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The Decline of Private Higher Education

By

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and PROPHE Director*

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**PROGRAM FOR RESEARCH ON
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Abstract

No topic in private higher education study has attracted as great attention globally as has growth. This is appropriate as private growth has soared to nearly a third of the world's total higher education enrollment. But while private growth continues to be the dominant trend, important declines in private shares have emerged. These must be analyzed and understood.

What is private decline depends partly on definition. For the most part declines occur in private enrollment shares, rarely in absolute numbers. Declines also sometimes occur in private subsectors rather than in the private sector overall. Some declines are merely transitory. Short of actual decline we also find notable slowing of private growth rates.

After citing notable historical examples of private decline, we focus on contemporary social factors and political factors. The social factors revolve around two main dynamics: diminution of social distinctiveness or groups that have fueled private growth; demographic changes that fall hard on private sectors. On the political side we consider political regime change and regulation, then shifting to analysis of hefty multi-dimensional expansion within the public sector.

None of these dynamics reverses the continued dominant tendency of private growth but they do provide counter-tendencies important to grasp and with potential to accelerate.

I. INTRODUCTION AND CONTEXT

Growth is as arresting as any theme about private higher education (PHE).¹ Growth is the center of public discussion, policy concerns, and scholarship about PHE. And for very good reason, as PHE growth has been spectacular.² The best estimate is that PHE now holds 31.3 percent of global enrollment (<http://www.albany.edu/dept/eaps/prophe/>). No region has been exempt from the growth. Very few countries have no PHE, whereas absence was common a couple of decades ago. Moreover, growth—huge growth—continues mostly unabated. It is not like a powerful tendency has now peaked. Nor is any imminent global PHE peak predicted.

So why the provocation of the *Decline* of PHE? Because it is an untold reality; it has received only rare and passing mention with little analysis. And because growth is not a uniform, omnipresent, inevitable course. We find that declines of one sort or another occur even amidst growth, that declines can be in certain types of PHE, or certain countries, or for certain time periods. Furthermore, it becomes clear that declines can occur in private shares of higher education even while private numbers grow—just as public higher education in recent decades has shrunk in share while growing in absolute enrollment.

Dominant trends often appear to be natural, so natural that they might seem permanent. But the huge expansion of the broad welfare state once appeared that way, yet was followed in the last decades of the twentieth century by significant privatization. The same holds for the shares of public higher education and private higher education. Where we will be beyond the near future may seem clear but is not.

On the other hand, crying wolf also has a private education history. Eye-catching examples of decline have been taken as general trends or harbingers for private education overall. In the US this has happened with Catholic schools and colleges both. These institutions, previously dominant in numbers within the private school sector and prominent within PHE, did indeed suffer real proportional declines from the 1960s. In higher education, Cassandras bemoaned the decline, even extreme danger, for private colleges overall. At least two errors were prominent in these predictions. One was a preoccupation with the extant while giving relatively little attention to the emerging. Catholic institutions declined but other religious and secular private institutions sprang up.³ Another error was a preoccupation with dying institutions that were generally small. In reality, the U.S. higher education private enrollment share was remarkably stable for many decades at between one-fifth and one-fourth, just recently rising to 28 percent (Zumeta & LeSota 2010). For various reasons we should be wary of extrapolating particulars of private decline into generalities about broad overall private decline.

This paper identifies and tries to explain incidences of PHE decline. Most countries have not experienced private decline but, to explore decline, we focus on cases that show at least a period of significant decline in the private share of total higher education enrollment. Thus, the countries discussed here are not typical (though they may prove typical of countries with PHE decline).⁴

After sketching the historical context, the paper focuses on (a) social factors and (b) political factors. In so doing we seek to establish categories (for the analysis of decline), taking us beyond single-country case studies. This is a global cross-national sweep or “essay” and is not a substitute for statistical or other intensive analysis in a national case-study. But a principal hope is that this article will stimulate and guide such analyses.⁵ Additionally, the paper is analytical, not normative: it does not treat declining PHE as either good or bad or the necessary object for corrective or promotional action by public policy.

Much of the reason to study and understand decline is the same as reason to study growth. The division of public and private sectors is an abiding concern of political economy (Kamerman and Kahn 1989). It is a central question in social areas like education, at all levels. Public sector growth and then privatization have both been key topics in policy and social science scholarship. We want to know the size of private and public sectors and also their shape, as they may rise in some respects and shrink in others.⁶ Furthermore, at least in higher education, and despite important instances of inter-sectoral overlap or blurring, the literature predominantly affirms strong private-public distinction (Levy 2006a). Thus the relative size of each sector is a significant question.

II. HISTORICAL CONTEXT: THE FALL AND RISE OF PHE

A. The Private Fall

Until the nineteenth century, higher education usually had substantial private elements. Private and public, in many policy fields, did not carry the same meanings as they usually do today (Starr 1989). Specifically in higher education, government and religious or other private interests often worked together (Whitehead 1973; Levy 1986). The notion of a sharp private-public division was not dominant.

With the rise of the nation state, however, the public side became ascendant, both in higher education and more generally. For Europe and Latin America this private decline occurred largely in the nineteenth century and continued into the twentieth. Higher education institutions saw more and more emergence of identifiable public and private tendencies—and the triumph was on the public side. The Church presence was often pushed out of the main universities, leaving a second-best option as the **defensive creation of private religious universities** (Levy 1986). Various forms of private

precursors remained, such as correspondence or missionary schools in Africa, but their share of higher education (a category on which they sometimes teetered precariously) declined markedly.

