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Compare: A Journal of Comparative and International Education

Publication details, including instructions for authors and
subscription information:

<http://www.tandfonline.com/loi/ccom20>

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Published online: 02 Jun 2014.

To cite this article: Gustavo Gregorutti, Oscar Espinoza, Luis Eduardo González & Javier
Loyola (2014): What if privatising higher education becomes an issue? The case of Chile
and Mexico, *Compare: A Journal of Comparative and International Education*, DOI:
[10.1080/03057925.2014.916605](https://doi.org/10.1080/03057925.2014.916605)

To link to this article: <http://dx.doi.org/10.1080/03057925.2014.916605>

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What if privatising higher education becomes an issue? The case of Chile and Mexico

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Over the last 30 years, Chile and Mexico have been implementing neo-liberal policies to reform their higher education systems. This report compares the development and impact of those policies within three main areas in both countries, namely: (1) trends and characteristics of the growing private higher education sector, (2) commercialisation and business-like trends that private academia is experiencing and, finally, (3) it discusses how all this has created tensioning situations with assessment and accrediting agencies to ensure quality in their private higher education systems. This study shows that private higher education is facing the following challenges in both nations: (1) an uncritical implementation of neoliberal policies, (2) that there is a very unregulated legislation that has allowed many private institutions to profit within loopholes in the law, (3) that quality has become a central concern and some of the mechanisms applied to correct it have not been effective, showing a lack of a comprehensive system of quality assessment, and (4) that enrolment has grown but with several mismatches that challenge the initial goal of advancing economic development through human resources capacities. Alternative policies are discussed.

Keywords: Latin American higher education; quality controls; accreditation; private higher education; expenditures

Introduction

Since the 1980s, Chile and Mexico have been facing mismatched economies in a globalised world. Revenues based on natural resources were not enough to spin the wheel of progress. The world was changing and they needed to do something about it. Thus, these two countries rushed to a neoliberal¹ agenda seeking to adjust to the international economy, reducing public financing as a central component of their growth and at the same time

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turning productivity to the global market with foreign capital investments that put their economies over time, in consonance with international trade and OECD countries (Didou 2002). Both countries endorsed important and deep changes that impacted on, among other sectors, higher education.

A set of new policies allowed private entrepreneurs to create higher education institutions as a way of expanding tertiary education. Both countries tried to absorb the increasing demand of education with less public spending. These policies reflected the general neoliberal belief, supported by the Human Capital Theory (Becker 1975), that advancing their human resources would lead to a better-trained labour force, which would, accordingly, translate into economic progress (Toakley 2004). In addition, it was assumed that a market-oriented higher education system would take care of the demand and, more importantly, improve its overall development and quality. With this conceptual background, several policies were promoted for higher education in order for both countries to pass from elite to mass education (Damián 2011). These developments were encouraged through internal political actors throughout Latin America, but also by external forces, such as the World Bank's (WB) higher education policy recommendations (Espinoza 2005, 2008). As a result of these processes – occurring prior to and during the emergence of the General Agreement on Trade in Services as a component of the World Trade Organization – Latin American higher education institutions have been more exposed to policies that are transforming some of their traditional core values,² although they also have somewhat greater opportunities to broaden their role in the global business of higher education (Ordorika 2006). Taking into account those very influential organisations and their assumptions can help to understand why policy makers and private entrepreneurs are committed to expanding private higher education.

We selected these two countries because they have been implementing many neoliberal reforms since the 1980s. In addition, these two nations are the only Latin American countries that hold OECD membership. The OECD, along with those mentioned above, is well known for advancing neoliberal policies (Jakobi and Martens 2007; Verger 2013). Chile in particular has been a pioneer and front-runner in executing a fast government deregulation for higher education. The dictatorship of Pinochet and his economic advisors³ imposed strategies that tried to eradicate left and pro-socialism policy. Doing so, it became a kind of laboratory that applied many neoliberal policies that redirected the country in a new direction. Citing Chile's economic progress, this country is frequently promoted as a good example for Latin America (Buchi 2009). On the other hand, Mexico makes a good comparison case since it has endorsed similar policies but with a lower level of government deregulation. These differences are compared at the end of the study, shedding light over three decades of higher education not only in these two nations, but also in Latin America as a whole. Therefore, our central goal for this study is to map how the

privatisation process has impacted higher education in Chile and Mexico, producing side-effects that can teach lessons for future strategies and counterbalancing policies in the region.

