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## HIGHER EDUCATION IN THE ERA OF GLOBALISATION

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### ABSTRACT

The article will analyse the impact of globalisation on higher education. Some have argued that globalisation will provide equal opportunities. While others claim that globalisation would mean the McDonaldisation of the university and also worldwide inequality. The current pressure on higher education mainly due to neoliberal globalisation has increased the role for private sector in higher education. The paper examines the realities of globalisation in higher education to highlight some of the ways in which globalisation affects the higher education in developing countries, particularly India and China.

It is argued here that the business needs are changing both at national and international levels. And there is increased demand from corporate sector to change the courses to meet their interests. Higher education is facing cuts in funds and declining investments thanks to the neoliberal policies. The recent attempt to include higher education within the framework of WTO through the General Agreements on Trade in Services (GATS) seeks to establish “open markets” for knowledge products of all kinds. Finally, the current neo-liberal globalisation supported by IMF, World Bank and WTO is very different than previous experiences as it provides increased role of transnational corporations (TNCs) and foreign academic institutions in the developing countries.

**KEYWORDS:** Neo-Liberalism, Globalisation, Higher Education, FDI, GATS, China and India

### INTRODUCTION

The aim of this paper is to provide some insights into the various ways in which Higher Education is being influenced by the pressures of globalisation. The study focuses on globalisation, which is based on neo-liberal policies and discusses its effects on Higher Education. Globalisation of higher education has been reinforced by ‘market forces’ i.e. demand and supply. The business needs are changing both at national and international levels and there is increased demand from corporate sector to change the curriculum and courses to meet their interests. At the same time, the supply of higher education is dominated by mostly public universities, which are facing cuts in funding and declining investments.

We will examine the recent increased role of ‘profit-seeking’ approach towards higher education in the name of globalisation (Lambert and Butler, 2006). It is also argued here that the knowledge and information revolution associated with globalisation has created positive climate that could provide both challenges and opportunities. Higher education is considered to be crucial to increase productivity and economic growth and promote development as last quarter century of rapid growth in the East Asian countries have shown. Higher education is the main tool by which to promote economic development and improve living conditions. In these economies the government has played a vital role for the promotion and development of human capital (Siddiqui, 2009). However, the proponents of the ‘free market’ argue that globalisation and market forces, not the state, provide a new opportunity for higher education in the developing countries. In India for example, globalisation is influencing the quality of education. In recent years there has been a proliferation of substandard

overseas institutions which charge high fees, but provide poor education. Moreover, in India there is no law for consumer protection or regulation in higher education markets. We find the issue of relevance to the society the content and the scope is determined by the requirements of the Western business interests, not in the interests of the developing societies.

This article examines the problem associated with the application of market logic to higher education, which is supposed to play an important role in China and India. For instance, in the context the market forces seen by India as vital to achieve government stated objectives in higher education such as expansion and excellence. In this study we will argue that the market logic seriously compromises value and quality of higher education. Academics in India have argued that there is need for economic reforms in higher education with greater infusion of market principles and greater role of private sector to maintain the high GDP growth rates (Gupta et al, 2008).

Recent globalisation has been dominated by neoliberalism. The Neoliberalism started more than three decades ago in US and UK and later on taken up by the IMF and the World Bank (Morey, 2004). It is based on process of change in the political economy of capitalism - privatisation, deregulation and financialisation. Under neo-liberalism, the economic culture increasingly centred on individual performance, not for collective purposes. It is important to understand how the market for higher education is evolving and what it implies for education in broader sense of the term. The neoliberalism bound to make education subservient to the market forces. Across the world, private higher education has grown rapidly in the last few decades. At present, about 30 % of the global higher education enrolment is private. In Japan, South Korea, Taiwan, Indonesia and Philippines more than two-thirds students are educated privately (Altbach, 2009). Also private universities are expanding rapidly in Asia and Africa. The reasons for recent rise of private sector are not difficult to understand. The most important factor is government's inability to meet the growing demands. Private institutions have entered the market to offer courses large part in vocational areas. At the same time public institutions have witnessed budget cuts.

The changing government policy and increased reliance on market forces have implications for access to higher education, as well as quality and excellence. The Indian government aims to attain gross enrolment rate in higher education to 15% by 2012, from about 11% in 2009. The central government has already taken initiative to set up of 30 central universities and colleges with special focus on deprived regions and communities.

The arguments for infusing private sector role in higher education remain subject to close scrutiny. As Bridges and Jonathan (2003) find, "The trouble is, however, that market conditions contain several dynamics which create first differences of quality (and not just of character) and then unequal access to the best. First, it is evident that in a market environment success breeds success and failure just as surely breeds failure. Early achievement encourages custom, which brings additional resources and commitment, which enables further success and so on: early failure opens the way to a precipitous drop down a less virtuous circle" (Bridges and Jonathan. 2003: 135)

The market as an institutional arrangement may be neutral and provide equal opportunities to all in theory, but in reality it accentuates inequality as all participants do not equally command the resources to participate in the market. Those who are left out of the market due to factors such as economic, social and educational factors, becomes worst off. As Hogan (1999) argues, "...markets are structures of power organised around a system of social (specifically, class) relations that 'structure' social action in determinate ways in which the possession of certain attributes or 'market capacities' advantages some individuals and groups relative to others" (Hogan, 1999: 330). The proponents of neoliberalism ignore the inherent power inequalities due to the unequal distribution of assets and purchasing power.

In a country like India with widening disparities of higher education is viewed as an instrument for fostering social mobility (Siddiqui, 2011). We find the market difficult to achieve success because of information asymmetry and the huge externalities it generates. Since market is unable to ensure the equal distribution of resources, therefore the role of government has to be proactive in provision of social goods like education.

In terms of enrolment in higher education worldwide, the USA is the largest (i.e. 17 million), second is China nearly (21 million) and India is the third largest enrolment of the overseas students in 2008 (12million).

The growth of enrolment in higher education in India has been phenomenal since independence, from less than 1 million in 1947 to 12 million in 2005 (Altbach, 2009). India has got currently 252 state universities, 18 000 colleges and large number of vocational training institutions (Baty, 2009; Government of India, 2008).

A recent *Global Research Report* from Thomson Reuters argues that India is set to overtake in terms of research output by 2020. They think world's leading economies might be able to alter the current scenarios as rapid growth creates a "new geography" of global research. The report, *India: Research and Collaboration in New Geography of Science*, suggests that India lags behind the developed countries but the government wants to change this. In its Five-year plan for 2007-2012 aims to four fold rise in spending in education compared to previous plan. The current government spending on scientific research accounted for only 0.9 % of GDP. However, by 2012 it is expected to rise to 1.2 % of India's GDP. Moreover, about 2.4 % of the population hold graduate degrees (20.5 million) in 1991, which rose to 4.5 % (48.7 million) in 2005 (Baty, 2009:20-21).

The different countries are affected differently. For instance, European countries may adjust to new degree structures to harmonise on the basis of Bologna initiatives (Jacobs and Ploeg, 2006). The process of globalisation is also affecting higher education in developing countries<sup>1</sup>. In the 21<sup>st</sup> Century the knowledge economy is supposed to play a central role and due to this higher education has assumed unprecedented importance both for the developing and developed countries<sup>2</sup>. The current initiative led by the World Trade Organisation (WTO) debate concerning the General Agreements on Trade in Services (GATS) – this seems to be an attempt by the TNCs and governments in the developed countries to integrate higher education into the legal structures of the WTO<sup>3</sup>.