A second great global wave of public proportional ascendance can be linked to the twentieth century growth of the welfare state in developed countries, with echoes in developing ones. In higher education and beyond the public proportional rise was mostly about its own growth (rather than a fall off in private absolute enrollment). The chief global tendency for decades would be expansion of the State role in finance and rule-making. In the 1960s the pace accelerated.⁷ Apart from shifts to the public side among existing institutions was the emergence and expansion of new public higher education institutions.

B. The Private Rise

Eventually, however, there would be a broadside attack on the dominance and expansion of the State. In much of the developed world the main public-private impact in higher education came in added privateness within existing institutions. But the PHE sectoral explosion has been overwhelmingly in developing countries, traceable by regions (Levy 2008).⁸ Latin America has 49 percent of its enrollment in the private sector. Asia's figure is 36, higher for East Asia, lower for South Asia, but Asia has by far the largest PHE raw numbers (Levy 2010a).

All other regions have PHE averages under the global average but all have seen dynamic change. Central and Eastern Europe jumped from nearly 0 percent PHE under Communism to even over 30 percent in a few countries, largely in the first five post-Communist years as demand for higher education soared and the public sector was just coming off a legacy of quite restricted access. Combining this part of Europe with Western Europe, where PHE remains scarce, gives Europe a 16 percent average. Sub-Saharan Africa still has only 15 percent PHE but proliferation has been striking since the 1990s. The Middle East has suddenly seen widespread creation of PHE since 2000. Commonwealth countries of mostly European-descent populations join Western Europe as outliers, reflecting the comparative rarity of PHE in developed countries, but even here important PHE advances are seen (Wells, Sadlak, and Vlăsceanu 2007).

The PHE surge has occurred in a variety of institutional types (Levy 2008). Weightiest in sheer numbers have been “demand-absorbing” and other non-prestigious forms, including for-profits. Other types are religious or other “identity” and “semi-elite” (as world class elite is almost non-existent outside the US). Reasons for the PHE surge have been multiple, some more pertinent to one type of PHE or another. For the demand-absorbers key has been the yawning gap between soaring demand and existing supply, with government unable or unwilling to finance massive growth in the public sector. Also, higher education is part and parcel of a general ideological and practical movement of a kind of state shrinking and marketization (Roth 1987).

Even stability in PHE shares represents remarkable PHE growth in absolute numbers alongside the huge growth of public enrollments. That PHE's share of total enrollment has so often grown is of course more striking.

III. SOCIAL ASPECTS OF PHE DECLINE

A. The Waning of the Distinctive

Religious institutions may decline when their core social constituency declines. The Catholic education decline noted above has been a significant example. On one end, the Catholic share of total population has sometimes diminished. More importantly, deep affiliation with the religion, or at least the institutional manifestations of it, has declined; although Catholic education institutions have often been adept at attracting clients who do not choose them primarily for religious reasons, the primordial affiliation becomes less of a magnet. When perhaps only the top institutional leadership echelon is committed to a religious mission, and most faculty and students are not, the struggle for identity and sometimes even survival is real. Also, as in many religious and other nonprofit institutions, "mission distortion" occurs as Catholic colleges have to compete increasingly in a marketplace. For several inter-related reasons the phenomenon of decline in religious rationales for PHE is strongest in Latin America—even where the institutions may be the object of increased (broader) demand.⁹

Women's colleges provide another example of the decline of identity institutions but the only sure, widespread evidence at hand is on the US, though women's colleges are numerous in other regions. After mainstream higher education institutions opened themselves to women there was of course diminished rationale for separate, private, women's colleges. This does not mean that there is no rationale but it becomes more a matter of choice, less a matter of necessity. Mission distortion also occurs as men are admitted to the women's college student body and occupy teaching and administrative positions as well.¹⁰ A striking example is how the heightened Japanese university access for women has undermined the tight association between women and private junior colleges. Also, as job hiring has become less the reserve of male university graduates, Japanese women have increased incentive to go to universities.

B. Demographics

A different kind of socially-based decline has little to do with distinctiveness. It is demographically induced, as a population shift comes to affect overall demand for higher education. Obviously, the impact of a fallen or stagnant birth rate hits higher education only many years later. The demographic shift can, most dramatically, produce an absolute fall in PHE enrollment though more commonly a proportional decline (or at least slowing of growth). Indeed, as compared to declining

distinctiveness, declining demographics are more likely to produce a decline in the share of PHE overall, not just in a subsector of PHE.

Of course, demographic decline could affect public and private rather equally, but we can trace the logic of particular impact on PHE.¹¹ It is crucial to bear in mind that outside the Americas, the public sector is almost always preferred over the private. It is preferred for its general advantages in quality, status, or legitimacy—and for being less costly to the student.¹²

A related reality is that PHE has often risen rapidly, sometimes suddenly. In important respects it has done so in “easy” circumstances, with the huge excess of demand over supply in higher education. Much PHE has not had to offer very much, other than access and the prospect or hope of a degree. Logically, then, it is the demand-absorbing subsector of PHE that is most vulnerable when demand slows. In contrast, other private types offer more to customers than just a place in the system and thus are less vulnerable to demographically induced decline. Religious and other identity institutions may be less vulnerable to demographic decline than to changes in the social environment (just discussed), while top private institutions may be more vulnerable to privatizing competition from good public institutions (discussed later in this paper). It is the demand-absorbing subsector that is generally the least desired by students—and the most vulnerable to weakened demand for higher education.

Additionally, to the extent that demographic stagnation strains all higher education, or at least all but the leaders, even institutions other than private demand-absorbing ones need to adjust. Where public institutions ease selection requirements, to maintain enrollment levels against the backdrop of rather fixed costs in personnel and physical infrastructure, they may take in an increased percentage of the demand for higher education—leaving less for PHE overall and for demand-absorbing PHE in particular. Fewer applicants then have to “settle” for low-level PHE. Just as this PHE was such a beneficiary of soaring higher education demand, so it can get hit hard by slowing demand. Because vulnerability is greatest in the demand-absorbing subsector and this is easily the largest subsector, the potential for PHE decline is notable.