To facilitate a comparison, we chose three main areas that policies have impacted. The first one is the diversification and growth of private education in both countries. Private universities are multiplying and outpacing by large numbers the ones funded by governments (Salmi 2007). The analysis is focused on the emergence of private institutions, enrolment expansion and the increase of private sources of funding for the post-secondary sector (Espinoza 2005; Ginsburg et al. 2005). The second issue examined shows how growing enrolment transformed these institutions into profitable businesses. This situation has brought significant challenges; among others, quality assurance, which leads us to our last indicator for the present analysis. We have evidence that this is distressing private and even public universities in both countries. Some of these tertiary institutions are graduating people without rigorous mechanisms for ensuring quality (Gregorutti 2010). As an alternative solution for the demand of training that these two countries have been experiencing, policy makers have built a legal environment for private tertiary institutions to thrive and grow with marginal controls (Fielden and LaRocque 2008). Toward the end of the paper, we compare the impact of these policies and discuss possible scenarios with alternative policy recommendations.

Deregulated enrolment growth: the role of the private sector

Chile

Prior to the 1981 reform, the Chilean higher education system consisted of eight publicly funded⁴ universities. Two of these were publicly controlled and enrolled 65% of the students, while six were privately controlled⁵ with 35% of the students (Brunner 1986). Once implemented, the 1981 reform led to a diversification and privatisation of the post-secondary education system into three components, namely universities, professional institutes and technical training centers (see Table 1).⁶ The most significant growth involved the new private universities.

As a result of the 1981 legislation, there are two important legal distinctions among tertiary institutions: while universities (public or private) must be non-profit institutions, non-university institutions can be for-profit (Espinoza and González 2011b).

This educational reform also allowed a significant enrolment growth in higher education, mainly in the new private institutions. Total enrolment increased from about 119,000 in 1980 to 900,000 in 2010, which represents a growth of 656%. Enrolment in new private institutions represented 70.4% (see Table 1). The net enrolment rate for the 18–24-year-old student population attending post-secondary education reached 39.7% in 2009.

Table 1. Number of higher education institutions and their undergraduate enrolment in Chile (1980–2010).

Type of institution	Number of institutions				Enrolment			
	1980	1990	2000	2010	1980	1990	2000	2010
Public universities (CRUCH)	2	14	16	16	118,978	108,119	201,262	266,782
Private universities with direct public support (CRUCH)	6	6	9	9	0	19,509	n/a	n/a
New private universities without direct public support ⁷	0	40	39	35	0	127,628	101,386	295,251
Subtotal: universities	2	60	64	60	118,978	255,256	302,648	562,033
Professional institutes (private)	0	81	60	44	0	40,006	80,593	217,867
Technical training centres (private)	0	161	116	73	0	77,774	52,643	120,486
Subtotal: non-universities	0	242	176	117	0	117,780	133,236	338,353
Total	8	302	240	177	118,978	373,036	435,884	900,386

Note: CRUCH = Council of Rectors in Chile.

Source: Espinoza and González (2011c).

Mexico

Similarly to Chile, in Mexico in the early 1980s, president Miguel de la Madrid undertook a set of important reforms that were also aligned to neoliberal policies the WB was promoting at that time. With the increasing demand, the government had serious challenges to keep the model of free tertiary education. Some of the reasons that slowed down public funding for education were related to commodity prices, political instability and rampant corruption that eroded decision-making and planning in the midst of debt with foreign banks (Márquez 2004). All this, combined with a growing set of neoliberal international policies from leading economies, prepared the way for regional strategies that favoured the mushrooming of the private sector. This new context was seen as an opportunity to redirect some higher education funding to other levels of education, such as elementary and secondary education, following advice from international organisations, such as the International Monetary Fund, the WB and the United Nations Educational, Scientific and Cultural Organization, among others (Salmi 2007).

Although private higher education in Mexico was well developed in the 1980s, it has been expanding rapidly since then, as Table 2 shows. For instance, private tertiary institutions have grown almost 12-fold over the last 30 years, moving from 146 in 1980 to 1740 units in 2010 (an increase of 1091%). For the same period of time, the public sector has increased a little more than five-fold or from 161 public institutions in 1980 to 854 in 2010 (an increase of 430%). For the 2009–2010 school year, the 1740 private universities represented 67% of the total number of universities in Mexico, although the public system of higher education was bearing more students per institution (see Table 2).

This simple comparison shows the escalating number of new universities over the last 30 years that lower the proportion of students per university. These global averages for either private or public universities do not show the huge differences among institutions, regardless of their funding system.

As can be inferred from Table 2, enrolment in private higher education has been steadily increasing, especially over the last 20 years. From the global enrolment, 32.3% attended private universities, or 918,555 students in 2009–2010. The biggest growth can be seen between 1980 and 2000 when private education attracted more than double the number of students, reaching roughly 30% of the national student population. Although this is an impressive amount of institutions and enrolment, the net enrolment rate of the 19–23-year-old student population reached only 26.8% for the 2010 school year.

