

# The 'global market' bubble

Participants in the international higher education race should beware a sub-prime style crash, cautions Philip Altbach

At first glance, international higher education may not seem to have much in common with sub-prime mortgages. But it is illuminating to compare developments in the former with the current crisis in the latter.

Just as many universities want to be global players, in the housing sector, buyers and financial industries wanted to participate in a growing and lucrative market. House prices were rising fast, and few questions were asked about products, sellers or buyers. The market was allowed to function without constraint. "Irrational exuberance" set in, with the market becoming saturated – a "bubble" mentality. The bubble has now burst and many countries face very serious economic and social consequences.

International higher education stands in the middle of that cycle – somewhere between exuberance and a bubble – so now is the time to examine which actions are sustainable, which policies will serve the interests of students and the academy, and which actions

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constitute mistaken policy or greed.

International education has become big business, with perhaps 3 million students studying outside their own countries, and billions of pounds, euros and dollars being generated from tuition, living expenses, branch campuses, franchises and much else. No one knows how many branch campuses exist, but estimates are in the hundreds, almost all in developing or middle-income countries. The marketplace is large, growing and basically unregulated. It is indeed the Wild West or, more accurately, the Wild East.

One might take the view that "the market will sort itself out". Here again, a comparison can be made with sub-prime mortgages. In that sector, today's crisis was reached by allowing unscrupulous players to operate, and by encouraging respectable banks to buy up risky debt with little regulation. There is a similar mentality in international higher education. In this largely unregulated market, some sellers are prestigious universities hoping to build

links overseas, recruit top students to their home campuses and strengthen their brand abroad. But many more are sub-prime institutions: sleazy recruiters, degree packagers, low-end private institutions seeking to stave off bankruptcy through the export market and even a few respectable universities forced by government funding cutbacks to raise cash elsewhere.

Buyers such as students but also institutions in developing countries, are similarly unregulated, sometimes ill-informed and often naive. Most tragically, students buy services without much information or understanding. Uninformed or simply avaricious institutions in developing countries may form partnerships with low-quality colleges and universities in, for example, the US, Australia and the UK, and receive substandard teaching or degree courses. Regulation may be absent or inappropriate, making quality assurance impossible. There are not enough top-quality universities in countries such as China and India to absorb all of the potential overseas partners. Further, most institutions worldwide lack the infrastructures to engage successfully in sophisticated international initiatives.

Transparency is a key step for building a healthy environment. This means governments, international and regional organisations and universities obtaining accurate information about the market. But the market should not be left to determine the success or failure of international higher education. Some, especially governments of major "sellers", argue for an open-door policy legislated by the World Trade Organisation. This would leave the academic world subject to the irrational exuberance and bubble mentality now evident in the mortgage industry.

Clear regulation is needed, probably by government authority, to ensure that national interests are served and students do not receive a shoddy service from unscrupulous providers. This will also help universities think about their motivations for entering the market.

Internationalisation, including student mobility and cross-border educational provision, is a positive step, but the academy must avoid succumbing to sub-prime practices and inevitable crisis.

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