To be sure, the demographically-induced PHE fall has been rare in the developing world. There the demand for higher education continues to grow rapidly, though not in every country. So precisely where the demand-absorbing subsectors are proportionally largest (i.e., in the developing world), PHE decline is least evident. But two important caveats: One is that demand-absorbing PHE exists also in developed countries.¹³ Second is that demographics are beginning to become problematic even in some developing countries. For example, Thailand’s number of secondary school graduates is falling. We should note that in the decade of the 2000s China began to see a decline in the population aged 15-19.

Overall, demographic decline has not affected Western Europe PHE very much simply because PHE is still small in most countries, but note the exceptional Portuguese case. Portugal has been the Western European country with easily the largest PHE share and it is now the country with the largest PHE proportional decline in the region—from 36 to 25 percent, 1996 to 2006. Some programs have had no applicants and there are predictions of PHE institutional deaths or at least mergers.¹⁴ Mergers in times of demographic stagnation relate also to the fact that many PHE institutions are very small, much more often than are public counterparts. Mergers may or may not bring an enrollment decline whereas they obviously bring a decline in the PHE share of higher education institutions.

Russia could become the most important case of PHE decline in Eastern Europe. Between 1990 and 2001 higher education almost doubled in size, and continued to grow until 2008. The great public growth obviously affected the share the rapidly growing private sector could attain. Remarkably, however, PHE share slightly increased (to 17 percent on the university side and 14 percent overall). But soon the number of secondary school graduates will be less than the entry quota for the public sector alone. Russians refer to the “demographic pit.”¹⁵

Japan is a leading country case of demographically induced vulnerability and PHE decline. It is extraordinary for its major fall in PHE absolute enrollment. Thus it merits more attention than we give to any other country regarding demographics. Japan is nearly unique in having *both* the stagnant demographics often associated with developed countries and the substantial PHE share (77 percent) more associated with developing countries. “Nearly unique” because South Korea is similar in both respects, with 78 percent of enrollment in PHE.¹⁶ In both South Korea and Japan PHE institutions have not been able to fill their government sanctioned quotas.¹⁷

Since the mid-1970s, Japan has had a declining birthrate. Since the mid-1990s, it has had a decline in secondary school graduates; a long-term recession has hurt higher education graduate employment, though punctuated by sporadic growth. There may soon be only one applicant for each higher education opening. Within PHE, decline has been acute among non-university institutions, often small ones; decline in unprestigious places is a common pattern, shown in Portugal, as it has been in the past in the US. Top private institutions have been much less affected.¹⁸ More than nine in ten of Japan’s the country’s junior colleges are private; their number fell from 503 to 386, with a stunning enrolment plunge of more than half, 416,825 to 172,726 1998 to 2008. Although few Japanese PHE institutions closed, alarmist estimates were that a third were vulnerable, and that perhaps half could close by 2020 (Kinmonth 2005). The government issued guidelines for closings.¹⁹

Yet, if Japan is a significant case of significant decline, it is also a significant case of how decline may be curbed. So far at least, most dire predictions of Japanese PHE

decline have not been born out. The PHE share of enrolment has remained steady at 77 percent for the system. The private share for university education is likewise stable, with a small increase in share of institutions, to 77 percent. In other words, private decline has been paralleled by public decline. Indeed the number of private universities grew to 589, from 444, though part of that increase comes from elevating junior colleges to university status. Although private junior colleges have suffered enrollment decline, they have maintained their *share*, slightly growing to 93 percent of institutions and 94 percent of enrollment; even the enrollment plunge has moderated in the last five-year period. For all the logic and hypotheses of demographically induced higher education decline falling disproportionately on PHE, this has not been the Japanese reality.

Why? Perhaps observers focused too much on shaky, small (private) institutions. Perhaps the projected magnitude of enrolment decline was over-estimated, perhaps some observers underplayed the extent to which demographic decline affects both sectors, not just the private sector. Moreover, in Japan the higher public than private status is sharper in research than in teaching; so the logic elaborated above about the greater vulnerability of PHE than public higher education to enrollment decline is curbed in Japan, as compared to Eastern Europe. Finally, higher education analysts too often marginalize the role of policy change. On the private side (as well as in public higher education), come new efforts and programs to attract working and adult students and foreign students; PHE proves resilient. On the public policy side, the government's overall privatization policies have played a role; de-regulation has eased the way for some private institutions. Also, Japan's higher education cohort rate has risen (to about 80 percent) so supply has not diminished as much as demographics alone would have predicted. Nevertheless, some government policy has inclined to the anti-growth side for the public sector (for both national and municipal institutions). Public junior colleges have nearly disappeared. Such policy is the opposite of policy that expands public enrollment and often brings a decline in the PHE share (as we explore shortly). All this said Japan remains our biggest example of PHE decline in absolute enrollment.

IV. POLITICAL FACTORS

What happens in the public sector—by government or in public higher education--can have major effects on the size of the private sector. Often, the effect has been positive, as exemplified when government restricts public size, spurring PHE absorption of demand. Here, however, we focus on how government and public higher education policy can thwart PHE, sometimes bringing decline.

A. Government Policy

Government has been an important actor in the PHE surge, if only by first legalizing PHE or by being largely a non-actor in the sense of not getting much in the way of the mostly spontaneous growth. But government does not always take a benign stance. Government policy can bring about PHE decline. We see this at the level of (1) political regimes and (2) regulation.