The business of private higher education*Chile*

Looking into the structure of institutional revenues may be another way of explaining the process of privatisation and commercialisation in the Chilean

Table 2. Number of higher education institutions and their undergraduate enrolment in Mexico (1980–2010).

Type of institution	Number of institutions					Enrolment		
	1980	1990	2000	2010	1980	1990	2000	2010
Universities and tertiary public institutions	161	412	515	854	738,052	898,934	1,160,034	1,928,821
Universities and tertiary private institutions	146	358	735	1740	115,187	198,207	469,124	918,555
Total	307	770	1250	2594	853,239	1,097,141	1,629,158	2,847,376

Source: Secretaría de Educación Pública, Conaedu (2010).

higher education system. Both private and public tertiary institutions sought to attract funds from other sources, generally private. These included tuition fees, income from services (e.g., technology transfer) provided to private companies, loans from private banks and fundraising campaigns. As an example, Table 3 reports the percentage of revenues from different sources for the period 1981–2007 for publicly funded universities. While the funds received from the government, through direct and indirect public support, declined from 63.2% to 28.0%, revenues obtained from tuition fees increased from 13.1% to 25.0%; income earned from services increased from 6.5% to 16.0%; funds obtained through private bank loans increased from 0% to 10.0%; and revenues from other income sources increased from 17.2% to 21.0% in the 1981–2007 period.

Due to these remarkable changes in institutional funding and student financial aid, the percentage of government expenditure devoted to loans and/or scholarship for students increased from 7.0% in 1981 to 42.0% in 2007. Financial aid for students (loans and scholarships) increased from 14,489 million in 1981 to 30,085 million in 1990 (an increase of 107%) and to 126,628 million in 2007 (increasing 774%). This shift in funding emphasis meant that higher education institutions, even the publicly funded, which until 1981 had relied primarily on government allocations, had to devote more time and resources to ‘marketing’ their programmes to students, who as ‘consumers’ might have access to government scholarships and loans (in addition to family resources) to pay for their tuition (Espinoza 2005).

The trend toward domestic marketisation is even stronger for two more reasons. First, not all higher education institutions are eligible to receive institutional funding and, thus, the non-eligible institutions have to rely to a greater extent on tuition as the main source of income. Similarly, not all

Table 3. Sources of revenues for publicly funded universities (1981–2007).

Year	Direct and indirect public support (%)	Tuition*	Sale of services (%)	Loans from private banks (%)	Other income sources** (%)	Total (%)
1981	63.2	13.1	6.5	0.0	17.2	100.0
1985	44.3	22.7	9.7	2.3	21.0	100.0
1987	40.0	23.8	12.3	3.5	20.4	100.0
1990	31.3	26.4	16.6	9.2	16.5	100.0
1992	28.4	24.6	16.2	9.8	21.0	100.0
2007	28.0	25.0	16.0	10.0	21.0	100.0

Notes: *Tuition payments only include those received from undergraduate students.

**Other income sources include: sales of assets (physical and financial), investment profits, enrolment fees, tuition for graduate studies, special laws and donations from private institutions (philanthropic organisations).

Source: Espinoza (2002, 231); Estadísticas de las universidades del Consejo de Rectores.

institutions were eligible to recruit students who could apply for government loans to pay tuition, according to the 1981 law. Second, all public and private post-secondary institutions (in 2010 this included 60 universities, 44 professional institutes and 73 technical training centres) are eligible for indirect public funding. This funding programme was created in 1981 in order to either encourage institutions to compete and attract the ‘best’ students, as measured by their admission scores, or reward those institutions that are already recruiting such students. Currently, both public and private tertiary institutions in Chile have adopted aggressive marketing and business procedures to ensure the necessary resources to operate and compete for the best students.

Although the Chilean legislation prohibits for-profit universities, there are some loopholes in the law that allow private entrepreneurs to profit in education. In fact, higher education in Chile has become a lucrative business for investors. One example of this is the increasing market of loans for students, which has created high levels of debt among the low and middle working classes.

Mexico

In the Mexican case, and in comparison to Chile’s reform, policy makers did not create a stratification system for both private and public universities through alternative funding. Whether through Federal or State administrations, public higher education expanded and continues to receive financial support. But Mexican private universities did not, and probably will not, get direct or even indirect funds from the government. There are some research funds available for private institutions, but they are very much oriented to producing knowledge.

The government continued financing higher education through the decentralised States’ administrations, even though the overall investment in tertiary education was not enough to meet the growing demand. From 1990 to 2010, according to Ramirez (2011), 131 Technological Institutes, 74 Technological Universities, 38 Polytechnic Universities, 11 Intercultural Universities, 7 State Universities and 33 Federal Technological Institutes were created throughout the country. This vast and impressive investment was also accompanied by a strong commercialisation of public universities that are increasingly charging for tuition (Ramirez 2011). A model of multiple incomes, in which students and families have to pay more to access education, has displaced the ideal of public and free university that equalises the lower classes.

