FEATURED TOPIC

The Offshore Model for Universities

ANDREW ROSS

FOR SEVERAL YEARS, the World Trade Organization (WTO) has been pushing for the liberalization of trade services, of which higher educational services are a highly prized component. The estimated global market for higher educational services is between $40 billion and $50 billion—not much less than the market for financial services.[1] Opponents of liberalization argue that higher education cannot and should not be subject to the kind of free trade agreements that have been applied to commercial goods and other services in the global economy. After all, WTO agreements would guarantee foreign service providers the same rights that apply to domestic providers within any national education system, while compromising the sovereignty of national regulatory efforts. Yet the evidence shows that, just as corporations did not wait for the WTO to conclude its ministerial rounds before moving their operations offshore, the lack of any international accords has not stopped universities in the leading Anglophone countries from establishing their names and services in a broad range of overseas locations. The formidable projected growth in student enrollment internationally, combined with the expansion of technological capacity and the consolidation of English as a lingua franca, has resulted in a bonanza-style environment for investors in offshore education.

In all likelihood, we are living through the formative stages of a mode of production marked by a quasi-convergence of the academy and the knowledge corporation

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The pace of offshoring has surged since 9/11, and offshoring opportunities are now being pursued across the entire spectrum of higher education institutions—from the ballooning for-profit sectors and online diploma mills to land-grant universities to the most elite, ivied colleges. No single organization has attained the operational status of a global university, after the model of the global corporation, but it is only a matter of time before we see the current infants of that species take their first, unaided steps. As with any other commodity good or service that is allowed to roam across borders, there has also been much hand-wringing about the potential lack of quality assurance. Critics argue that the caliber of education will surely be jeopardized if the global market for it is deregulated. Much less has been said in this debate about the impact on the working conditions of academics or on the ethical profile and aspirational identity of institutions. How will globalization affect the security and integrity of livelihoods that are closely tied to liberal educational ideals like meritocratic access, face-to-face learning, and the disinterested pursuit of knowledge? Will these ideals (and the job base built around them) wither away entirely in the entrepreneurial race to compete for a global market share, or will they survive only in one corner of the market—as the elite preserve of those who are able to pay top dollar for such handcrafted attention?

The General Agreement on Trade and Services

Education is the United States' fifth-largest service export—generating $12 billion in 2004—and arguably the one with the biggest


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growth potential. New Zealand and Australia lead in this field of trade; education is New Zealand's third largest service export, and Australia's fourth largest. Given the intensification of global competition for high-skill jobs, educational services are increasingly the number one commodity in fast-developing countries.[2] The U.S. Department of Commerce will help any American university develop this trade, here or abroad, in much the same way as it helps corporations. For relatively small fees, its Commercial Service will organize booths at international education fairs, find international partners for university ventures, help with brand recognition in a new market, perform market research, and, through use of the premium Platinum Key Service, offer six months of expertise on setting up and marketing an overseas campus in one of over eighty countries.

How will globalization affect the security and integrity of livelihoods that are closely tied to liberal educational ideals?

The activities of the Commerce Department are fully aligned with the trade liberalization agenda of the WTO, where higher education falls under the General Agreement on Trade and Services (GATS). Dedicated, like all WTO agencies, to the principle that free trade is the best guarantor of the highest quality at the lowest cost, GATS was formed in 1995. Higher education services were added to its jurisdiction in 2000, largely as a result of pressure from the U.S. representative to the WTO backed by representatives from Australia, New Zealand, and Japan. The inclusion of higher education services has been fiercely opposed by most higher education leaders in WTO member nations, most prominently by a 2001 joint declaration of four large academic organizations in North America and Europe and the 2002 Porto Alegre Declaration signed by Iberian and Latin American associations.[3] The signatories of these two declarations agree that trade liberalization risks weakening governments' commitment to and investment in public higher education, that education is not a commodity but a basic human right, and that its reliance on public mandates should make it distinct from other services. Yet the concerted opposition of these professional bodies has made little difference to the forty-five countries (the European Union counts as a single country) that had already made commitments to the education sector by January 2006 (Knight 2006). Indeed, if the current round of WTO negotiations, the Doha Round, had not been logjammed by acrimonious disagreements over agricultural trade, GATS would have concluded its work some time ago, imposing severe constraints on the rights of individual governments to regulate education within their own borders.

Such constraints are particularly debilitating to developing countries, which will lose valuable domestic regulatory protection from the predatory advances of service providers from rich nations. Indeed, a new ministerial mandate at GATS allows *demandeurs* like the United States, New Zealand, and Australia to band together to put plurilateral pressure on the poorer target countries to accept their education exports (Robinson 2006). (*Demandeur* governments are those doing the asking under the WTO's request-offer process). Officially, GATS is supposed to exclude services "supplied in the exercise of governmental authority"—that is, by nonprofit educational organizations—but most committed nations have chosen not to clarify the distinction between nonprofit and for-profit. There is good reason to expect creeping, if not galloping, liberalization in all sectors if the GATS trade regime proceeds. After all, the free trade culture of the WTO is one in which public services are automatically seen as unfair government monopolies that should, in the name of "full market access," be turned over to private for-profit providers whenever possible.