(1) Regime Types. The largest historical episode of rising government and declining PHE came with Communism, first with the rise of the Soviet Union and then, right after WWII, in its empire and then in China.²⁰ South Vietnam's 11 private institutions were nationalized once the Communists won the war (1975). Other individual country examples of nationalization have included Pakistan under Ali Bhutto in 1972 and Turkey for most of the 1970s. Whether nationalizations are a thing of the past remains to be seen. But government favorability to private proportional growth cannot be assumed.

Short of nationalizing extremes, governments can become less favorable to PHE during particular administrations and under left of center parties.²¹ New Zealand's Labor Party came to power in 1999, less inclined than its predecessor to major public subsidies for PHE; in 2002 it froze such subsidies. Market-oriented China highlights that in distinctly non-democratic national settings, with weak rule of law, PHE depends precariously on changing views of government or party leaders, sometimes varying at provincial and local levels. Whereas the Ethiopian government had lauded the rise of a private sector to a nearly 20 percent share, and sought collaboration with the World Bank for further expansion, in 2010 it suddenly issued sharp anti-private policies that jeopardize the sector. One was that each higher education institution must have 70 percent of its enrollment in science and engineering; though this is unrealistic for the public sector as well, punishment for non-compliance could hit the private sector much harder. A tandem astonishing blow was that PHE would be banned from three major areas: law, pedagogy, and distance education.

Latin America offers several cases of left-of-center regimes bringing problems for PHE. Sometimes, this has had to do with massive expansion of the public sector (not necessarily with an aim of diminishing PHE). Argentina's 1983 re-democratization brought sudden open admissions at the national public university, and the PHE share dropped from 22 to 13 percent by 1985, to a low of 11 in 1987; a similar dynamic had occurred in the 17 to 12 percent decline in the early 1970s (Rabossi 2010). Argentina's leap to Latin America's top higher education cohort enrollment rate has involved a potent public rise that makes it difficult for PHE to maintain its share. Moreover, from 1971-1989 government did not approve new private institutions. In 1981 the government imposed tuition at public universities, but a low tuition, which inflation then reduced to only about \$10 per year. Some students switched away from their private institution. In certain years, PHE fell even in absolute numbers.²²

The Latin American neo-liberal rise of recent decades may have seemed to mark a decisive turn away from huge public expansion. But electorates have rebelled in many countries. Where left-of-center parties have won presidencies, as in Brazil, Chile (since replaced by a rightist party), and Argentina, the idea of direct threats to PHE is remote, though large public expansion is an option. In contrast, however, much more leftist-populist regimes have gained power in Venezuela, Bolivia, Nicaragua, and Ecuador. They believe in expanded government and public sectors and often speak disparagingly of the private sector, including in higher education. We cannot yet assess impacts on PHE national shares in many countries. But Venezuela's Hugo Chavez has for a decade spearheaded a mammoth expansion of the public sector, through a huge expansion of the University of the Armed forces and his new Universidad Bolivariana, both with open admissions policies beyond anything previously seen in the continent, so the explosion on the public side appears to have chopped the private share from 42 percent to about half that.²³ Cuba of course is the Latin American example of where the rise of Communism led to the total demise of PHE.

(2) Regulation. Short of regime change or even change in government administration, regulatory restrictions have often been significant. Where regulation mostly pre-dated large PHE growth, it does not get much attention in this article, but other regulations come after. Restrictions may stem from public higher education lobbying or directly from government agencies. Opposition to growth has sometimes focused on particular types of PHE, such as religious, foreign, or for-profit; the foreign and for-profit examples are largely contemporary. Important is pressure for stiff requirements on PHE, often patterned on what is the claimed norm in the public sector, as in accreditation agencies, or even for tougher requirements for the private sector than exist in the public sector. All this can lead to "coercive isomorphism" (Levy 2006a).²⁴

Regulation coming in response to great PHE growth is "delayed regulation." This is a response to the results of a largely un-regulated period, common where PHE first emerges. The causes and dynamics of this delayed regulation have been elaborated elsewhere (Levy 2006b), so can be briefly summarized here. Where PHE emerges explosively, without a central plan, often catching governments and public higher education off guard, the regulatory framework is paltry. This lack is felt acutely on the demand-absorbing side, again the arena of greatest PHE growth. Institutions sometimes proliferate wildly. What was unplanned appears to carry benefits for some time: expanded access is popular, it comes without strapped governments having to finance it, and public universities do not have to super-expand to accommodate weighty new admissions.

But then the costs of un-regulated growth become apparent. Quality is often low, sometimes unacceptably, citizens feel deceived, and supervision, accountability, and transparency are weak. The problem of legitimacy is so sharp that it affects not only

the institutions but also government itself (for not protecting the public). Government then acts. Licensing standards emerge or become much tougher, accreditation is introduced, and laws are promulgated. Where proliferation was especially irresponsible, delayed regulation can lead to many closings or institutional mergers, as in Romania and El Salvador. Romania's private share enrollment fell--36 to 22 percent, 1992-2005--came largely from regulation (Pachuashvili 2009). In Argentina the 1995 creation of a national accreditation agency led not to closing existing PHE institutions but to much more difficult approval for new ones. Argentina now stands out in Latin America for lacking a large demand-absorbing private subsector. After establishing 22 new private universities 1980-1995, Argentina established only 7 from 1995 to 2008; more severe policy had existed from 1971 to 1989, when there had been a ban on new private universities (Rabossi 2010).

The importance of delayed regulation is underscored by its global reach: delayed regulation has been noteworthy in Africa, Asia, Eastern Europe, and Latin America.²⁵ In recent years regulations have sometimes been aimed particularly at for-profit PHE.