In addition, investors, helped by a proper legal and federal policy environment, started providing education in knowledge areas that required less investment and gave greater returns (Vega-Tato 2009). Table 4 shows how private higher education is increasingly yielding more revenue, an important

Table 4. Income and expenses of private higher education between 1999 and 2009.*

	Value (Mexican pesos)			Cumulative growth (%)		
	1999	2004	2009	1999–2004	2004–2009	1999–2009
Income (I)	11,007,250	18,460,984	24,082,655	67.72	30.45	118.79
Expenses (E)	9,234,104	13,163,083	17,007,180	42.55	29.20	84.18
Difference (I–E)	1,773,146	5,297,901	7,075,476	198.79	33.55	299.04
% of difference	16.11	28.70	29.38			

Note: *In constant Mexican pesos from 1999.

Source: Alvarez (2011).

variable for investors. Returns were always positive and with impressive performances. This means that after subtracting all the expenses such as payroll, maintenance, facilities and all the other costs universities have, the surplus is outstanding, making it a very lucrative business. The cumulative net income growth for the last decade (1999–2009) was of \$5,302,330 Mexican pesos (\$1,773,146–\$7,075,476 Mexican pesos), or almost 300% per institution. As can be seen in Table 4, the last five years (2004–2009) display a smaller growth of 33.55% as a consequence of an enrolment plateauing that private institutions were experiencing.

These universities spend a good deal of money in continuous improvements; they are also expanding and branching new campuses to retrieve more tuition. Many of these profits are linked to private and foreign investors. However, it is important to underscore that many private universities are driven by clear philanthropic goals and need resources to carry on their missions.

Higher education systems with heterogeneous quality

Chile

As a result of the changes initiated in 1981, an authorisation process was established to license the operations of the new private institutions and to grant them autonomy, as they comply with several requirements. Quality control was mainly based on the students' examination results, which the traditional universities coordinated. Therefore, between 1981 and 1990 more than 260 private institutions were opened under the new legislation that launched a process of licenses supervised by traditional universities, the ones that belong to the Council of Rectors in Chile (CRUCH).

The promulgation of the Organic Constitutional Law on Education (*Ley Orgánica Constitucional de Enseñanza*) in 1990 created the Higher Education Council (*Consejo Superior de Educación* [CSE]), an autonomous body with representation from diverse sectors of society, responsible for ensuring the progress and quality of the educational system. The CSE was involved in the licensing process, supervising institutions until they reached full autonomy. Universities could become totally independent from government oversight if they complied with requirements for 10 years. However, accreditation was still not considered a quality assurance procedure.

A further stage occurred with the development of the Program to Improve Quality and Equity of Higher Education (MECESUP) in 1999, which established the National Commission for Accreditation of Undergraduate Programs (*Comisión Nacional de Acreditación de Programas de Pregrado* [CNAP]). To this new institution was given the task of designing and implementing a national system of quality assurance for all higher education institutions. In addition, in 1999 the National Commission for the Accreditation of Graduate Programs (*Comisión Nacional de Acreditación de Programas de Postgrado*

[CONAP]) was established, as part of MECESUP, to create an accreditation system for graduate programmes (master and doctorate) in autonomous universities (CNA 2011).

Proposals developed by CNAP and CONAP resulted in the Law for Quality Assurance (Law 20.129) at the end of 2006, which created the National System for Quality Control in Higher Education (*Sistema Nacional de Aseguramiento de la Calidad de la Educación Superior*). The quality assurance law has five functions: (1) accreditation of undergraduate study programmes, (2) accreditation of postgraduate study programmes, (3) institutional accreditation, (4) licensing new institutions and (5) setting up an information system (CNA 2011). The new law created a Coordinating Committee, the National Accreditation Commission (*Comisión Nacional de Acreditación* [CNA]), which accredits institutions and certifies private agencies to undertake accreditation procedures, delegating and complementing its task. By 2010, seven such agencies had been certified by the CNA (Espinoza and González 2011a, 2013).

This new law intended to mix public and private agencies to constitute a more open system for quality assessment with new academic actors and professionals who participate developing new practices in the management of accreditation processes (Rodríguez 2009). Institutions with accredited programmes were able to transfer credits on national and international scales.