We find not much work is done on the question of globalisation and education, particularly among economist. The aim of this paper is to reflect and explore the interconnections between globalisation and education in the developing countries. The effects of globalisation on higher education appear to be considerable in developing countries. It is here that market-friendly policies are promoted with active intervention by international financial and national governmental through policies like privatisation, cost-sharing and part-time employment (Bok, 2003). In many developing countries job security and academic freedom is being threatened. The study also focuses on the most recent higher education trends, where academic programmes or institutions from the developed countries are being offered in the developing countries. Often these programmes are launched in collaboration with local institutions in developing countries (Hayes and Wynyard, 2002).

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1) Developed countries are defined as highly industrialized nations as United States, Japan, UK, Germany, Canada, France, Italy.

2) Developed countries are defined as highly industrialized nations as United States, Japan, UK, Germany, Canada, France, Italy.

3) See World Trade Organisation (WTO) available at [www.wto.org](http://www.wto.org)

Higher education institutions are being transformed with globalisation through out the world, which is ‘the widening, deepening and speeding up of world wide interconnectedness’ (Held et al, 1999: 2). However, higher education was always more internationalised because of its immersion in knowledge, which was less concerned with national boundaries. With the growing impact of globalisation, governments and universities are preoccupied increasingly by strategies of increased cross-border co-operation<sup>4</sup> and issues such as bench-marking, ranking and global comparisons (Held et al 1999; Liu and Liu, 2005; Liu and Cheng, 2005). In recent years providers of higher education are also emerging in the developing economies like China, Malaysia Singapore and India, which are becoming key players in global markets (Siddiqui, 2012; Marginson and Wende, 2007).

The structure of this article is as follows: First, the introduction presents a brief introduction to the subject area. The second section outlines the essential characteristics of globalisation. The third section develops an analytical framework to consider how globalisation influences higher education. The fourth section analyses the role of WTO and GATS in the service sector. The fifth section discusses the increased role of IT and English language in the period of globalisation; and finally, draws out countries’ experience, particularly implications of free-market policies for higher education in India and China. Education is part of services as different from goods.

Economists argue that education poses unique characteristics as its production and consumption cannot be stored and both producers and consumers must interact because it requires physical proximity of both actors. We have witnessed in recent years more and more students from the developing countries move to study in academic institutions based in the West (Marginson, 1999; Marginson and Wende, 2007). In recent years dramatic changes in telecommunications and information technologies has created unprecedented situations in services sectors. For a long time, higher education was tradable in one category where student moved to the service provider i.e. to premier universities in the developed countries.

Halsey et al (1997) argue that “education remains one of the few areas of social policy over which national governments are able to assert decisive influence. The educational policy controlled by government is an important test of statecraft where governments can demonstrate their power to improve the conditions of everyday life” (Halsey, et al, 1997:159). According to Halsey et al governments fear the loss of national sovereignty and ‘forms of backlash chauvinism’ reaction towards national and cultural identity. In the case English speaking countries the reaction was seen as cultural restorations through curriculum prescriptions, as some try to maintain national sovereignty in the face of what is being seen as legitimisation crisis for national government (Habermas, 1976).

The ways and means by which higher education is provided is changing. The consumers i.e. students and parents have an increasingly preference for those courses which will not only make them employable, but higher salaries. Thus, the popularity of courses is associated with the market demand. The universities design their courses after liaison with the employers’ organisations. In recent years there has been increasing relationship between higher academic institutions and employers. Moreover, the market exercises a greater influence on the research agenda especially in business, medicines or engineering. Goodson (1990) identifies that the economic imperatives that are so evident in the technical-rational structures of the curricula worldwide. It may be seen as threats to national sovereignty and may undermine any attempts to the national building the educational institutions and national curricula. The move towards centralised curriculum and

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4) In recent discussions, for example OECD, World Bank have emphasised the need to include education in services. Trade in education services is also termed as cross-border education, which refers to the movements of people programmes, providers, knowledge, study projects and services cross national boundaries

assessment is part of ‘push and pull’ globalization policy (Giddens, 1990). Some see an attempt to undermine local and national skills and knowledge by the big corporations in order to make their product more competitive in global markets (Bloom, 2005). The globalisation has increased the marketisation of education and withdrawal of the government from the control and responsibility for administration (Apple, 1995).

### **The Meaning of Globalisation**

The term ‘globalisation’ is described as a process of integration into the world economy. It is based on a strategy of development through a rapid integration with the world economy. These policies of globalisation rely largely on trade, foreign direct investment and international finance. In brief, it can be summarised as a process linked with greater economic openness, increased role of market forces and economic integration with the global economy. Wiseman (1995) has provided a useful definition of globalisation: This is a “contested trend towards more independent, local, national and transnational economies and societies, the expansion of international trade, investment, production and financial flows, the growing significance of regional trading blocs and trade agreements, more influential roles for international financial institutions and transnational corporations, far greater mobility of capital – particularly financial capital – and the overall spread of highly commodified and individualised economic, social and cultural relations into ever more spheres of human activity” (Wiseman, 1995:5).

A major change has been taking place in higher education, is the globalisation of economic, cultural and academic institutions along with the increasing interdependence of nations. In the US since the 1980s for-profit colleges received large amount of federal subsidies through student financial aid, which allowed them to shift from being purely market-driven to one being partially federally subsidised. At present in US they are known as career colleges and are major providers of the skill training beyond the secondary school level (Morey, 2004).

As markets became more global, economic development is linked to country’s abilities to acquire and utilise scientific, technical and economic knowledge, and medium to high levels of technology content now characterises over half of international trade. For-profit institutions focus on students as customers and provide services for them that is relevant to the market need (Morey, 2004).

To some extent, globalisation has opened the access to available information for scholar to study (Rodrik 1997). While some argue that it also has reinforced existing inequalities and created new barriers. Stiglitz (2002) has argued that in some respect globalisation works against the interest of developing countries and at the same time re-enforcing global inequalities. He is not opposed to globalisation and sees it as inevitable (Stiglitz 2002; Siddiqui, 1998). The state may have retreated from the direct role in production, but still serve to regulate competing capitals, especially in realm of conflicts between states. Collinicos (1994) notes: “although the pronounced tendency towards global integration of capital over the past generation has severely reduced the ability of states to control economic activities within their borders, private capital continue to rely on the nation state to which they are most closely attached to protect them against the competition of other capitals, the effects of economic crisis, and the resistance of those they exploit” (Collinicos 1994: 54).

Since mid-1980s the economic power and activities of TNCs have accelerated in terms of investment and economic integration (Beck, 2000; Girdner and Siddiqui, 2008). The current globalisation is the result of two key factors namely – technological and political. Firstly, the rapid growths of electronic communications have made it possible for top managers to oversee the businesses operating in many countries at the same time. Technology has made all these tasks

possible at very low operating costs. Secondly, the governments have dismantled national control and regulation on capital movements, and profit remunerations. This was a political decision to do away with the legal and administrative legislations that might have protected local economies (Hoogvelt, 2001).

The proponents of 'neo-liberalism' argue that people are best served by market freedom and little intervention by the state. The role of government should be confined to creating and defending markets. All other functions are better discharged by private enterprise, which will be prompted by the profit motive to supply good and services. Neo-liberalism is a set of economic policies that have become widespread during the last 25 years and it has been backed by the International Monetary Fund (IMF) and the World Bank (Harvey 2005). Neo-liberalism entails expenditure deflating policy package at the macroeconomic levels. For example, India's external debt crisis of 1991 brought the country close to default in meeting its international payment obligation. Under such circumstances India adopted neo-liberal also known as 'market-friendly' economic policies (Siddiqui 2008). However, the neo-liberal market reforms were not new. The World Bank and IMF had already applied such measures in Latin America and Sub-Saharan African countries in response to the debt crisis in the 1980s.

