

Commodification of Education Introductory Information

Introduction

When considering the commodification of education it is important to recognise that education has been progressively commodified. This is in evidence from the increasingly influential role that global trade tools such as Structural Adjustment Programmes (SAPs) and the General Agreement on Trade in Services (GATS) have on education policy formation. This is further evidenced from the language that is used to describe students as consumers and higher education institutions as 'education product' providers.

It is important to challenge the commodification of education on all levels. From the language used by national ministries and groups like the Organisation for Economic Cooperation and Development (OECD) to the attempts to formulate an international HE area based on free trade rules as evidenced in the GATS to the wholesale privatisation of HE in order to reduce government expenditure as seen by some SAPS in developing countries.

A brief history of international financial and trade organisations

- 1944 UN financial conference at Bretton Woods that led to the formation in 1946 of the International Monetary Fund (IMF), World Bank (WB) and a planned International trade organisation. The last was not ratified by the US senate and so was not formed.
- This led to the General Agreement of Trades and Tariffs (GATT), signed in Geneva.
- The IMF gives loans to countries with macroeconomic problems. The World Bank provides for development projects and infrastructure.
- The IMF and WB work together
- 1983 debt crisis (Mexico declares itself incapable of paying off its foreign debt, a lot of developing countries follow that step. Foreign debt is at a level of 500 Billion US Dollars and is rising to more than 2 Trillion US Dollars until 2000)
- Structural Adjustment Programs (SAP-economic advice) of the IMF are provided along with financial aid to countries that are granted loans from IMF funds
- SAP effects social costs cutting through privatisation of expensive public services
- 1990's investment into education programs, African virtual university etc, co-operation with UNESCO (fight against illiteracy)
- Some researchers think that SAP cause problems because it creates systems that don't work in the country because they are copied from elsewhere and are not adapted to local needs and traditions

- IMF and WB offer pro private sector and tuition fees HE solutions
- As is the OECD (Organisation for Economic Co operation and development) 1948 and its IMHE branch
- 1986 Uruguay free trade round launched
- 1994 Marrakech agreement, the WTO was established 1.1. 1995
- The WTO has several treaties: GATT, GATS (General Agreement on Trade in Services), TRIPS (trade related intellectual property rights), TRIMS (trade related investment measures)
- GATS covers higher education. New Zealand, US and Australia urge other WTO countries to commit their HE sectors to the GATS rules
- Ministerial meetings 1995 Singapore, 1997 Geneva, 1999 Seattle, 2001 Qatar
- Mike Moore, the head of the WTO said that if no new free trade negotiations are launched in Qatar then the WTO is more or less finished
- Countries that are missing from the WTO: Russia and some dogmatic communist countries etc. China is now a WTO member.

Commodification and tuition fees

Charging tuition fees to students, even state subsidised fees can have effects on the outputs of HE. ESIB has already discussed at length the implications of charging tuition fees to students, the arguments made amongst others on the basis of accessibility do not need to be restated here. Tuition fees have become more common as HE sectors have increased in size and the funding required to sustain them has increased. Some governments have decided that charging tuition fees or deregulating the sector is a suitable method of easing the financial pressure on the treasury. Advocates of tuition fees state this as a positive development for the students as they will now purchase a stake in their education and are accorded 'consumer' status. However this treatment of students does not account for the damage to the societal benefits of participation in HE. To take one example from many, the student has less time to get involved in social regeneration projects and is more likely to regard their degree solely as a qualification that will allow them to progress on to a well paid job. In this case the commodification of education results as a possible benefit lost both to the student and to society.

Structural Adjustment Programmes SAPS

These are economic advice packages put together by IMF advisors that accompany IMF loans to countries that are in financial difficulty. The take up of the advice is officially optional though in practice it is always implemented. The advice is based around central government cost cutting and generally involves selling off public bodies that are expensive to maintain and releasing them from national control. HE is usually considered ripe for deregulation as it is expensive to maintain and is not heavily used in the countries that typically require IMF loans. SAP advice is

becoming increasingly discredited as a method of conferring long-term social and economic stability to financially weak countries.

General Agreement on Trade in Services GATS

The GATS (General Agreement on Trade in Services) covers all sixteen service sectors from financial services to energy supply and includes education. The thrust of the document is to allow international free trade in services with as few restrictions on service suppliers as possible. Only services excluded are those supplied in the exercise of government authority and air traffic rights. WTO and GATS rules are legally binding.

Public service is any service that is not provided on a commercial basis or in competition with other suppliers

The GATS recognises trade in education via four modes of delivery, they are:

- Supply across borders (in education for example E-Universities, Universitas 21)
- Consumption abroad (in education for example Student exchange programmes, international students)
- Establishing a commercial presence (in education for example branch campuses, international mergers)
- Movement of natural persons (for example movement of lecturers, research teams)

Each service sector can be either generally or specifically committed to the rules of GATS. General obligations comprise MFN (Most favoured nation; i.e. service providers from all third countries have to be treated equally) treatment as its most important principle.