Even in the absence of any such formal trade regime, we have seen the clear impact of market liberalization at all levels of higher education: the voluntary introduction of revenue center management models, which require every departmental unit to prove itself as a profit center; the centralization of power upward into managerial bureaucracies; the near-abdication of peer review assessment in research units that are in bed with industry; the casualization of the majority of the academic workforce, for whom basic professional tenets like academic freedom are little more than a mirage in a desert; and a widening gap between the salaries of presidents and the pittance paid to contingent teachers that is more and more in line with the spectrum of compensation observed in publicly listed corporations.

None of this has occurred as a result of an imposition of formal requirements. Imagine then the consequences of a WTO trade regime that legally insists that regulatory standards affecting procedures of accreditation, licensing, and qualification might pose barriers to free trade in services.

By the time GATS negotiations over education were initiated in 2000, the range of educational organizations that had established themselves overseas was already voluminous. In the years since then, the volume and scope of overseas ventures has expanded to include almost every institution that has found itself in a revenue squeeze, whether from reduced state and federal support or skyrocketing expenses. It is not at all easy to distinguish some of the new offshore academic centers from free trade industrial zones where outsourcing corporations are welcomed with a lavish package of tax holidays, virtually free land, and duty-free privileges. Indeed, in many locations, Western universities are physically setting up shop in free trade zones. The foreign universities in Dubai's Knowledge Village are basically there to train knowledge-worker recruits in the Free Zone Authority's other complexes—Dubai Internet City, Dubai Media City, Dubai Studio City, DubaiTech, and the Dubai Outsource Zone. In Qatar, the colleges share facilities with the global high-tech companies that enjoy tax and duty-free investments under that country's free zone law. Some of China's largest free trade locations have begun to attract brand name colleges to relieve the skilled labor shortage that is hampering the rate of offshore transfer of jobs and technology. The University of Liverpool—the first to open a branch campus in Suzhou Industrial Park, which attracts more foreign direct investment than other zone in China—advertised entry-level positions at salaries beginning at $750 per month.

Some readers might justifiably say that as long as the quality of education and integrity of research can be maintained, and the lure of monetary gain kept at bay, the push toward internationalization is something of a moral obligation for educators in affluent countries. Surely, it is a way of sharing or redistributing the wealth that the reproduction of knowledge capital bestows on the most advanced nations? Surely, the domestic hoarding of all this largesse only serves to perpetuate the privileges (not to mention the parochialism) of American students, while it sustains the grossly overdeveloped economy supplied by our universities? At a time when our multinational corporations are plundering the resources of the developing world in the scramble to patent genetic material and copyright indigenous folk tales, surely educators are obliged to set a better example.

In response, I would ask whether the overseas penetration of Anglophone colleges is really the best way of delivering such goals—especially when the main impetus for expansion to date has clearly been less philanthropic than revenue-driven, and when the crisis of domestic student debt is more likely to be exported in the form of a new "debt trap" for students in developing countries to bear. Isn't there a more direct way for universities to make globally available the knowledge and research they generate?

One obvious alternative is to give it away for free, with no intellectual property strings attached. Through its pioneer OpenCourseWare project, the Massachusetts Institute of Technology (MIT) makes its courses accessible online for self-learning and non-degree-granting purposes. Other institutions, including Tufts, Utah State, and Carnegie Mellon, have followed suit. Today, MIT courses are being translated in China and other Asian countries. While laudable in inspiration, the content that is being imported has a clear cultural standpoint. Unless it is absorbed alongside teachings from a local standpoint, it remains to be seen how this export model will differ, in the long run, from the tradition of colonial educations. All over the developing world, governments desperate to attract foreign investment, global firms, and now global universities are channeling scarce public educational resources into programs tailored to the skill sets of a "knowledge society" at the expense of all other definitions of knowledge, including indigenous knowledge traditions. Under these conditions, higher education is increasingly regarded as instrumental training for knowledge workers in tune with capitalist rationality as it is lived within one of the urban footprints of corporate globalization.

Offshoring the university

If universities were to follow closely the corporate offshoring model, what would we expect to see next? The instructional budget is where cost reductions will be sought first, usually through the introduction of distance learning or the hiring of local, offshore instructors at large salary discounts. Expatriate employees, hired to set up an offshore facility and train locals, will become a fiscal liability to be offloaded at the first opportunity. If the satellite campus is located in the same industrial park as Fortune 500 firms, then it will almost certainly be invited to produce customized research for these companies, again at discount prices. It will be only a matter of time before an administrator decides it would be cost-effective to move some domestic research operations to the overseas branch. And once the local instructors have proven themselves over there, they may be the ones asked to produce the syllabi and, ultimately, even teach remote programs for onshore students in the United States.