### Globalisation and Higher Education

The growing emphasis within education on economic and commercial side, Giddens (1990) has defined globalisation as: "the intensification of world-wide social relations that link distant localities in a way that local happenings are shaped by events occurring many times away, and vice versa. This is a dialectical process because such local happenings may move in an obverse direction from the very distanced relations that shape them" (Giddens, 1990: 64). Globalisation entails the formation of global markets and unprecedented levels of foreign direct investment and cross border mobility in production and closer integration of financial sectors (Ischinger, 2006). It heavily relies on communication systems, tending towards a 'single global village'<sup>5</sup>. It was said that extending networks, broad bands and other information and communication technologies (ICTs) are suppose to create new form of people's associations. Along with new technologies and urbanisation and industrialisation in the developing countries would leads towards much higher forms of integration<sup>6</sup>.

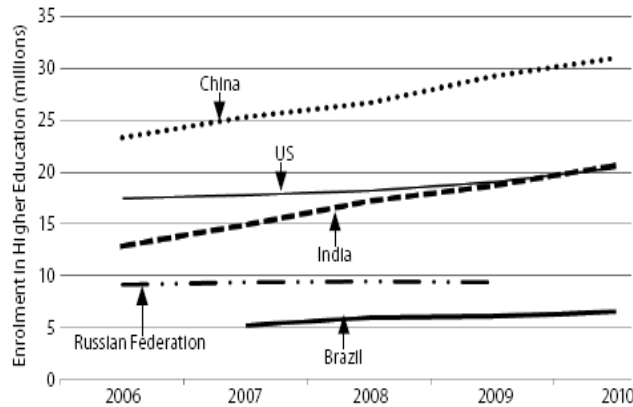
**Table 1: Total and Gross Enrolment (2009)**

Country	Total Enrolment	Gross Enrolment Ratio
Brazil	61,15,138	36*
China	2,92,95,841	24
India	1,86,48,923	16
Russian Federation	93,30,115	76
US	1,91,02,814	89

**Source:** UNESCO Institute for Statistics, Trading Economics.com

5) Guy Neave's explanation of globalisation as "quickenning exchange" includes both its economic and cultural aspects. Guy Neave, 2002, p.332.

6) The increased levels of personal contact with the help of new technologies are unknown in the past human history. For example, dramatic in the first quarter of 2002, about 24 billion text messages were sent globally; more than 70 % of households in South Korea already have broadband Internet connections; by the June 2006 100 million people in India subscribe to mobile phone service (S. Marginson and Marijk va der Wende, 2007, p.7)



Source: UNESCO Institute for Statistics, Brail School Enrolment Ratio, Trading Economics.com

Figure 1: Enrolment in Higher Education, Brics and US (2006-10)

Table 2: Expenditure in Education and Research and Development (R&D)

	Expenditure in Education			Expenditure in R&D	
	% GDP (2009)	Tertiary Education as % of GDP (2008)		Domestic Gross Expenditure (PPP \$ billions, 2009)	As % of GDP (2009)
		Public	Private		
Brazil	4.3	0.8	nd	18.0	0.9
China	2.1	nd	nd	123.7	1.4
India	4.1	nd	nd	28.1	0.8
Russia	3.1	0.9	0.5	21.8	1.0
US	5.7	1.0	1.7	383.6	2.7

nd=no data.

Percentage of Expenditure in Education as % of GDP

Source: The Economist’s Pocket World in Figures; Data from IMF, 2012; OECD Fact Book, 2011

The BRIC member countries (i.e. Brazil, Russia, India and China) are experiencing high rates of growth in demand for higher education. But they lack the resources to meet the growing demands. In the past these countries have adopted a stratified system of higher education, where few high quality elite institutions coexist along with large number of low quality institutions.

The private sector has contributed largely to the expansion in higher education in recent years, as the public sector investment has either dwindled or grown at much lower rate in relation to growing domestic demands. “Since elite institutions in India, China and Brazil are very few, their output is very small, compared to the total graduate output or output of the mass institutions, which is of poor quality. Enrolments in elite institutions, according to crude estimates, vary between 10 % and 15 % of the total in the four countries. The underlying assumption seems to be that a few high-quality graduates are crucial and sufficient for rapid economic growth (Tilak, 2013: 43). The question also arises can such stratified system of higher education will be able to help economic transformation towards inclusive and faster growth?

The BRIC countries’ economies have witnessed rapid growth rates, while the developed economies are yet to recover from the 2008 economic crisis. At present, together they account for one-fifth of the world GDP, compared to only 8 % ten years ago. Since 1990s the higher growth rates has also led to the realisation that higher education is crucial to sustain higher growth rates. In Russia and China the growth of private sector in education is under government strict



supervision, while Brazil and India had less government scrutiny and rely on market forces. As a consequence, poor regulatory mechanism has led to falling standards.

Higher education is becoming important for emerging market economies (BRICs) because of the rapid economic growth they are witnessing. For example, these economies accounted for 8 % of the global gross domestic product, which further increased and in 2012, the BRIC economies accounted for nearly 20 % of the global GDP. Among these focus economies I will focus on namely Brazil, China on India here. They also have experienced rapid expansion of access and enrolments in higher education.

China with fastest economic growth rates also has invested heavily in higher education. China and India sends the largest number of students for study to the developed countries largely to USA, UK and Australia. At present, both countries accounts for nearly half of the total overseas students and their numbers are likely to increase. China has envisaged several programmes to lure top academics to China once they have completed higher qualifications in the West with higher salaries and better working conditions. While India has not charted out any specific programmes to invite overseas Indian academic, except to some extent in IT sector.

India with remarkable growth rates for the last two decades has increased spending on higher education. At present, the country has the largest and most influential higher education institutions in south Asia, with growing impact on middle-east and other Sub-Saharan African countries. Similarly, Brazil's higher education, especially in the areas of science and technology and research has established a leadership role in Latin America. Brazilian academics also publish their research output in top academic journals. We must not forget that Brazil had no universities until 1920, started much later than Europe and North America. However, the data shows its total enrolment is quite impressive.

The enrolment in higher education of BRIC countries is very modest by international standards. These four countries together constitute more than two-third of the total world's enrolments in higher education. Moreover, China and India have now among the world's largest academic systems of higher education and consistently improving in terms of access and quality, despite increasing challenges. Due to lack of funding the public higher education deteriorates. The emerging middle class and the elites are willing to pay to private institutions.

It is beyond doubt that inadequate public support for higher education has provided opportunities for a rise of private sector in higher education in developing countries. Much of this increase in BRIC economies are in management, IT and vocational courses. The number of private universities is growing in India in recent years. Private sector caters to students who cannot find admissions in public universities. Private sector is there to earn profit and therefore, quality assurance has become challenge.

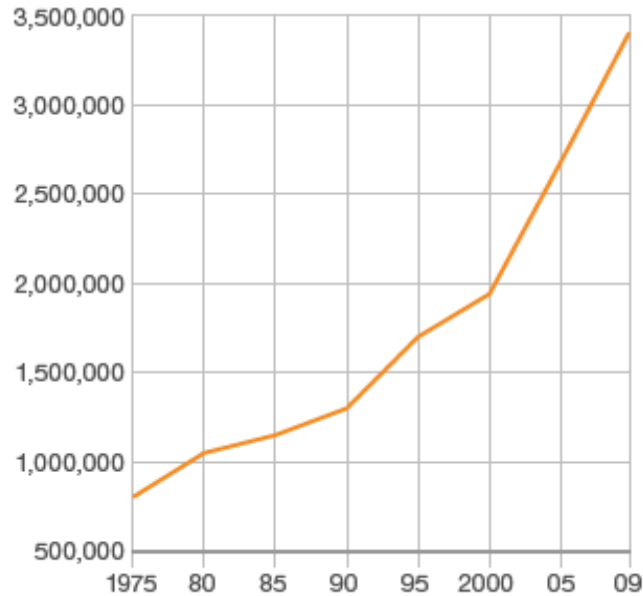
However, critics of neo-liberal globalisation have termed it as "McDonaldization" or "Neo-Fordism" (Hayes and Wynyard, 2002). Despite differences in the meaning of these terms, both emphasise on economic efficiency and tendency towards homogenising practices. Orr (1997) points out that globalisation pursued by neo-liberal economic policies in South Africa led to drastic cutting down of the states' role in the economy, de-regulation, liberalisation and privatisation and finally reducing the state expenditure in the mid-1990s. This has increased the mobility of capital and increased the role of market in resource mobilisation of the country's resources. The competitive environment of marketisation has required the creation of new relations with students and users, which have led to the reduction of students' subsidies and grants.