Whether "delayed" or not, regulation in matters like program offerings sometimes exceeds that faced by public universities, with their relative autonomy, own statutes, venerable legitimacy, and political power. Examples include Argentina, Brazil, Japan, and Thailand (Levy forthcoming; Praphamontipong forthcoming). Short of regulations being more stringent for the public than the private sector, even the same regulations can undermine PHE if they are more challenging for PHE. In Russia, new regulation compels PHE to use the same admissions criteria as the public sector uses; it is too soon to see if this brings effects for PHE overall and drastic effects for weak PHE institutions. Broadly, accreditation undermines PHE where it uses gauges not suitable to their pursuits. Growing rapidly around the world, accreditation is a particular threat to the size of demand-absorbing PHE.

Public regulation carries considerable risk for PHE size, though it can also help secure part of PHE by bolstering its legitimacy and thus recruitment. In contrast, public subsidization that includes PHE, whether to institutions or indirectly in student aid, can be favorable to PHE size. But direct annual subsidization continues to be rare (Levy forthcoming) and carries increased risk of government rules such as ceilings on tuition.²⁶ Low public tuition obviously works against private size.

B. Public Higher Education: Expansion

Here we shift our focus from government policy to public higher education policy. But these are not fully separate entities; government typically is a major funder and influencer of what public higher education does. Nevertheless, there is usually some separation as governments do not try or are too weak to dictate all the public higher education policy they would like. Imposing (or raising) tuition is a common example.

We explore how expansionary policies in public higher education--steered by government or not--can lead to PHE proportional decline.

The huge post-war development of U.S. two-year public community colleges (whereas prior two-year forms, including the private junior colleges, had been limited in size) radically lowered the country's PHE share. In many countries of the former Soviet Union, the rapid private share rise stalled in the mid-90s amid great public growth; Russia has been a dramatic case. Even where a private share continues to grow, it can of course be partly offset by large public growth, as with China today as well as some of Africa. The Mexican PHE share has held only steady at about one-third in most of the 2000s even while private enrollment has grown from 620,897 to 767,255.²⁷

The Philippines' PHE share fall from 81 to 65 percent between 1999 and 2006, after once being the world leader at 92 percent (Geiger 1986), was a result of policy changes within public higher education. Significantly, government promoted the expansion of the public sector, including what can be called demand-absorbing publics, including at the local level, where governments established low tuition. The Philippines generally had significant public tuition so this lower tuition contributed to public growth. In addition there was also effort at public expansion through visible steps to increase public quality and to offer scholarships for study in public universities.

The Colombian case is striking, displaying a triple public expansion: establishment of new institutions, growth within existing institutions, and elevation of existing institutions to higher education status. The impact on PHE share would be visible. Colombia had been the first Spanish American country to follow Brazil to a majority PHE system, a status it held for decades. But recently PHE slipped to a minority of enrollment. This occurred not through private absolute number declines (except by 3 percent, 2002-2004) but through spectacular public growth. Between 1997 and 2007 PHE expanded 18 percent while public higher education expanded 196 percent. "Room" for such huge public growth related to Colombia having remained behind other large Latin American countries, with only 17 percent enrollment of the age cohort group enrolled in higher education, 1997, before leaping to 32 percent by 2007. Though private tuition had risen faster than inflation in this period and financial crisis had left scars, these were not the main reasons for the PHE proportional fall. The main reason was broad public policy to expand the public sector, including in new and expanding institutions below the university level (Uribe 2010). Indeed the expansion of low-cost non-university education is a global government tendency; it is a partial alternative to low-cost access via the private demand-absorbing sector. Additionally, the Colombian government incorporated part of SENA (National Training Service)--over 200,000 enrollments--to "higher education" in technical and technological programs. This too contributed to the PHE share slipping to 45 percent, just where it had been in 1970.²⁸

In fact, elevation of technical programs to higher education has occurred in many countries. The same holds for incorporation of normal schools. Thailand's PHE drop from 19 percent in 1996 to today's 10 percent is attributed mainly to elevation of public teachers colleges to university status, as well as to large growth in demand-absorbing public non-universities and in inexpensive fields of study in which privates have concentrated (Praphamontriphong 2010b).²⁹

C. Public Growth Via Internal Privatization: The Empire Strikes Back

A special form of public growth (meriting its own section) comes, paradoxically, through privatization. Like other challenged public enterprises public higher education can partly privatize. Public universities almost never become private ones.³⁰ This is a sharp contrast to what has often been seen for banks, airlines, and other enterprises (Glade 1986). We look briefly at several forms of partial privatization in public higher education before focusing on perhaps the most extreme, the admission of "private," fee-paying students. The growing privateness within public universities is an international phenomenon, though varying by region and country.³¹

One can refer to public university "self-privatization" but in fact government figures in again. At one extreme the government might command or strongly urge the privatization. This has been the case with "corporatization" in East Asia. The government purpose was not to compete with the private sector but that is an effect.³² Or government simply restricts its financial support of public higher education, often over the protest of public higher education; indirectly the university is forced to privatize financially.

Particularly striking is where public sector partial privatization is a response to the challenge posed by PHE gains. The public university empire strikes back. The examples we identify are mostly high-level public universities, though not necessarily the very top ones. The PHE competition they feel is from leading private institutions.