As a result of this process, at the end of 2008, 44 out of 61 universities were accredited, including 20 of the 36 private ones, 10 of the 45 professional institutes and 8 of the 90 technical training centres (the last two institutional types are totally private) (Espinoza and González 2011a). However, the relationship between the CNA and the private accrediting agencies has not been without problems. In fact, the CNA has advanced few regulations procedures to oversee these new accrediting agencies, a situation that has stimulated practices such as the following: (1) the former secretary of the Council of Rectors in Chile (CRUCH) was appointed as an Akredita⁸ board member, allowing an inappropriate linkage between universities and this accrediting body; (2) some accrediting agencies have consulting committees that advise institutions or programmes to get accredited, a situation that generates a natural conflict of interest. The current legislation does not deal with these important aspects. This is becoming so important an issue that the government has recently tried to solve it by hiring an international agency to assess the whole system of accreditation.

In sum, the main features that distinguish quality assurance in Chile are: institutional autonomy; the system's voluntary basis – with the exception of medical and teaching careers because the Chilean government have defined these areas as priorities for the country's development; self-assessment and peer review as key elements; involvement of public and private agencies; emphasis on self-regulation; and public access to information to help users and institutions to make better decisions. These central characteristics are

surrounded with a lack of evidence to confirm quality in recent graduates and their professional achievements in the workforce market (Zapata 2007).

Mexico

Quality is a major concern among scholars and policy makers in Mexico, who see this exponential mushrooming of tertiary education as a threat and a chance for unscrupulous investors to make money from well-intentioned families (Álvarez 2011). The Secretary of Education (SEP) has followed these concerns with an increasing range of policies for quality certification.

At the beginning of Carlos Salinas de Gortari's 1989–1994 government, several agencies for promoting and assessing quality were created. In 1989, the National Coordination for Higher Education Planning (*Coordinación Nacional para la Planificación de la Educación Superior* [CONPES]) formed the National Commission for Higher Education Assessment (*Comisión Nacional para la Evaluación de la Educación Superior* [COAPES]) to promote self-assessment procedures and inter-institutional evaluation for public universities. In 1991, CONPES sponsored the creation of a non-governmental agency called Inter Institutional Committees for Higher Education Assessment (*Comités Interinstitucionales para la Evaluación de la Educación Superior* [CIEES]) to encourage external evaluation and analysis of academic programmes and institutional functions and to recommend programmes and academic units for accreditation. In 2000, the SEP formed COPAES to officially recognise, regulate and certify the technical abilities of private accrediting bodies. In 2001, the SEP officially required that the CIEES committees must classify and recommend programmes for accreditation.

These private agencies (CIEES) can accredit and certify programmes at the undergraduate level in several areas of knowledge in public and private Mexican universities. At the institutional level, private universities may be accredited through the Mexican Federation of Private Institutions of Higher Education (*Federación de Instituciones Mexicanas Particulares de Educación Superior*). For graduate degrees, both private and public, the National Council on Science and Technology (*Consejo Nacional de Ciencia y Tecnología*) regulates accreditations and funding for research through the National Program of Quality for Postgraduate Degrees (*Programa Nacional de Posgrados de Calidad*). This is the only accrediting organisation that is totally run by the government in Mexico. In sum, similarly to Chilean accrediting entities, most of the assessment system and accreditation hinges on private parties legally sponsored and regulated by the government. Up to today, it is important to underscore that all of these accreditations have been voluntary for universities in Mexico. Given this legal environment, quality certification is left as an option to most institutions. For instance, and according to Silas (2013), low-profile or demand-absorbing tertiary institutions in

Mexico have about 50% of the total enrolment of the private sector, but with no accreditation. And if middle-profile⁹ institutions are added, which have some accreditations, that percentage goes up to 65. This means that two-thirds of private universities in Mexico have no or only minimum accreditation.

Another major problem in assuring quality among private universities in Mexico seems to be related to the way these institutions obtain an official approval for running their programmes. In Mexico, a tertiary institution may offer a degree without a legal authorisation from the government, although many employers will not accept its programmes. This situation is changing and the Public Secretary of Education has developed new policies for preventing this. The Act 279, approved in 2000, established new regulations for private institutions to obtain the Official Validity Recognition of Studies (*Reconocimiento de Validez Oficial de Estudios*), a legal authorisation for private higher education to offer a valid degree. However, this Act 279 waters down the requirements (FIMPES 2006). For instance, it requires almost no full-time professors; tertiary institutions can be named universities with just five undergraduate degrees in three different areas of knowledge (art. 26); and professors do not necessarily need to have a higher degree to the level they teach, a situation that is not present in most public and accredited private universities.

The government has not been able to ensure the quality, nor a comprehensive idea of a private university, since the private sector runs independently from, and therefore not integrated to, the national project of higher education. These institutions do their business within a very wide spectrum of lax legislations that do not promote, nor enforce, higher standards of self-assessment. The lack of control and a strong unregulated educational system make it very difficult to deal with quality.