Inevitably, in a university with global operations, administrators who have to make decisions about where to allocate budgets will favor locations where the return on investment is relatively higher. Why build expensive additions at home when a foreign government or free trade zone authority is offering free land and infrastructure? Why bother recruiting overseas students when they can be taught more profitably in their countries of origin? If a costly program can only be saved by outsourcing the teaching of it, then surely that is the decision that will be made.

Along the way, there will be much high-minded talk about meeting the educational needs of developing countries, and some pragmatic talk about reducing the cost of education for domestic students. Substandard academic conditions will be blamed on foreign intermediaries or partners, or on "unfair" competition. Legislators and top administrators will grandstand in public, and play along in private. Clerical functions and data-dense research will be the first to go offshore. As for teaching instructors, those in the weakest positions or the most vulnerable disciplines will feel the impact first, and faculty with the most clout—tenured full-timers in elite universities—will be the last and the least to be affected.

As far as the domestic record goes, higher education institutions have followed much the same trail as subcontracting in industry: first, the outsourcing of all nonacademic

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campus personnel, then the casualization of routine instruction, followed by the creation of a permatemps class on short-term contracts and the preservation of an ever smaller core of full-timers, who are crucial to the brand prestige of the collegiate name. Downward salary pressure and eroded job security are the inevitable upshot. How do we expect offshore education to produce a different result?

From the perspective of academic labor, I don't believe we should expect an altogether dissimilar outcome. But the offshoring of higher education, if and when it occurs, will not resemble the hollowing-out of manufacturing economies. There will be no full-scale employer flight to cheaper locations; nor will there be select outsourcing of white-collar services, where knowledge transfer involves the uploading and downloading of skills and know-how from and to human brains on different sides of the planet. The scenario for education will be significantly different, given the nature and traditions of the services being delivered, the vested commitment of national governments to the goals of public education, and the complexity of relationships among various stakeholders.

Moreover, for all the zealous efforts to steer higher education into the rapids of enterprise culture, it would be easy to demonstrate that, with the exception of the burgeoning for-profit sector, most universities do not and cannot, for the most part, function fiscally like a traditional marketplace. The principles of collaboration and sharing that sustain teaching, learning, and research are inimical or irreducible, in the long run, to financialization after the model of the global corporation. Yet one could say much the same about the organizational culture of the knowledge industries. High-tech firms depend increasingly on internationally available knowledge in specialized fields; they collaborate with each other on research that is either too expensive or too multisided to undertake individually; and they depend, through high turnover, on a pool of top engineers to circulate brainpower throughout the industry. So, too, the management of knowledge workers has diverged appreciably from the traditions of Taylorism. It is increasingly modeled after the work mentality of the modern academic, whose job is not bounded by the physical workplace or by a set period of hours clocked there. Modern knowledge workers no longer know when they are on or off the job, and their ideas—the stock-in-trade of their industrial livelihoods—come to them at any waking moment of their day, often in their freest moments (Ross 2001). From this perspective, talk about the "corporate university" is lazy shorthand. The migration of our own academic customs and work mentalities onto corporate campuses and into knowledge industry workplaces is just as important a part of the story of the rise of knowledge capitalism as the importation of business rationality into the academy, but the traffic in the other direction is all too often neglected because of our own siege mentality.

In all likelihood, we are living through the formative stages of a mode of production marked by a quasi-convergence of the academy and the knowledge corporation. Neither is what it used to be; both are mutating into new species that share and trade many characteristics. These changes are part and parcel of the economic environment in which they function. On the one side, a public commons unobtrusively segues into a marketplace of ideas, and a career secured by stable professional norms morphs into a contract-driven livelihood hedged by entrepreneurial risks. On the other side, the busy hustle for a lucrative patent or a copyright gets dressed up as a protection for creative workers, and the restless hunt for emerging markets masquerades as a quest to further international exchange or democratization.

It may be all too easy for us to conclude that the global university, as it takes shape, will emulate some of the conduct of multinational corporations. It is much more of a challenge to grasp the consequences of the *coevolution* of knowledge-based firms and academic institutions. Yet understanding the latter may be more important if we are to imagine practical educational alternatives in a civilization that relies on mental labor to enrich its economic lifeblood. □

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NOTES

1. The Organisation for Economic Co-operation and Development figure, which only covers students studying abroad, is $30 billion for 1999 (Fuller 2003, 15). Estimates of the global market for educational services vary wildly. For example, Richard T. Hezel, president of Hezel Associates, a research company focused on e-learning, valued the market at around $2.5 trillion in 2005 (Redden 2006).
2. For an ultimately enthusiastic, though broad-ranging, summary of some of the salient issues in the GATS debate over educational services, see Sauvé 2002.
3. The 2001 Joint Declaration of the European University Association, the American Council on Education, the Association of Universities and Colleges of Canada, and the Council for Higher Education Accreditation can be found online at www.eua.be. The 2002 Porto Alegre Declaration can be downloaded from www.gatswatch.org/educationoutofgats/PortoAlegre.doc.