**Table 3: Selected Indicators of Global Potential, Capacity and Engagement, Various Countries. 2003-2005**

Country	Gross National Product (GNP, PPP)	Gross National Income GNI per Head PPP	% of GDP Spent on Tertiary Education, Institutions from		Ratio of Research Degree Graduates to Total Population	Broadband Internet per 100 Persons	Foreign Tertiary Students as % of Students	Tertiary Students Abroad as % of Students
			Public 2003 %	Private 2003 %				
	2005 US\$ (billion)	2005 US\$						
Australia	643.1	30610	0.8	0.8	1.5	13.8	18.7	0.6
Canada	1061.2	32220	n.a.	n.a.	n.a.	21.9	n.a.	n.a.
Denmark	182.7	33570	1.9	n.a.	1.1	25.0	9.0	3.3
United States	12409.5	41950	1.2	1.4	1.2	16.8	3.5	0.2
Japan	3943.8	31410	0.3	0.6	0.8	17.6	2.2	1.6
Germany	2417.5	29210	1.0	0.1	2.0	13.0	10.7	2.8
UK	1926.8	32690	0.8	0.3	1.8	15.9	11.3	1.2
France	1829.6	30540	1.0	0.1	1.2	15.2	10.5	2.5
Italy	1667.8	28840	0.8	0.2	0.5	11.9	1.9	2.2
New Zealand	92.5	23030	0.9	0.6	0.9	8.1	13.5	3.5
Norway	185.7	40420	1.4	0.1	1.0	21.9	5.2	7.1
Portugal	212.4	19730	0.9	0.1	2.4	11.5	3.9	3.0
Spain	1133.5	25820	1.0	0.3	1.1	11.7	2.9	1.5
Sweden	280.3	31420	1.6	0.2	2.8	20.3	7.8	3.6
Korea	1056.1	21850	0.3	1.9	0.9	25.4	0.2	2.8
Mexico	1052.4	10030	1.0	0.4	0.1	2.2	n.a.	0.9
OECD Total	-	-	1.0	0.8	n.a.	13.6	n.a.	n.a.
China	8572.7	6600	n.a.	n.a.	n.a.	n.a.	n.a.	1.8
India	3815.6	3460	0.7	0.2	n.a.	n.a.	0.1	0.9
Brazil	1627.3	8230	0.8	n.a.	n.a.	n.a.	n.a.	0.5
Egypt	329.8	4440	n.a.	n.a.	n.a.	n.a.	n.a.	0.3
Malaysia	274.8	10320	2.7	0.9	n.a.	n.a.	4.4	6.5

**Source:** OECD (2005a), pp. 37, 55, 70, 174, 240, 267; Marginson and Wende, 2007, pp. 19 n.a. = data not available

Table 3 provides various key indicators of few selected countries. Here column 2 and 3 shows the differences in economic resources between the developed and developing countries. Gross National Income per head, a rough measure of wealth intensity within each nation varies from US\$ 41,950 in the United States to a low 10,030 in Mexico. There is much variation in investment in tertiary educational capacity, from 2.6 % of GDP in the United States to 1.0 % in Portugal. These data show that private sources of funding play a large role in some countries, for example, in the United States (1.4 % of the GDP), in Korea (1.9 % of GDP), Australia (0.8%), in New Zealand (0.6) and in Japan (0.6). In Table 3 column 6 provides data on broadband subscription per 100 persons, in all categories of broadband access. This also shows the global connectivity, the capacity of global engagement, as broadband is essential to full utilisation of internet. Among the OECD group it varies from a high of 25.4 in Korea to 2.2 in Mexico.



Source: Unesco

Source: also see <http://www.bbc.co.uk/news/business-12671198?> Accessed on 22/03/2011

**Figure 2: International Student Numbers, 1975-2009**

In most universities the focus on global dimension is increasing, it appears to be difficult for individual nations to ignore the global challenges (Bargh et al 1996). But established universities and vocational institutions increasingly involved as global business education. However, globalisation is not taking place on a level playing field. For instance, American higher education institutions exercise a profound global influence. Higher education has increasingly taken as global marketisation. It aimed to train managers and executives for global corporations to understand global cultural management and strategies to manage global businesses (OECD, 2005a). Teichler argues (2004) that ‘It is surprising to note how much the debate on global phenomena in higher education suddenly focuses on marketisation, competition and management in higher education. Other terms, such as knowledge society, global village, global understanding or global learning, are hardly taken into account’ (Teichler, 2004: 23). The availability of worldwide electronic data base, video-conferencing and use of IT in teaching has not only displaced existing teaching and learning methods but also opens potential for new opportunities in pedagogy and learning (OECD, 2005b).

Educational reforms in developing countries such as India, China, Singapore and Malaysia are supposed to enhance global competitiveness. The increased management control has witnessed tensions between faculty members and universities’ senior management team on the issues of responsiveness to global change. The fact that economic competition is seen as knowledge driven, has introduced some changes in terms of national policy in the education sector. However, in most developing countries governments remain the principal suppliers of funds, though the role of private sector is growing but still their contribution overall funding of higher education is minimal.

Internationalisation of higher education means increasing aspects of inter-university co-operation. It is considered a powerful tool for stimulating both intercultural dialogue and diversity in outlook and understanding towards topical issues. Such diversity and global knowledge source suppose to raise research and stimulate research overall environment. It is said that increasing international cooperation within higher academic institutions would enhance social issues which are often ignored by corporate driven globalisation. Slaughter and Leslie (1997) argue that “despite the very real difference in their political cultures, the four countries developed similar policies as those points where higher education intersected

with globalisation of the post industrial political economy. Tertiary education policies in all countries moved towards science and technology polices that emphasised academic capitalism at the expense of basic or fundamental research, towards curricula policy that concentrated monies in science and technology and fields close to market ... towards increased access at lower government cost per student, and towards organisational policies and undercut the autonomy of academic institutions (Slaughter and Leslie 1997:55).

There seems to over-riding ideology of free-market and an attempt to restructure educational systems along entrepreneurial lines. According to neo-liberal principles, the state should facilitate the market and public spending should be kept to minimum. With neo-liberalism the role of profit and market-driven policies have taken important role and TNCs and few leading western universities can be seen as the colonists, who are trying to dominate higher education largely for commercial reasons. The national governments are not totally neutral spectators but they assist them and also have an interest to encourage and maintain dominance over the academic institutions in the developing countries.

The control of higher education in the countries of Africa and Asia by the developed countries has historical roots. During the colonial rule, universities from Europe were set up branches and institutions in the colonies. French in North and West Africa, British in South Asia, East and West Africa, while Americans in Philippines, Lebanon, Egypt and Netherlands in Indonesia. During the 1960s and 1970s at the height of Cold War, the United States institutions established campuses. Also some US prestigious universities have established campus in Spain. For example, university of Chicago's business school has opened campus in Spain, which uses Chicago's curriculum, teaching staffs to teach Spanish students. We also find foreign degree courses are "franchised" by local universities (Apple, 1995; Bloom, 2005).