The public universities in question seek to improve their management in ways that are variously labeled, but making them a little more like that found in the semi-elite private competitors. Many of the specifics relate to what Clark captured in his term "entrepreneurial university" (Clark 1998). Management may become more hierarchical, seeking efficiency in coherent choice and administration of activities. Fund-raising may be undertaken. Activities often turn toward job-oriented fields, where PHE has concentrated, sometimes fields that public universities had resisted.³³ This is a commercialization and is sometimes carried to the MS level, as in Romania (Nicolescu 2007). Entrepreneurial partnerships with foreign universities may help buck up the public universities.³⁴ Most public university privatization intensifies public-private competition and can partly combat areas of private strengths. Given the persisting natural advantages of low or no tuition and often of traditional status, a degree of such public university privatization can be an effective bump against PHE

growth. Paradoxically, therefore, partial privatization in public universities can make higher education overall more private while reducing the PHE share of total enrollment.

Sometimes this privatization and enrollment growth within existing public higher education institutions comes from creation of new units within the public institutions. These units are largely private in nature, clear challenges to the expanding private sectors. A dramatic feature of the “module II” units is that their students pay. They pay about what PHE students pay.

The dynamics for the new units are as follows. The public university decides how far its budget can carry it for free (or low tuition) students and admits accordingly. Stopping at that point, however, would allow private places a shot at desirable students who would fall short in their effort to gain access to the restrictive public quota. That is how semi-elite private universities have tried to become the “first second choice” (Demurat 2008) for good students who fail to make the elite public free quota. But now the public universities build a second quota, a second tier, a module II, and incorporate tuition-paying students.³⁵ These units may well have financial and even management characteristics more like those in good private universities than like common practice within their own institution. A documented case is Kenya where each sector’s efforts are challenges that lead to counter-efforts in the other sector (Otieno and Levy 2007). The PHE share fell from 19 percent in 2006 to 13 percent by 2004. This is a far cry from times of largely uncontested PHE expansion. The new public-private competition brings risky choices.³⁶

Post communist Russia has these module II programs. Without them, PHE might hold more than half the country’s total enrollment. So these programs show the public empire strongly striking back against PHE expansion. As noted, Russian PHE has done well to hold its share; once again the private sector shows resiliency. This has much to do with private management and flexibility.³⁷ But the public competition still has restrictive effects on PHE. Significant is the pressure on tuition. Even the high status privates may have to hold tuition below that in the public module II programs.³⁸

The most closely documented case of PHE proportional decline resulting from public university creation of fee-charging modules is Georgia (Pachuashvili 2007). Even more than in most of post-communist Europe, PHE growth in Georgia had been sudden and large. Georgia thrust itself into the percentage lead, with Poland, Estonia, and Romania. By 1996 the PHE share was 34 percent. Yet by 2006 it was 22 percent. Georgia is the only country in the region to fall in absolute PHE enrollment, from 42,889 to 31,887, 1997 to 2002 (Pachuashvili, 2008). The main cause of the Georgian PHE decline has been the growth of the public modules.³⁹ Self-financed students constitute the leading revenue source for surging public university programs in information technology, law, business administration, and foreign languages. Most

public institutions have launched new academic programs in different languages and established branch campuses to run them. From 8 percent of the public enrollment in 1994, self-financed students came to be 43 percent by 2002. Thus, they came easily to outdistance the number of PHE students.⁴⁰

This is not to say that no other factors have played or may play a role in Georgia's PHE decline. But the dates of steep decline point to the public sector privatization as the key cause. Both the rapid increase and ensuing fall in the PHE enrollment share took place against the backdrop of a fairly unchanged regulatory regime and broader political-economic picture. Fundamental shifts in regulation (towards both higher education sectors as well as in other spheres of economic and public life) did not come until the "Rose Revolution" in 2003. Before then PHE enrollments had already dropped by some 13,000, or 15 percent of market share. Similarly, the impact of a downward demographic trend was negligible as the country's population stagnation would not have hit higher education until 2006.

Thus, internal privatization proves to be a potent way in which the public empire strikes back. The module II program is a salient manifestation, with admission into it of fee-paying students. An increase in public sector and even overall system privatization may be compatible with a shrinking PHE share of enrollment, with PHE decline.

V. TO HERE AND FROM HERE

It is not all up, up, up when it comes to the private sector of higher education. There are many types of PHE decline and there are many reasons for PHE decline.⁴¹ History provides context and precedents; contemporary PHE declines are not the first PHE declines. Most of the declines can be analyzed as basically sociological or political in nature. The sociological is divisible into a slippage in demand for distinctive types of institutions on the one hand and demographic slippage on the other hand. The political side includes the advent of regimes or governments hostile to PHE, regulation, and major public expansion, including partial privatization within the public sector.

For analytical purposes we have treated separately our identified decline factors, often focusing on one factor in one country at a time. In fact, sudden falls do often stem overwhelmingly from one factor: regime change with the rise of Communism in China, open admissions in public higher education in Argentina, elevation of schools to the higher education level in Thailand, or the start of module II programs in Kenya. But factors overlap as well, as with demographics and public sector privatization in Japan and South Korea. Russia shows three factors at work: demographics, regulation, and privatized programs within public universities.

Yet the very breadth of factors figuring into PHE decline can also be taken as underscoring the formidability of PHE growth. PHE grows significantly *despite* all the decline factors identified in this paper. Sometimes dynamics that work against private growth operate simultaneously with dynamics that bolster such growth. Most of the factors involved in decline apply to a time and place, or a few times and places. Japan shows a sharp drop in PHE numbers but it stands almost alone in showing that and Japanese PHE has not to date lost market share. More common is country decline in PHE market share—yet not in absolute numbers—and even proportional decline applies only to a minority of countries and often the PHE numbers in those cases continue rising impressively. The most vulnerable PHE is the non-elite, demand-absorbing type but this underscores that other PHE types are not usually very vulnerable. In all instances in which PHE has been banned it has since re-emerged, except for Cuba and North Korea. Moreover, PHE institutions are not inevitably hapless sufferers; evidence of action includes reaching out to new kinds of students, in new modalities, including internationally.

