

# Impact of Neoliberal Policies: The Cases of Chile and Mexico

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In a globalized world, policy makers and universities are aligning themselves with policies that endorse neoliberalism as a way to compete successfully and as part of an increasing isomorphic trend (Ordorika Sacristan 2006; Toakley 2004). The effects of neoliberal policies can be observed through at least three broad aspects: first, the growth of private higher education in Chile and Mexico. Private universities are multiplying and outpacing publics by large numbers, an unthinkable landscape some years ago (Salmi 2007). Second, the proliferation of private institutions has led to an increase of private sources of funding for the sector (Espinoza 2005; Ginsburg, Espinoza, Popa and Terrano 2003, 2005; Stromquist 2007). Private schools are transforming themselves in a profitable business. Third, as a result of this growth private higher education is generating a quality problem in Chile and Mexico, with growing concern regarding low quality in many private universities (Boville, Argüello and Reyes 2006; Espinoza and González 2011a, 2012; González 2006, Gregorutti 2010; Zapata and Tejeda 2009). Policy makers have built a legal environment for these universities to thrive and grow as an alternative and solution for the demand of training that these two countries have experienced over the last two decades, but some of these institutions are functioning without rigorous mechanisms for assessing quality (Fielden and LaRocque 2008).

## The Growth of Private Higher Education

### *Chile*

Prior to the 1981 reform, Chile's higher education system consisted of eight publicly funded universities.

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Two of these were publicly controlled and enrolled 65 percent of the students, while the remainder were privately controlled (Brunner 1986; Gonzalez and Espinoza 1994). After the 1981 reform, the post-secondary education system split into three components: universities, professional institutes, and technical training centers. There followed significant growth involving new privately controlled and funded universities, professional institutes and technical training centers. Between 1980 and 2008 the Chilean higher education system was transformed from a system with eight publicly funded universities (though six were privately controlled) to one in which less than ten percent were publicly funded.

The 1981 reform spurred a significant enrollment growth in higher education, most notably in privately controlled and funded institutions. By 2009, 64.9 percent of all higher education enrollments were in new privately controlled and funded institutions without direct public support, up from 0 percent in 1980. The 1981 legislation, very much aligned with neoliberal strategies promoted by the dictatorship, sought to reduce public expenditure in higher education to meet the swelling demand for postsecondary education at a limited cost to the government (Johnstone, Arora and Experton 1998; Espinoza and González 2011b, 2012; Gonzalez and Espinoza 1994).

### *Mexico*

Similarl to Chile, in the early 1980s, President Miguel de la Madrid undertook a set of important privatization reforms that were also aligned with neoliberal policies promoted by the World Bank, since the Mexican government had serious challenges keeping tertiary education free for all citizens. Private tertiary institutions have grown almost 12 times over the last 30 years, from 146 in 1980 to 1,740 in 2010 (1,191 percent). For

the same period of time, the public sector has expanded a bit more than five times or from 161 public institutions in 1980 to 854 in 2010 (525 percent). For the 2009-2010 school year, private universities represented 67 percent of the total number of Mexican universities.

Enrollment in private higher education has been steadily increasing over the last 20 years. During the last 10 years, there has been growth but at a slower pace. This is probably due to the financial difficulties the country has faced over the last decade and increasing government investment in higher education (Álvarez Mendiola 2011).

These figures do not reflect the social deficit in Mexican higher education—only about one in four 19-23 years old young people attend a tertiary institution. According to Gascón Muro and Cepede Dovala (2007), the higher education system in Mexico does not attract more students as a consequence of poverty. Even though public universities are generally cheaper, they bring accompanying expenses that poor students can't afford. The government has promoted grants and scholarship for high-achieving poor students, but these policies are not enough for a growing low-income population. In addition, public institutions cannot enroll more people. Rejected students trickle down to less selective, mostly private institutions. Over the last decade, the central government has promoted the creation of regional, cultural, and even technical universities to offer more alternatives to students, but enrollment at these new institutions has lagged expectations (Rubio Oca 2006).

### **The Business of Private Higher Education**

#### *Chile*

Since the 1970s the Chilean government decided to combine funding for higher education from private and public sources. During this period, both private and public tertiary institutions sought out to attract funds from other sources, generally private. While the funds received from the government (through Direct and Indirect Public Support) declined from 63.2 to 28.0 percent, revenue obtained from tuition fees increased from 13.1

to 25.0 percent, income earned from services increased from 6.5 to 16.0 percent, and funds obtained from private bank loans increased from 0 to 10.0 percent.

Although Chilean legislation prohibits for-profit universities, there are some loopholes that facilitate private for-profit institutions. Due to their cost, this situation has created debt among low and middle working classes. All this has annihilated the ideal of the free public university that was predominant before Augusto Pinochet's reform. Recent student movements have been reacting against these imbalances calling for the return of free and quality public universities (Espinoza and González 2011b).