Discussion

Over the last 30 years, Chile and Mexico have been applying different types of policies with the results described above. The neoliberalism recipe to cure the bureaucratic inefficiencies of a centralised government has been bringing in business and corporations as alternatives, a shift of paradigm for higher education that can be understood as fewer mechanisms, with educational systems that self-adjust according to market needs. Now, after putting into practice neoliberal policies for 30 years, we consider again the initial research question, namely: Have these neoliberal policies been a good fit for advancing quality mass education in Chile and Mexico? To discuss this question we take into account the three main issues that guided the previous analysis: deregulated enrolment growth, higher education as a business and higher education systems with heterogeneous quality.

Deregulated enrolment growth

When comparing the number and proportion of students in both countries, one may conclude that there has been important progress toward mass education. However, these figures do not reflect some important deficits higher education has in both nations. In Mexico, for instance, only about one out of four 19–23-year-old young people attended a tertiary institution in 2010. It is striking that with all the immense proliferation of private and even public institutions, the percentage of students is so low. According to Gascón and Cepede (2007), poverty is the reason why the Mexican higher education system does not attract more students. Even though public universities are generally cheaper, there are other expenses that poor students cannot afford.

The government has promoted grants and scholarship for low-income but academically good students. Nonetheless, these initiatives are not enough for a low-income population. In addition, public institutions cannot enrol more people. Large and more prestigious public institutions are forced to select students due to limited slots. As a consequence of the selectiveness that many public universities have applied, students from the middle and upper classes are the best suited to enter those institutions. Rejected students trickle down to less selective universities, which are, most of the time, private. Over the last decade, the central government has promoted the creation of regional, cultural and even technical universities to offer more alternatives to young people. But enrolment overall at these new institutions has lagged behind expectations (Gregorutti 2012). A similar situation can be seen in Chile. The 1981 Chilean reform provided the policy framework for private sector expansion. This new legislation, promoted by the dictatorship and very much aligned with neoliberal strategies, sought to reduce public expenditure in higher education to meet the swelling demand for post-secondary education at a limited cost to the government (Espinoza and González 2011b). Growth in enrolment, particularly through new private institutions, has not encouraged equal access to the system. Due to high tuition costs, access expanded disproportionately among high school students coming from middle- and upper-income families. Currently one in six students comes from the poorest quintile, while four in six come from the richest quintile. These figures show that private higher education has not closed the gap – actually it has perpetuated it (Espinoza and González 2011a). In addition, all this has annihilated the ideal of free public university that was predominant before Pinochet's reform. Recent student movements have been reacting against these imbalances, calling for the return of a free and quality public university (Espinoza and González 2011b).

Higher education as a business

As a consequence of the described proliferation of private universities, the ideal of education as a public good shifted and turned to a personal value

with a price tag. This has allowed investors in both countries to treat education as a business played by market rules under the assumption that competition will improve quality and overall education performance. Increasing enrolment with a public budget that did not follow the demand promoted at least the following important changes: (1) funding from governments was linked to performance and not only to the needs that universities budgeted, a revolutionary change in the culture of state universities of both countries; (2) a wave of assessing and controlling quality in universities, that until then had not had any significant programme of evaluation; (3) education was opened up to foreign investors. In both countries, these reforms were followed by significant private investment from corporations such as Laureate (formerly Sylvan International Universities) and the Apollo Group, which trades education shares in stock markets. This commercialisation of education represented an important paradigm shift and (4) universities were pressed to become more relevant to the needs of this new model of intertwined local and global flow of wealth (Ibarra 2002).

Private tertiary education is a valid option, but not the solution for mass education. Having more universities would not necessarily expand enrolment. Potential students need to overcome financial barriers to successfully attend a university, whether it is public or private. Chile has expanded its enrolment up to 900,000 students (70% is in the private sector), but with important student debt that creates a subsequent problem for recent graduates.¹⁰ Moreover, institutions are rewarded with public money if they recruit the best students, which produces an unhealthy stratification that perpetuates social inequalities. Although with oscillating investment rates, Mexican policy makers kept their traditional support to public universities and, at the same time they created a policy environment for private investors as an alternative education. In this regard, Mexican policies were more moderate than the ones applied in Chile, since in Mexico public and private higher education systems were conceived as separated from public funding. Private institutions were pushed to set tuition as the central income strategy.

Mexico has an embryonic student loan system compared to the one Chile has developed over the last 30 years. In the Mexican case, this has probably helped to avoid student debt but may also have caused lower enrolment rates. Although Chile has a legislation to determine what kind of tertiary institutions can be for-profit, the fact is that there are many unclear uses of revenue (Monckeberg 2012). In Mexico this is even more ambiguous since there is no legal figure for for-profit education. This allows entrepreneurs to benefit from not-for-profit tax treatment, making money without paying the proper taxes. Although universities are service oriented, if not properly controlled they can benefit from loopholes in the law to become profitable business.