It turns out that PHE decline is multi-faceted and depends on definition. We should distinguish between “raw” decline in absolute numbers and proportional decline, including where the decline is fundamentally a function of large-scale fresh public growth. Particular types of PHE are particularly vulnerable to certain dynamics, as seen with religious PHE and a decline in societal distinctiveness and with demand-absorbers and declining demographics. A particular type of PHE may suffer decline (usually small demand-absorbing institutions) while other PHE types do not. We even see situations in which a decline in one PHE type occurs while another type rises. Sometimes the rising type is rather new and is even a cause of the relevant decline of an extant type. Notable today is the institutional establishment of for-profit, semi-elite, and partnered forms. Factors relevant to PHE growth or decline continually evolve.

In sum, even though growth remains the major trend for PHE, the decline of PHE warrants analysis for contemporary dynamics as well as historical and future ones. It is also warranted for how it puts mighty, recent, continuing, and anticipated PHE growth into perspective. When it comes to decline “attention must be paid.”⁴² The major and traditional question of how society divides its activities into private and public sectors is today overwhelmingly answered in higher education as a shift to the private, but it is neither a uniform nor unrelenting shift.

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² Kinser et al. 2010; Levy 2008; Levy 2009; Levy 2010b.

³ Two parallels with private education at lower levels merit consideration. (1) On the rise of the new amid decline of the old: Catholic school enrollments dominated the private sector for decades but now are roughly equal to non-Catholic private enrollments, as shown by the National Council on Education Statistics. Even on the Catholic side, immigration has provided a fresh population of Latinos to offset affiliation losses among populations of European origin. (2) On decline in one jurisdiction amid a large setting: even where the private school share almost holds its own nationally, it can fall sharply in particular states, e.g., Pennsylvania, allowing for comparative analysis somewhat parallel to what we are conducting cross-nationally in higher education. It would be interesting to see how our historical, sociological, and political cross-national explanations for private higher education decline might find partial parallels at school levels (or in sub-national contexts).

⁴ Slantcheva (2010) finds that the last decade continues to see mostly growth in Eastern and Central Europe. Sharp (Estonia and Slovenia) or lasting declines are both rare. Sometimes the decline is basically in the university sector, sometimes in the (much smaller) non-university sector. In Central and Eastern Europe and former Soviet

republics, 2000 to 2005 only 5 of 22 countries had any decline whereas 17 saw an increase (Pachuashvili 2009).

⁵ This global conceptual guidance has already yielded dividends for Argentina (Rabossi 2010), Colombia (Uribe 2010), and Thailand (Praphamontripong 2010a). On the other hand, the few existing case studies already have informed our global essay.

⁶ This is not to imply a simple zero-sum game. As many have shown for a range of social spheres (Salamon 1995; Kramer 1981), the growth of government and the welfare state has often gone hand in hand with the growth of the private nonprofit sector.

⁷ Instances of nationalization aside, what was usually at play in higher education was a marked shift to increased publicness of legally public universities that had been more mixed in publicness and privateness, as in England. This is the flip side to today's marked increase of privateness within legally public institutions.

⁸ Japan was the first developed country with majority private enrollments, joined since by South Korea and Taiwan.

⁹ Latin America is the developing region where religious higher education emerged and enlarged early in the history of PHE; it almost always marked the "first wave" of private growth (Levy 1986). As with its population until the last couple of decades, religious education meant Catholic but Catholic has in the region and beyond often been a declining presence (in both share of enrollment and religiousness within higher education institutions). Africa and Asia presently see emergence of Protestant, Muslim, and other religious higher education.

¹⁰ Group distinctive colleges are more associated with private than public sectors but there are public women's colleges and, in the Islamic case, even public religious ones (e.g., Egypt and Indonesia). Romania and Georgia have religious and ethnic identities *more* in the public than the private sector (Pachuashvili (2009)

¹¹ Materially similar to a domestic demographic decline is a decline of the student population from overseas. This was the major cause of the PHE's fall in New Zealand from 20 to 15 percent of enrollment (2001 to 2003). The private sector was hit harder as it depends more on foreign students. Southeast Asian countries pushing to be regional hubs would be vulnerable to declines in student populations from overseas.

¹² The generalization about preference for public is strongest for Europe and most of Asia and Africa. Latin America has for decades seen some preference, including by the social elite, for leading PHE institutions, which offer advantages in status, job prospects, order, and so forth (Levy 1986); there are echoes in other developing regions. But even in Latin America public universities are preferred in some fields and since the 1980s the demand-absorbing sub-sector has been the region's fastest-growing and largest PHE sub-sector.

¹³ Another broad socio-economic challenge comes from economic crisis. Whatever the debated effects of crisis on demand for higher education overall, the effect could be severe for PHE if fewer middle class families can afford private tuition. The top tier may feel less impact but demand-absorbing institutions are vulnerable. As far as for-profits, it is not clear that economic crisis leads to decline. U.S. for-profits in 2008-2009 reaped enrollment gains, as adults had trouble finding jobs they want and chose to retool.

¹⁴ Teixeira and Amaral 2008. Neighboring Spain also sees demographic decline but without paralleling the Portuguese PHE decline. Spanish PHE is less concentrated than Portuguese PHE in demand-absorbing institutions. Portugal's PHE complains that government has failed to respond to lowered demand for higher education overall by restricting public sector openings, the same complaint made by PHE in Thailand (Praphamontipong 2010b).

¹⁵ Information on Russia from Suspitsin (forthcoming). In Poland, despite much concern over private institutional fate, few institutions have closed (emails from Marek Kweik) and the high PHE share has held.