Specific Commitments mean that a service sector is subjected to a wider degree of liberalisation and stricter rules than under the general obligations foresee. The most important rules are market access and national treatment. Market access means that the number of service providers in a sector can in principle not be limited and suppliers from all other WTO member states have to have access to the internal market. National Treatment refers to the fact that all suppliers have to be treated equally to the national ones, including financial benefits and legal rights.

All Specific commitments can be modified 3 years after the commitment has been made at the earliest. GATS has a built-in agenda of renewed negotiations that are designed to extend the number of sectors covered by the GATS, this is contrary to trade agreements made by G77 countries (developing countries). Disputes between WTO member states can be settled in special dispute panels. In cases of disputes GATS takes precedence over national laws. Between WTO negotiation rounds interpretations on GATS can be made by the WTO general council, but the council has to be unanimous and no interpretations have been made so far.

GATS and education: Facts and possible consequences

Education coverage by GATS

Education is at the moment one of the least committed service sectors under GATS. Only some twenty countries have scheduled education as a specific commitment, among them most of the EU countries. Even though education according to the EU legislation falls under the shared jurisdiction of EC and national governments, the EC has scheduled education as a specific commitment on behalf of the member states. The only ones excluded are Finland, Sweden and Austria, who at the time were not EU members and have not scheduled education.

Why do countries want to liberalise the HE sector

Countries that raise substantial revenues from exporting education are the large English speaking countries such as USA, UK, Australia and New Zealand. They are especially interested in selling their education abroad, especially to countries such as China and other Asian countries with vast market potential. WTO member states have received communications from USA, Australia and New Zealand pressing WTO member states to schedule education and to further liberalise trade in education. This might mean formulating a special annex of the GATS on trading education, similar to ones made on telecommunication or financial services. While a specific commitment is only binding over countries that have scheduled some sector as a specific commitment, these annexes would be binding to all WTO member states.

Public support of HE and implications

Possible implications of these developments are threats to state subsidies of HE, an increased pressure towards privatisation of public universities and questions regarding quality assurance and licensing. Also the tradition of academic freedom may be pressured from private interests.

Article XV says that member states acknowledge that state subsidies can be considered 'trade distorting' and at the moment the WTO has asked member states to point out examples where that has been the case. If state subsidies are considered as trade distorting measures they can be declared illegal under the GATS ruling. This might increase the trend in many European countries to privatise the education institutions and introduce fees.

Regulatory measures

Article VI 4(b) says that regulatory measures should not be 'more burdensome than necessary to ensure the quality of the service'. What constitutes the quality of the service is open to interpretation. Based on this the quality assurance mechanisms and bodies might be disputed and privatised. Countries with functioning QA systems might be forced to cut down those mechanisms under pressure from service suppliers. The GATS also has provision for setting up international bodies to regulate licensing and quality assurance, it is important to ask if a body fundamentally concerned with promoting free trade is best placed to regulate QA and licensing.

Transnational education TNE

Transnational education occurs when an education supplier offers education in a country other than their own. TNE can have many uses from filling a skills gap through twinned institutions to e-delivery. TNE is covered in GATS PART 1 Article I, 2 and this is the basis of our interest. The GATS agreement goes a long way towards establishing a framework for TNE, a framework that is badly needed. Areas such as movement of education provider, movement of students, movement of lecturers, quality assurance and licensing arrangements are covered. However there are no provisions for the mobility of welfare and student support mechanisms and the licensing and quality assurance mechanisms are designed to be as liberal as possible in order to validate the service. For this reason we support an international set of rules for TNE but do not believe the GATS method is in the interest of either the students or societies as a whole.

International HE Area

The 1998 UNESCO World Conference on HE agreed broad principles for an international HE sector. The GATS provides for an HE framework though the emphasis is on developing trade and not on developing excellence in an accessible, quality HE sector. The GATS debate has begun to move onto the formulation of an international HE sector and this is where ESIB can enter the debate by advocating the principle that an HE area should be established through a body such as UNESCO that has as its primary concern the quality of HE and not encouraging trade. The principles stated at the UNESCO conference if developed would form the basis of a plan of work in establishing a worldwide HE area.

MORE INFORMATION

This document is a briefing and so has necessarily been kept brief. For more information see:

The Brussels Student Convention Reader section on commodification of education

www.esib.org Commodification site on the ESIB web page

www.unesco.org UNESCO website that contains details of the World HE Conference

www.wto.org World Trade Organisation website that contains details of the GATS

The Gothenburg Student Convention Reader section on Transnational Education (TNE)

Contacts for the Commodification Committee

Terhi Nokkala terhi.nokkala@syl.helsinki.fi

James Cemmell jamespearl@hotmail.com

Kristina Lutz kristina.lutz@sfs.se

Stefan Bienefeld stefan@esib.org