Higher education systems with heterogeneous quality

The data exposed here clearly showed that quality would not simply come as a result of competition in an open market of higher education. As the administrator of the public good, governments must set up clear rules, so that players guarantee an education that can satisfy minimum requirements. Otherwise, it can be challenging. Mexico, with a lack of supervision, and Chile, with a ‘discredited’ accreditation regime, are good examples of this point. Chile moved the accreditation and quality regulations from a public agency (CNA), now in charge of institutional accreditation, to several private accrediting bodies, a situation that created the ‘business of accreditation’. Although Chile has a higher level of accredited private institutions, it shares a similar situation with tertiary, in this case for-profit, institutions that have a few institutional or programme accreditations. Additionally, in Chile and Mexico, linkages at administrative level between some university administrators and boards of private accrediting groups are eroding public trust in these organisations.

Summarising, both countries are experiencing a lack of effective systems of accreditation. It seems as if quality is set in a way that will not prevent expansion and ensure regulation of the private sector. Moreover, governments have passed on the task of assuring quality to private entities, and with it the expenses. However, if education is not well regulated, it may become a degree mill for a vast group of new demand-absorbing universities. The higher education market does not follow a positive self-adjustment toward improvement, an assumption that policy-makers – and stakeholders in general – need to revise.

Accrediting systems and government overseers must ensure that any kind of educational project has a core value and that what they provide has the levels of quality society needs. In essence, given the shortage of regulation that affects many private universities, government should step in and set and enforce standards. Regulatory policies are necessary to avoid commercialisation and belittlement of education. So, we propose a combined system to assess quality, with tougher requirements to open new institutions and, at the same time, that private existing assessment organisations should accomplish their roles with some degree of external and continuous control – say, a governmental form of supervision commission that examines their activities. The idea is to have several types of mechanism to double-check what and how accreditation is carried out.

Outcomes of policies implemented

Economic and labour implications

As was mentioned at the beginning of this paper, a central motivation to expand enrolment from elite to mass education was the belief that training more people would lead to economic progress. This assumption comes

directly from the Human Capital Theory (HCT) and it has been very influential on many public policies that have transformed Latin American higher education (Damián 2011). Although there are several studies that have shown positive correlations between training and economic development (Martínez 2005; Olaniyan and Okemakinde 2008), the relationship may not be so linear in both countries. For instance:

- (1) Productivity and better income do not depend in many cases on training, whether it is on-the-job or formally learned. Unions are powerful organisations, acting as underground forces that condition employment based on non-academic or skills competencies. Getting a job may depend on friends, networks and relatives associated to unions. In Mexico, many unionised jobs are ‘inherited’ and pass from parents to children or other relatives (Flores 2005).
- (2) Both countries have jobs that are socially distributed and there are some gender, social and even racial statuses that prevent a linear correlation between skills and better opportunities. As a consequence of this type of segmentation, pay may be lower while similar tasks are performed. These barriers are hard to break, even though employees continue to specialise (Gregorutti 2012).
- (3) Jobs seem to encourage training rather than the other way around. The population grows faster than the few employments available, creating a natural competition that demands more and more ‘credentials’ in order to be hired. It is possible, then, to have an overeducated population with high levels of unemployment, an important factual objection to what HCT proposes. On the contrary, in an environment of abundant jobs, stratified formal training may not be the same key factor for hiring workers. As Livingstone (1997) pointed out, alternative reforms are needed:

Ultimately, we need to recognize that it is not improved learning practices but economic reforms that hold the solution to the education-jobs gap. We can and should reorganize our workplaces to apply more of the labor force’s currently wasted knowledge and work skills. (12)

These changes of structural processes may be painful, but necessary to match employment and learning. Education in itself will not solve social inequities and problems of wealth distribution. This is a task that may start in the school, but that goes well beyond its walls. As Brown, Lauder, and Ashton (2011) put it, ‘We therefore need to focus on how occupational opportunities are being transformed in the global division of labor rather than simply focus on the supply of marketable skills’ (124). There is a certain level of disconnection between society, universities and markets.

In other words, education is necessary, but it must be complemented with a set of social and economic reforms in order to have the impact that it can bring about. The assumption that more trained people in a self-regulated higher education system will lead to better-quality training and economic growth needs to be revised in the case of Chile and Mexico.

Social and political implications

After 30 years, is there any correcting process taking place? Both countries face important issues and challenges regarding higher education. Chile has kept a strong neoliberal profile throughout all these years and it does not show signals of changing path. However, student organisations are complaining over their increasing indebtedness to obtain a college degree. The administration has recently announced that loans will not be controlled by private banks any more, but by a governmental agency with lower interest rates and better conditions for students. This seems a step forward, but it is actually a cosmetic change, since students and their families will still need to borrow important amounts of money to continue paying for their education. In addition, this is happening in the middle of a growing perception that quality is watered down and degrees are not worth the investment (González and Espinoza 2013).