Neo-liberalism has seen the increasing omission of syllable of education with economic policy and the enfolding of educational governance into new forms of management. It seems that there is a concomitance here between the logic of globalisation – as world of free trade system and new thinking about social policy. The other argument that professionalization of the subjects is often said to be desirable process. However, most of the subject is dominated by the rich countries and therefore copying in the subject area would necessarily mean sacrificing any independent thinking and promoting borrowed concepts. This would further mean expanding the colonial hegemony of the west over poor countries (Freire, 1993).

Unlike in the 20th century, higher education is increasingly no longer a national affair. The students are increasingly mobile and drawn from across national boundaries<sup>7</sup>. Therefore, the course offered international relevant and also meet the demand of the private sectors in a rapidly changing and very competitive environment both nationally and internationally. The United States is interested to open Indian market for US investors in higher education sectors and it wants the large Indian markets to be open for its corporations.

A joint forum of representatives of United States and Indian officials to set up to develop a 'strategic partnership' between the two countries had made several recommendations for government to bring private investment in education sector. However, one among recommendation is to allow FDI in higher education in order to strength 'strategic partnership'. Indian government is arguing that the target of higher education cannot be achieved without the involvement of foreign capital (Bushan, 2006; Chanda, 2002).

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7) In recent literature (for instance OECD, 2005a) trade in education services is also termed as cross-border education, which refers to the movement of people, knowledge, ideas and services across national boundaries. The term is often used as "transnational education".

### General Agreement on Trade in Services: Targeting the Services Sector

The challenge posed by globalisation, various countries has reacted differently in term of pace and speed. The policies of openness and liberalisation in higher education have been discussed in WTO negotiations in the General Agreement on Trade in Services (GATS)<sup>8</sup>. The WTO negotiations suppose to open national education system to foreign competitors. Some developing countries are concerned with threat of the loss of government control. The failure of negotiations to bring the Doha round of trade liberalisation to completion suggests that in the foreseeable future, the liberalisation of trade in higher education will occur more on bi-lateral or regional basis than through global multilateral negotiations (Altbach, 2004).

Higher education in the world is highly unequal in terms of distribution and available resources (Apple, 1995). The World Trade Organisation (WTO) is aiming to de-regulate international markets in services, including education through General agreement on Trade and Service (GATS). The rich countries are behind these GATS policies and their interest clearly coincides with the interests of big corporations based in these countries. The developing countries who would like to join WTO should treat as Article XVII, subsection 1 of GATS says: “each member shall accord to services and services suppliers of any other Member, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and services suppliers”. This would also include foreign universities setting up courses through branches of franchisees or entire institutions in another member country. This would result in developed countries exporting services to developing countries.

It seems that the powerful universities based in the developed countries have largely dominated in terms of creating and providing of knowledge, while higher academic institutions in poor countries with fewer available resources have had difficulty maintaining quality and higher academic standards. Academic institutions in the developed countries were able to provide leadership in terms of research, teaching and knowledge dissemination. And these institutions due to the more available resources (such as more research funding, infrastructures, books, libraries, laboratories, and tutors with appropriate qualifications) of course produced better results. The major international academic centres, I mean leading research-oriented are overwhelmingly based in USA, UK, Germany, France and Japan. However, more recently a number of universities in South Korea, Singapore, and China are being recognised as world class research institutions (Beck, 2000).

The debate regarding the inclusion of higher education is crucial to discuss here in particular knowledge industries within the framework of WTO through GATS proposals. GATS seek to establish “open markets” for knowledge products of all kinds – including higher education. GATS support the idea that knowledge is a commodity like any other and should be freely traded around the world. WTO under the GATS is seeking to provide a legally binding framework for circulation of educational services and for protection of intellectual property rights. WTO is trying to ensure open markets and protection for the owners of knowledge of products. In recent years copy right laws have been further strengthened to protect the owners of the knowledge (Correa, 2000; WTO, 2003).

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8) Trade in services between developing countries is difficult to estimate, due to available data on this is scant. The discrepancy in data suggests that services are not only difficult to trade but that, more importantly methodologies and statistics adopted are unlikely captured fully. In fact, many statistics are taken from balance of payments (BoP) data, which is less than correct estimation as measured by GATS.

The question arises should education is to be considered as a commodity to be traded in the market place and regulated as manufacturing products? As Lawrence Summers, the former US Treasury Secretary has expressed: "I am sceptical as to whether bringing educational issues under the auspices of trade negotiations would be helpful... To start with, many educational institution are not based on profits, their motivations are different from the commercial firms. There may be some egregious practices that should be addressed, but I would be sceptical about treating education in a way that had any parallels with financial services" (The World According to Larry 2002, pp38).

Historically trade agreements involved reducing tariffs, eliminating trade barriers like quotas on imports on goods and services. Trade related issues are therefore related to what happens at the boundaries of nations. By opening them to multilateral negotiations, the rich countries are denying of the developing countries to use specific levers such as capital restrictions, favour domestic industry, encourage industrialization, and protect its labour force and so on. Presently, the services sectors are growing at the fastest rates in these countries. The service sectors account for two thirds of economy and jobs in the European Union (EU), almost a quarter of the EU's total exports and a half of all foreign investment flowing from the Union to other parts of the world. In the US, more than a third of economic growth over the past five years has been because of service exports. I mean to say that the service sectors of the developed countries have grown quite important over the decades. As a result, the TNCs started lobbying for new trading rules that will expand their share of the global market in services as governments everywhere spend a considerable amount of their budget on social services (WTO, 2003).

In many developing countries, much of the services in areas like health and education were provided by non-governmental organisations like charities, religious societies and community oriented associations. This will change when with the new dispensation and the corporate sector is poised to play a prominent role especially in countries where there are affluent elites willing to pay. The move to open up the social sectors to allow for privatisation and competition from the private sector will mean private corporations taking over the social services of countries for profit, undermining their equitable distribution. If WTO negotiations succeed then education will irreversible changes in the financing and delivery of these services. Governments will have to open up these sectors to foreign service providers.

The Indian Government has shown itself to be amenable to commit many areas in the service sector for negotiations under GATS. The argument put forward is that this will help the fast growing service sector in the country. Even areas like health are being seen as lucrative areas that could be opened up to take advantage of the low cost of education in India have as compared to that in developed countries (Government of India, 2008).

Article I.3 defines "services" to include "any service in any sector except services supplied in the exercise of government authority;" and "a service supplied in the exercise of government authority" means "any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers." That is, only when the services are entirely provided by the government, they do not fall within the GATS rule. For a service to be out of the purview of the GATS rule it has to be entirely free. However, when the services have been provided by the government either partially or some prices are charged (as happens in education in India where some fees is charged) or provided by the private providers shall fall under the GATS rule. The idea behind this is the creation of an open, global marketplace, where education can be traded to the highest bidder. GATS cover the educational services of all countries whose educational systems are not exclusively provided by the public sector, or those educational systems that have commercial purposes.

### Information Technology and the Importance of English Language

The libraries with electronic resources repositories of books, reports, Ph.D. thesis are also involved in providing access to databases, websites and other IT based products. Universities are using IT delivered degree programme to students in the developing countries. Thanks to the rapid use of IT distance learning is growing very fast both in the developing and developed countries. The IT and website databases are dominated by the major universities based in the developed countries. Moreover, the Internet functions materials are carried in English (Crystal, 2003). We also find TNCs have become key players both in terms of curriculum and funding. Tightening copyrights and ownership restrictions through WTO regulations will further consolidate ownership and limit access (Correa 2000).