#### *Mexico*

Between 1999 and 2009, the annual average growth for the Mexican economy was 5.65 percent, but for private higher education it was almost double at 11 percent. Between 1999 and 2004, before the slowdown of the economy, the annual growth of higher education was more than three times the growth of the GNP national product.

Private higher education is increasingly yielding more revenues, an important variable for investors. Returns have been positive, meaning that after expenses such as payroll and maintenance universities are still very lucrative. The cumulative growth for the last decade (1999-2009) was of almost 300 percent when the differences of income-expenses are compared.

At the same time and during the last decade, Mexican public higher education has enlarged its influence through a diversification of tertiary institutions. As Rodolfo 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 ex-

tent that this continues to occur with sufficient vigor, it will set a healthy contraction of this sector. (Quoted by Álvarez Mendiola 2011, p. 13)

In Chile the difference between public and private is more difficult to establish than in México, since the governmental funding system benefits both private and public institutions. About 91 percent of higher education institutions are private enrolling 75 percent of students, while in Mexico, 67 percent of tertiary institutions are private enrolling 32.3 percent of students.

### Quality as a Central Problem

#### *Chile*

As a result of the changes initiated in 1981, an authorization process was established to license the operations of the new private entities and to grant them autonomy as they complied with various requirements. New legislations were created to assure sustained quality in higher education through a series of regulations whereby the government guarantees the training of technicians and professionals. This new law intended to mix public and private agencies to constitute a more open system for quality assessment (Rodríguez 2009).

However, the relationship between the National Accreditation Commission and the private accrediting agencies has not been without problems. There are few regulations to oversee these new accrediting agencies, which has stimulated malpractices, such as inappropriate linkages and conflicts of interest for staff of universities and accrediting bodies. The current legislation does not deal with this important aspect. This is such an issue that the government has recently hired an international agency to assess the whole Chilean system of accreditation.

#### *Mexico*

The Secretary of Education (SEP) has followed similar concerns with a set of new policies for quality certification. As in Chilean accrediting entities, most of

the assessment system and accreditation hinges on private parties legally sponsored and regulated by the government. However, all of these accreditations are voluntary for universities in Mexico. Given this environment, quality is an option to most institutions.

Another major problem in assuring quality among private higher education in Mexico seems to be related to the way these institutions obtain the official approval for running their programs. In Mexico, a tertiary institution may offer a degree without a legal authorization from the government, although other institutions will not recognize its programs. This situation is changing, as Act 279, approved in 2000, requires legal authorization for private higher education to offer a recognized and valid degree. However, Act 279 waters down university requirements, requiring almost no full time professors, and professors do not necessarily need to have a higher degree to the level they teach (Mexican Federation of Private Institutions of Higher Education 2006), a condition almost impossible in most public and accredited private universities.

Although new tougher controls are being applied (Tuirán 2011), the government has not been able to ensure quality or a comprehensive idea of private university, since the private sector runs independently and is therefore not integrated to the national project of higher education. Lax legislations do not promote nor enforce higher standards of self-assessment. This lack of control and regulation makes it very difficult to deal with quality.

### Discussion

Neoliberalism has brought a different paradigm for higher education: fewer mechanisms and an educational system that self adjusts according to market needs. This has resulted in oversimplification and distortions that are hard to correct with important social implications. Introducing market rules to higher education is not necessarily a bad thing: what is a problem is the assumption that the market will adapt in ways that benefit education and its “customers.”

Quality is not necessarily the result of competition in an open higher education market. As an administrator

of public good, government must set up clear rules, so that players guarantee an education that can satisfy minimum requirements. Otherwise, it can get pretty messy, as Mexico (with its lack of supervision) and Chile (with an excess of private accreditation) illustrate. Both in Chile and Mexico, linkages between university administrators and boards of private accrediting groups are eroding public trust in these institutions that assess quality.

Given the lack of regulation and quality that affect many private universities, government should step in and set higher quality standards. Regulatory policies are necessary to avoid the commercialization and belittlement of higher education.

This case study echoes what is happening in higher education systems when they uncritically copy business approaches. Educators and educational leaders have to rethink higher education purposes (Yang 2003): is a university only a stepping-stone to boost personal income and regional wealth? The public system of universities used to be a way to equalize people and give them opportunities to be professionally productive in the society. However, education is no longer seen as a public good, but as a commodity. Private providers alone do not solve social imbalances, but they can be positioned as a contribution that brings in alternatives for those students who are not getting into more selective and prestigious public universities.

In short, taking into account the growing history of private higher education, policy makers must ponder regulations and mechanisms that may correct the negative effects that past policies have produced. Increased public funding for poor and disadvantaged students, stricter legal controls for new and existing private universities that ensure quality, and the avoidance of commercialization are key steps forward to improve private universities in Chile and Mexico.

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