Mexico, on the other hand, seems to be going after a reversal policy regarding private education, due to the increasing quality problems these institutions have shown. As Tuirán, Undersecretary of Education in Mexico, pointed out:

While other countries such as, Brazil and Chile have made rely their enrollment growth at this level [tertiary] mainly on the private sector; in Mexico the bet has been to strengthen the public system ... institutions with more educational opportunities and adequate quality standards are contributing to absorb part of the demand that a circuit of low quality private institutions used to enroll. To the extent that this continues to occur with sufficient vigor, it will set a healthy contraction of that sector. (as cited in Álvarez 2011, 13)

This trend has been growing stronger over recent years. However, nobody knows up to what level the government can afford its words. The challenge the present administration faces is highly complex. If the task is so costly, it might be cheaper to combine efforts, asking demand-absorbing institutions to adjust to higher patterns of quality. As already discussed, private universities have few requirements to operate legally in Mexico. Quality must be a key factor to carry out this type of education. Fighting back and 'stealing' students from the private sector is a dividing strategy that leads to weakening rather than strengthening the whole system.

Following the classic Hegelian dialectic development of ideas and society, trends in Chile and Mexico are examples of what can be seen as swinging policies. Before these neoliberal reforms, most of their higher education

was funded and developed by their own governments. These left or pro-social policies were challenged with the demands for higher education toward the end of the 1970s. The economic crisis and neoliberal ideology, toward the right, gave them a way to 'solve' and release some 'steam' from national budgets. Now that some negative effects are present, Mexico is looking for balance, bouncing back to the center-left. These pendular movements are producing new syntheses or blends; right and left political models are combined into new alternatives with mixed elements. On the other hand, Chile has radicalised its rules and time will tell up to when it will be possible to hold to the actual model. To correct social imbalances may take generations, but policies should be curbed toward public needs.

In sum, Chilean and Mexican government officials ought to be careful in the ways they embrace international agendas to combine the best of neoliberalism and public policies. These two countries have enormous potential. The influence of extreme policies can damage the development of human capital with low-quality outcomes. Universities must take quality and social inclusion as a challenge to offer a service that would improve society. Governments must ensure, through a set of policies, that students are not being tricked with cheap degrees. Certainly, the future of Chilean and Mexican higher education will depend on the approaches to these concerns.

Notes

1. It is generally assumed that neoliberalism policies have promoted the following principles: (1) private property a key factor for economic development, (2) minimum government intervention over economic and social issues and (3) reduction and control of public spending (the less, the better).
2. Traditionally, several Latin American public universities have had free and open enrolment working as a social equaliser.
3. These changes were a consequence of both neoliberal policies that the so-called 'Chicago Boys' (economists trained in the University of Chicago during the 1960s and 1970s) implemented from 1981, and the structural and post-structural strategies that the International Monetary Fund and the WB promoted in Chile (Espinoza 2002, 2008).
4. Before 1981, the Chilean government covered approximately 80.0% of institutional expenditure. The other institutional funds were generated through services and tuition fees.
5. Among the six privately controlled but publicly funded universities, two were run by the Catholic Church and the other four were run by non-profit and philanthropic organisations. All of them started receiving public funding after the 1966 reform led by former president Eduardo Frei Montalva. In the mid-1970s, the Chilean government opted for funding non-profit private institutions of good quality instead of creating its own universities as a way to supply the increasing demand for higher education.
6. Universities offer undergraduate and graduate programmes; professional institutes can only grant professional diplomas that do not need a previous academic qualification (academic degree); and technical training centers can only award degrees oriented to technical needs.

7. Direct Public Support represented the central component of the Chilean higher education financing policy until 1981 and continues to be a major source of revenue for publicly funded universities. This is a grant allocation provided by the State reserved exclusively for the 25 'traditional' universities (currently this includes 16 public and 9 privately controlled but publicly funded institutions), which are part of CRUCH; they can spend these funds as they wish. The 1981 law, however, did allow private institutions to receive indirect public funds when recruiting students with the 27,500 highest scores in the University Selection Test (Prueba de Selección Universitaria, PSU).
8. Accrediting agency. See more details at: <http://www.akredita.cl>
9. According to Silas (2013) middle-profile institutions have at least one accreditation but not comprehensive policies to ensure quality at institutional level.
10. For instance, to finish a degree in journalism, on average, students may incur costs that can range from US\$ 34,000 to US\$ 52,000 (156 basic salaries), depending on the type of payment system and loan the student chooses. For medicine, they may pay between US\$ 74,000 and US\$ 120,000 (381 basic salaries) (Espinoza and Gonzalez 2011b).

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