It seems that contemporary globalisation is associated with various aspects such as economic, political and cultural (Ntshoe, 2003; Sklair, 2001; Siddiqui, 2009; Vullimay, 2004). The economic changes associated with the globalisation are reflected in the dominance of TNCs in the global economy. It is estimated that more than half of the world's total value creation are done by these big corporations (Beck 2000). These corporations impose their own global network of integrated investment and production across various countries, driven not by local, domestic or national interests but their prime goal is to cut down and boost profits. They are actively seeking location in low-tax countries. In recent years great innovations in satellite communications and computerised information networks mean that capital could be moved around the world instantaneously. Access to knowledge and information enable those participating in such networks to wield greater power. It is argued that the neo-liberal policies have been aggressively advocated. Moreover, with the expansion of on-line learning which could benefit rural students if proper facilities are provided but will also require substantial public investment and collaboration partners.

With the globalisation English language is increasingly used for communicating knowledge worldwide for instruction even in those countries, where English is not the medium of instructions in higher education. Most of the highly prestigious international journals are published in English (Huang, 2007). Universities in many both poor and rich countries emphasise that their researchers should publish in international journals that means again in English language. Moreover, English serves as the language of internet and global communication. We also find large number of international students register to study abroad in English speaking countries. English language is becoming premier language of global business and professional in science, research and academic publication. The major European languages such as German, French and Russian in recent years have declined. An increasing number of top academic institutions strongly favour to publish in English journals. "It is English that stands as the very centre of global knowledge system. It has become *lingua franca* par excellence and continues to entrench that dominance in a self-reinforcing process" (Held et al, 1999: 346). The increased role of English is very much driven by the weight of the Anglo and North American dominance within the world economy, film-music industries, and internet (Eaton, 2003). Most of the top research academic journals in applied science and business is dominated by English publishers (OECD, 2005a).

At present, the United States has got 17 of the world's top ranking research universities in terms of research performance (Marginson and Wende, 2007:22; Altbach, 2009). There is a large number of foreign academics are migrating to the United States, particularly in recent years it has drawn huge migration of skilled labour force from South and East Asian region. American universities have been recruiting a large number of foreign researchers. Between 1977 and 1997 the foreign share of American PhDs rose from 13.5 % to 28.3 %. In Mathematics and Computer Sciences it rose from 20.2 % to nearly 44 %, in Engineering from 32.1 to 45.8 % during the same period (Marginson and Wende, 2007:23).

In 2003 UK had recruited only 23,871 foreign doctoral students and Australia 8,855. The United States dominates especially in doctoral markets, which creates many benefits for the country. According to US data more than half foreign doctoral students stayed after completion of their studies (Avveduto, 2001; De Wit, 2002).

Asian nations' economies share in global GDP has increased in recent years. For example, China's 1.3 inhabitants will overtake US PPP GDP by 2025<sup>9</sup>. India has 1.2 billion people and its economy is said to be growing around 8 % per annum. In both these countries higher education is expanding rapidly. Between 1990-91 and 2002-03 the gross enrolment ratio rose from 3 to 13 % in China and 6 to 11 % in India (World Bank, 2006). Higher education in China is largely funded by government and we have witnessed a dramatic change in both terms of quantity and quality. From 1998 to 2004, the total number of undergraduate enrolments in China multiplied by four times and the number of students enrolled for higher education was more than 20 million in 2004 (Huang, 2007). A further 10 % increase was planned by the government in next two years. China now accounts for half the R&D expenditure of the non-OECD countries in 2006. The number of doctoral degrees awarded by Chinese universities rose from 19 in 1983 to 18,625 in 2003. In 2005 its universities recruited 54,000 signalling, thus reducing the dependence of foreign universities<sup>10</sup>. In tertiary education India has three global advantages: Communicative competence via ICT systems and the widespread use of English, strong local IT higher academic institutions with 774,072 students enrolled in 2003 (Natarajan, 2005). Indian research institutes who are autonomous and have been know for innovative approach towards research and at least 40 % of Indian Institutes of Technology (IIT) graduates seek employment overseas in Europe and North America<sup>11</sup> (Mitra, 2007; Paul, 2009).

### Higher Education in India and China

India launched globalisation of higher education policy with a hope that it would attract large investment to this sector and can provide affective aid to this under funded sector. However, despite a lot of expectations so far liberalisation policies in higher education simply attracted only in certain technical and professional areas, where it is seen as making quick returns. It has hardly improved overall higher education quality and access to education in India (Paul, 2009). We find that rapid changes are taking place in India and the much larger scale and adoption of new delivery system thanks to the increased use of IT and video conferencing. The use of new technologies allows the Indian students to enrol in courses in foreign universities while physically being in India i.e. "on line". Finally, in recent years the strong support by the WTO negotiations to include General Agreements on Trade in Services (GATS) has further put pressure to allow greater co-operation with foreign academic institutions. The process of liberalisation in economy and increased reliance on foreign capital to invest in big way in opening new higher academic institutions or joint ventures to offer courses.

There is a increasing demand for higher education and skills in India due to rapidly growing service sector and overall liberalisation of the economy. The growing population and increasing number of middle classes, increased urbanisation and income has considerably increased the demand side, while supply failed to match, resulted in huge gap (Paul, 2009). That explain why a large number of Indian students travelling abroad every year. For instance, a total of 100,000 Indian students are currently studying abroad at the cost of \$ 4 billion per annum (Bushan, 2006). At the same time, as

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9) In 2003 the rate of internet use in China was 63 per thousand people which is average for lower middle income countries as classified by the World Bank. The same year China had 8.6 million broadband subscribers (World Bank, 2006).

10) Private higher education is also growing in China in recent years and in 2005 enrolled nearly 1.5 million students, about 10 % of the national total. Although private higher education in China has a long way top go in terms of quality when compared to the public institutions (Liu & Liu 2005, p.6)

11) Nearly two-thirds of the Indian students doing PhD in science technology in the United States in 2006 said that do not plan to return to their country immediately despite the high economic growth rates and increasing job opportunities in India.



noted above, a large number of foreign programmes have been offered with partnership with Indian academic institutions. For instance, in 2005, foreign institutions have offered 131 different courses in partnership with Indian academic institutions. Some students are also supposed to spend last year of their study in the foreign country. However, capital investments by foreign institutions are minimal in these joint ventures and many of these courses are not accredited in providers' own countries. And also India plans to create 12 more central universities in 2008/09 in addition to its existing 19 ones. This will cost the country about 73 million US dollar. India already has Indian Institute of Technology (IITs) and Indian Institute of Management (IIMs). Their number too is said to be increased. There will be 30 world-class, 8 new IITs and 7 new IIMs. At present, none of India's 348 universities is in the top 100 universities in the world (Bushan, 2006).

Studies of international student choice-making show that only a small group of higher academic institutions such as Cambridge, Oxford, Cambridge-Mass., Harvard, Berkeley etc. most commonly known world-wide. Research and doctoral training are seen very important in certain fields. And this continuously reinforces the importance of networking in world's top research oriented universities. Cross-border flows constitute line of communications and effects on the academic institutions<sup>12</sup>. Many developing countries have witnessed a rapid growth over the past two decades in higher education. Today, nearly 132 million students have enrolled in higher education, which was only 13 million in 1960 (Paul, 2009). There is also a sharp rise in the movement of international students across countries. (Rudner, 1997) It is being forecasted that the demand for higher education by international students will increase from current nearly 2 million in 2007 to 7.2 million in 2025. Trade in education services is important for the economy and business in some countries. Global trade in higher education is estimated to be around US \$ 30 billion per annum (OECD, 2004a). The major exporters of the higher education are countries are like: US, UK, Canada, Australia, New Zealand. China, India, Singapore, and Malaysia are emerging fast as exporter of these services. The tuition fees in West European and North American universities are quite high, therefore only those who can afford are able to enrol abroad. According to OECD (2004b) liberalisation of higher education may reduce number of students going abroad (OECD, 2004a).