¹⁶ For 2008, 6 percent of South Korea's PHE freshman spots were not filled, mirroring the plight of the high percentage of Japanese PHE that cannot fill their government approved quotas. The big Korean decline is in non-elite PHE outside the capital city. Government plans are likely to include incentives for PHE mergers. South Korea is a differentiated system, though not as much as the Japanese (Yonezawa and Kim 2008). Taiwan is a proximate example of demographic stagnation and a huge private sector, with consequent threats to demand-absorbing PHE.

¹⁷ In a less-developed setting, many Indonesian PHEIs also presently face enrollment problems (Moelioidihardjo, 2009). Though Latin America continues to be characterized mostly by PHE growth, Brazil shows candidate totals lagging openings.

¹⁸ This is not to say universities are unaffected. By 2000 28 percent of Japanese private universities failed to meet their enrollment targets, compared to 4 percent in 1989 (the comparable figures for private junior colleges were 59 and 7 percent). In 2008 47 percent faced a shortage of students (Yonezawa and Mori 2009). The universities (not just private) have taken to offering luxuries and tuition cuts (Fackler 2007). Also stable in their sectoral enrollment share are colleges of technology and specialized colleges (less prestigious).

¹⁹ An aggravating factor for Japanese PHE is the policy of retirement with generous pension plans from institutions. Additionally, some PHE institutions have suffered from their risky derivative trading.

²⁰ At least in Eastern Europe, Communism had not brought great public expansion; the demise of PHE was simply a product of hostile policy toward private sectors.

²¹ In higher education and beyond, Indian politics pits neo-liberal tendencies against powerful socialist beliefs. Rulings by the University Grants Committee and the Supreme Court have repeatedly, though far from always, placed constraints on PHE growth. A 2010 Supreme Court decision strikes down a major portion of private “deemed” universities, finding them to be often just family fiefdoms.

²² On the other hand, past public surges could actually contribute to PHE growth, as in Mexico in the 1970s, as those public surges led to a private elite reaction (Levy 1986). But today it is the demand-absorbing sub-sector that has become the largest subsector in PHE and that is the subsector most vulnerable to soaring public growth.

²³ Levy 2011. Yet for the most part Chavez has not acted against private universities. A major exception is his 2010 stated intention to nationalize the Santa Ines university, with its more than 40,000 students.

²⁴ If PHE meets the regulatory requirements, it may lose private distinctiveness; if it fails to meet requirements, it may lose market share.

²⁵ The impact on PHE shares is logical and in some cases empirically demonstrable. Yet the degree of cause and effect cannot always be easily detected. Latvia, which was regionally aberrant for initially having ample regulation, has recently grown to have a high PHE share, 33 percent (Pachuashvili 2008).

²⁶ Although Japan’s recent de-regulation may be benefiting a challenged PHE sector, the secular fall in its government subsidization of PHE hurts.

²⁷ http://www.sep.gob.mx/wb/sep1/sep1_Estadisticas

²⁸ PHE recovers a bit from the establishment of government aid to students. Uribe (2010) refers to Colombia data are from http://menwebmineducacion.gov.co/info_sector/estadisticas/superior/

²⁹ Such elevation to higher education status is a major aspect of academic drift. In Western Europe the demise of “binary systems” rarely had a big effect on private-public shares since the education in question was mostly public, as was higher education overall.

³⁰ But transfer from the public to the private sector is possible. This is happening for Dutch research universities. In the US, policy discussions have included sector conversion in states such as Virginia, Michigan, and Colorado, where privateness is already quite high in the legally public institutions.

³¹ Even the US, with its long history of ample privateness in public institutions now experiences considerable further privatization.

³² This increased public-private competition through partial privatization of public institutions is intensified when joined to demographic decline, as in South Korea (Chon-Hong 2002).

³³ For example, Uruguay, Latin America's last South American country to allow PHE, has recently seen intensified private-public competition as the public university has partly privatized, pressured in part by the competitive impact of MERCOSUR. The inter-sectoral competition is typically strong in graduate fields where the private sector is active, as with the MBA (Landoni 2007).

³⁴ Partnerships with domestic private colleges, on the other hand, may buck up both the public universities and the private colleges and not contribute to any aggregate PHE decline.

³⁵ So establishing tuition-based programs can help public universities gain market share whereas a general increase in tuition at public universities can lead to loss of public market share, as it decreases the "tuition gap" between public and private institutions.

³⁶ In Kenya, for example, competition pushes leading Kenyan private universities to raise salaries and benefits, but such raises require tuition increases, which could put off families. On the other hand, Kenya also shows PHE resiliency through evening courses, new campuses, investments in staff development, and holding tuition just below that in the fee-paying modules of the public universities.

³⁷ Russia's good private institutions stress curriculum that is current, practical, and job-relevant whereas public counterparts often either look down on such approaches or are blocked by government regulations. PHE has also adapted better to Bologna measures in terms of bachelor and masters programs.

³⁸ And lower tuition is all that demand-absorbing privates (the majority of the privates) are able to use to compete, and yet leaves them without the resources that might allow expansion.

³⁹ Armenia's private share fell from 35.6 to 26.6 2000-2005, probably from reasons similar to those described in neighboring Georgia.

⁴⁰ If we count private as those in PHE institutions *and* self-financed students in public places, the Georgian "private" share of system enrollment is a clear majority (as already noted for Russia).

⁴¹ Mostly outside the scope of this article is a different kind of private decline, a decline in privateness in private institutions. The strong and indeed more powerful counter-consideration, however, is the rising privateness in public institutions.

⁴² Arthur Miller's famed phrase in his play *Death of a Salesman*.