *and* the arrival of a political culture captured by the ideals of the marketplace. As long as higher education is viewed more as a private than a public benefit, these contextual influences will motivate universities to seek new markets and revenue streams.

In a publication on borderless education, Stuart Cunningham, Peter Coaldrake, and their associates note, “each university needs to assess the potential impact of the development of corporate and for-profit universities according to its own mission and goals” (Cunningham et al. 2000). But another question is how these ventures might be more fully integrated into the more traditional academic enterprise in order to meet larger societal needs.

On a broader level, one sees a reinvigoration of an old debate (at least in the United States) regarding the relative merits of an open market approach to providing higher education in a nation or state versus a more co-ordinated approach. GATS, the entrepreneurial drive for profits, and the largely commercial ventures of a number of notable name-brand universities are all forces pushing for the development of more open markets. Much of this is good. Multiple providers and multiple choices for students to gain access to HE and to gain knowledge and skills beneficial to the individual, to the

economy, and for democracy, are all in the interest of society. Relatively closed markets, such as those in much of the EU, are less desirable and will likely slowly erode.

Lurking in the shadows, however, are important questions related to access, quality, and national sovereignty. Returning to the theme that globalization is ultimately a local question, responses to these questions are likely to differ. Open HE markets hold the promise of a more diverse set of providers in markets such as the EU. In countries with less developed higher education institutions and systems—including accreditation processes—they may welcome and even need outside providers. New foreign providers may broaden access. But access to what? And at what price for existing national HE systems and institutions providing important academic programs that serve broad public needs?

In a relatively extreme globalization scenario, nation-states with evolving quality assurance structures may find that foreign providers operate under different rules related to quality. Developing countries generally have few mechanisms for quality control. Is it a coincidence that the US—a nation with the largest number of so-called diploma mills and entrepreneurial organizations—is thus far the most aggressive advocate for opening foreign HE markets? Australia and Japan have similar motivations; both seek foreign markets to prop up under-funded domestic institutions with declining enrolments. "Developing countries represent the markets that sellers from the industrialized world are eager to target," explains Philip Altbach, who is deeply concerned with the potential negative influence of GATS on HE systems. "Most developing countries," he worries, would likely be "at the mercy of the multinational providers." He warns, "It is important to ensure that globalization does not turn into the neo-colonialism of the 21st century" (Altbach 2004).

Will globalization be a major destabilising force for constructing coherent and broadly accessible higher education systems? Many nations and the higher education community are just beginning to contemplate this question, in large part in reaction to GATS. While globalization remains a potent force, strong countervailing forces are at play. This essay has attempted to provide a general framework for understanding these countervailing forces.

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