The landscape of higher education is changing, with increased student mobility, curriculum implications of internationalisation and the changing nature of knowledge production. Internationalisation may serve to either consolidate the national character of universities competing for the overseas students or promote denationalisation tendencies through mechanism such as curricula and cultural exchange<sup>13</sup>. It may also be possible that this may lead towards greater Western cultural hegemony aided by new technologies and big business interests which in need to low cost skilled force to achieve global competitiveness and increased profitability. While others argue that worsening the gap between poor and rich countries in economic and social inequalities alongside may provide new opportunities for democratic involvement in international or super national forms of organisation. For instance Scott (1998) argues 'dialectical relationship between internationalisation and globalisation'. (Scott, 1998: 126) According to him internationalisation reflects a world order dominated by nation-states and a rich and poor country divide. Globalisation, he suggests 'implies a radical reordering' of the world order based on new regional blocs, new realities and the emergence of a knowledge society trading in service. He argues that modern universities are in essence nation-based institutions serving national projects of human capital formation, promotion of equality of opportunity and the creation of national elites (Scott 1998).

12) For example, the global flows of people in higher education include students involved in short-term exchange; first degree and master students accessing foreign degree or doctoral students and other forms of collaboration and exchange with other universities.

13) The term is often used interchangeably with "transnational education," "offshore education" and "borderless education".

Indian government has amended law to permit 100 % foreign investment in the higher education sector. Among the developing countries I India has the largest number of higher educational institutions. The country has altogether 18,000 colleges and universities, more than those in China and the United States. The gross enrolment is only 10 %. However, in the developed countries the gross enrolment exceeds 50 %. The other developing countries such as China, Mexico, and Brazil have much higher gross enrolment ration than India. Even Indonesia, which has much lower rates of economic growth compared to India, has higher gross enrolment ratio of 16 %. Thus, there is a big gap in terms of access to higher education in India. The government intend to increase it to 15 % during the next 5 five years, which will imply student intake will increase to seven millions during this period. This would demands the country will need large amount of funds to be invested in this sector in order to meet the planned demand.

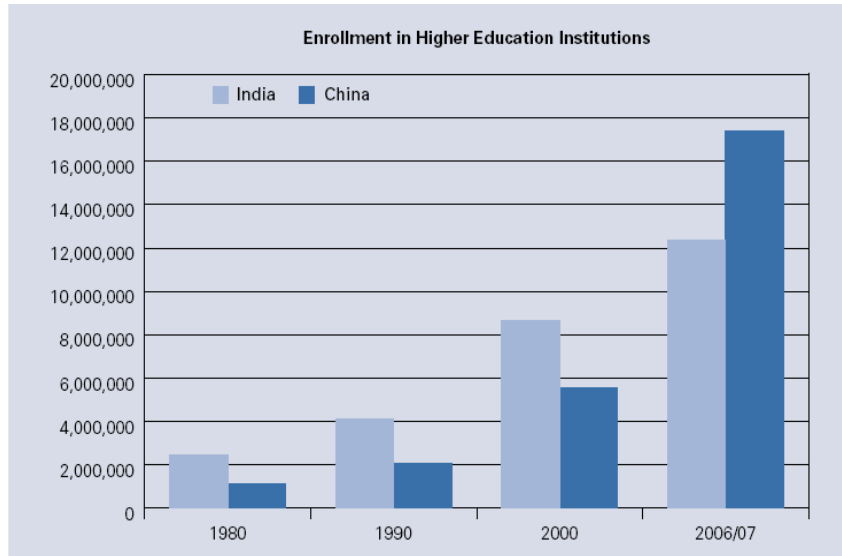
The Shanghai world rankings of the top 500 academic institutions and universities listed at the bottom only three Indian Institutes of Technologies (IITs) and one Indian Institute of Management (IIM) in 2007. The Times global rankings of the top 100 also just mention these IITs institutions.

In terms of research output, India has moved down from 8<sup>th</sup> place in 1985 to the 14<sup>th</sup> place in 2006 (Paul, 2009). However, the spending in this sector as percentage of gross domestic product (GDP) is 0.37 % compared to 0.50 % in China and 1.40 % in the United States (Paul, 2009). Government has neglected higher education sector until recently. However, now government has declared to open new universities and provide more funds for infrastructure to meet growing. The establishment of thirty universities in Indian in recent future will provide to opportunity to organise and upgrade their performance and access to rising number of students.

Since adoption of liberalism in 1991 in India the government has been cutting down spending on higher education through extensive privatization and deregulation policies. Many states in India have introduced legislation to welcome private institutions (Bushan, 2006). Some foreign universities have started to franchise their courses in India by allowing students to be enrolled in India and carryout some part of studies in India and completing the course in the institutions abroad.

Chinese students studying overseas are currently 350,000 (Huang, 2007) and China and India together accounts for largest proportion of foreign students in the United States. In 1990, China has hardly 7,600 students abroad. China has not approved the establishment of foreign universities, but encouraged partnership to enhance quality. In 2004 China has signed 750 joint programmes with foreign universities. The Chinese government are planning to open of 38 world top ranking universities to upgrade its quality and research availabilities (Huang, 2007).

The leading universities are setting up campuses and offering their courses abroad. For instance, the University of Nottingham has opened an overseas campus at Ningbo, near Shanghai in 2006. The campus is now home 4,000 undergraduate and postgraduate students. Similarly University of Liverpool has set up campus in Suzhou in partnership with Xi'an Jiaotong University and offering courses in computing, electronics and IT courses for undergraduate and postgraduate students. (BERR, February 2009: 63)

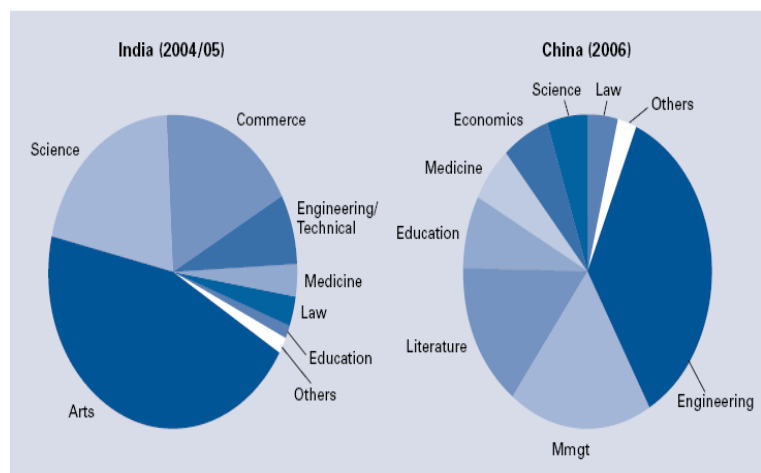


Source: MHRD Annual Report 2007-08, China Statistical Yearbook 2007

Figure 3: Chinese and Indian Enrolment in Higher Education

Source: *China and India: Opportunities & Challenges for UK Businesses*, Department for Business Enterprise and Regulatory Reform, BERR Economic Papers No. 5, pp 54, February 2009: London.

Figure 3 indicates that during the last decade China and India have experienced rapid expansion in higher education. In India for example, more than 12 million students enrolled for higher education in 2006/07<sup>14</sup>. Nearly one-fifth of the students in both China and India study courses related to economics, business or management (see Figure 4). In India Social Science and Humanities are very popular, which enrolled 45 % of the total, while natural science courses enrolled at 20 % of the total number of students enrolments. While among Chinese students’ Engineering and Technical courses witnessed over 36 % of the total enrolments during the same year (BERR, 2009).



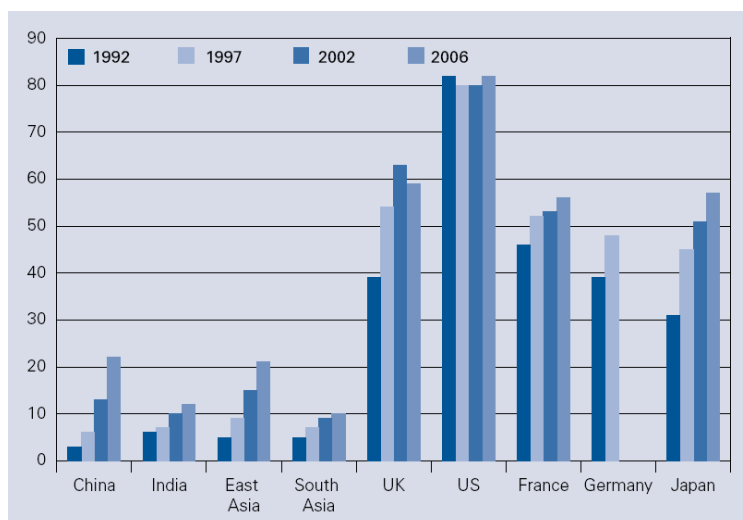
Source: Statistical Abstract India (2007), China Statistics Yearbook (2007)

Figure 4: Chinese and Indian Higher Education by Subject

Source: *China and India: Opportunities & Challenges for UK Businesses*, Department for Business Enterprise and Regulatory Reform, BERR Economic Papers No. 5, pp 55, February 2009: London.

14) Indian Ministry of Human Resources and Development (2008) Annual Report 2007/08

Quality wise apart from few IITs most Indian universities are not seen as world class universities. And also in China and India much small number of their graduates go on to obtain Masters or PhD. Qualifications. This will show us of how effective they have been promoting and inspiring their graduates into highly skilled professionals. For example, about 3.8 million students graduated from Chinese higher educational institutions in 2006, only 6 % i.e.219, 655 took Master qualification. While in India the figure was higher. Out of the 2.6 million students who graduated from universities and educational institutions in India, only nearly one-fifth i.e. 540, 685 completed successfully Master level qualifications<sup>15</sup>. For figures on comparison of enrolment rates in higher education for China, India and other developed countries from 1992 to 2006 see in Figure 5.



**Figure 5: Comparison of Enrolment Rates in Tertiary Education**

**Source:** *China and India: Opportunities & Challenges for UK Businesses*, Department for Business Enterprise and Regulatory Reform, BERR Economic Papers No. 5, pp 56, February 2009: London.

Also see World Bank Ed/Stats Database.

The private Universities Bill was introduced in *Rajya Sabha* (upper House) in India in August 1995. The Bill points out that the private universities will “self-financing universities not requiring any financial support from the government” ([http://www.education.nie.in/pvt\\_uni\\_bill.asp](http://www.education.nie.in/pvt_uni_bill.asp); also Ziderman and Albrecht, 1995). These private universities will provide courses of studies in “emerging areas of science and technology”.

The government took the process of privatization of higher education quite seriously and in 2000 appointed committee “special subject group on policy frame work fro private investment in education, health and rural; development” to advise on this issue. The committee consisted on two top industrialists such as Mr. M. Ambani and Mr. K. Birla. This report came out with suggestions like ‘education as very profitable market’. The report argued higher education is key to business success on which the employers must have full control and meeting their needs. The report explicitly argues that “education must shape adoptable, competitive workers who can readily acquire new skills and innovative”<sup>16</sup>.

15) Indian University Grant Commission (UGC) Annual Report 2005-06, Selected Education Statistics, 2004-05, Government of India Publication, New Delhi. Chinese students taking PhD awards were 36,247 (1%) in 2006, compared to 17,898 (0.7%) in India in 2004-05

16) The issue to allow the foreign universities to operate in India was debated in August 21 2006 in upper house of Indian parliament. Then government fully supported the entry into higher education especially in research and development. (source: The Hindu, August 22, 2006)

Higher education in India is in crisis and even after 65 years of independence higher education is not accessible to poorest section the society. Only 7 % of the population in age group of 17-23 years is enrolled in higher educational institutions in 2004-05. Various studies have pointed out that poor countries can not become economically developed, if the enrolment ratio in higher education is less than 20 %, while in India currently it is less than 10 % of those who enter the school even accessing higher education.

Over 100,000 Indian students are studying abroad and spending nearly US\$ 4 bn. China is the largest country of origin for international students, with more than 350,000 students studying overseas, representing 14 % of the total worldwide international student population. The destinations of most international students are universities located in rich countries with United States at the most favoured destination, host for more than a quarter of the world international students, United Kingdom and France are other largest competitors.

## CONCLUSIONS

In short, with the adoption of globalisation, which is based the policies of neoliberalism and the free-market, the higher education in the developing countries has changed considerably. The support for supremacy of 'free-market' forces has had a significant influence in this field. The problem is that so much reliance on market and private initiative may dampen the growth of independent academic institutions in the developing countries. The globalisation is influencing the quality of education in the developing countries, in recent years there is a proliferation of substandard overseas institutions which charge high fees, but provide poor education. In India, for example, there is no law for consumer protection or regulation in higher education. It seems that the relevance to the society the content and the scope is determined by the requirements of the Western business interests, not the interests of the developing societies (Bok, 2003; Hayes and Wynyard, 2002).

I find that the recent commoditisation of education is the direct result of the hegemony of the international financial capital, of the fact that the "educated" now sell their labour power in a market dominated by international capital which sets the "norm". Education is seen as a means of making money. Commoditisation of education may also undermine creativity and originality. Education is presented as a package bought and sold in the market, those people who could afford to pay could buy it in order to enhance their money-making capacity.

Developing countries have witnessed the opening of foreign campuses or partnership with local institutions, such as Singapore has attracted 16 foreign universities to offer courses in the country. The UK universities, for instance, the University of Nottingham has opened an overseas campus at Ningbo, near Shanghai in 2006. The campus is now home 4,000 undergraduate and postgraduate students. Similarly University of Liverpool has set up campus in Suzhou in partnership with Xi'an Jiaotong University and offering courses in computing, electronics and IT courses for undergraduate and postgraduate students. (BERR, 2009: 63) The number of Chinese students studying overseas has gone up considerably in recent years as I have discussed earlier and China and India together accounts for largest proportion of foreign students in the United States. Moreover, the Chinese government are planning to fund and opening of 38 world top ranking universities to upgrade its quality and research availabilities.

In a market-model university, the heads of universities assume the role of travelling salesmen to promote their programmes. The thinking and attitudes of students, now called consumers, are manufactured and an education system is created that produces standardised people. No longer will truth be sought (Freire, 1993) except whatever suits the corporate

interests. Therefore, the foreign direct investment in higher education in the developing countries cannot be accepted and it should be opposed. They should not allow market forces to control and shape their higher education. Instead the developing countries should shape their higher education according to local and national requirements and as successfully done earlier by the East Asian countries.

The Government must take care of public interests and act to protect education from the predatory elements that preach the ideology of the marketplace as the solution to every issue. The service sectors of the developed countries have grown quite important over the decades. As a result, the TNCs are lobbying for new trading rules that will expand their share of the global market in services. This is what the GATS under the WTO is targeting today. Extending the free trade to higher education would open developing countries markets to the TNCs. Hence, the developing countries with fewer resources in educational products to export would be further fall into the control of TNCs.

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