

The State and the Market in the Regulation of Higher Education in Brazil¹

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Introduction.....	1
The Self Regulation Mode	4
Privatization.....	7
State and Market in Brazil (1995-2002).....	9
Market Failures.....	11
Asymmetry of Information.....	11
Inequity	16
Economic Squeeze, Wild Markets & Inequity	17
Biased and Incomplete Coverage of Higher Education Functions.....	20
Toward a New Regulatory Environment	21
The Higher Education Community	25
Is Brazil ready for a new contract?	29
References.....	35

Introduction

Eunice Durham shows in this volume that Brazilian private higher education changed its role from an acceptable non-profit supplementary sector modeled on the 'public good' paradigm to that of a business that counterfeits the higher education model adopted in the legislation. So far, the government's attempts to deal with this situation have not succeeded. The most vocal representatives of the public sector charge the government of wrecking the public system and 'privatizing' higher education, allowing for the proliferation of low quality, profit-oriented private education. Representatives of both the non-profit and for profit private institutions

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complain about unreasonable demands and controls on their activity by profuse government regulations. Today, this sector absorbs more than 67% of enrollment and comprises 83% of all kinds of institutions, university and non-university, large and small, two-thirds of which are overtly for profit

This chapter presents a somewhat different perspective for looking at the issues involved in State regulation of private higher education. It will be argued that market forces have become an unavoidable feature of higher education around the world, including in the well-established formerly state-controlled higher education systems of Western Europe. Further, it is assumed that private institutions can excel, as they can also crowd the bottom end of the academic quality continuum. It all depends on contextual factors and on the policy environments in which they operate. There are all kinds of private institutions, among them many of the leading universities in the world, not only within the American Ivy League, but institutions such as the International Management School in Paris (INSEAD), the Monterrey University in Mexico, the Catholic Universities and the Getúlio Vargas Foundation in Brazil, the Wasedo or Keio universities in Japan; the *Ateneo de Manila* in the Philippines, the Universidad Javieriana in Colombia, INCAE in Nicaragua, among others (Altbach 1999).

The old institutional framework for the management of higher education did not resist the pressures of the last few decades for universalization of access and lifelong education. Higher education became too expensive by the early 1980s even in countries like Britain, the Netherlands and Scandinavia. As Michael Shattock stresses: *“No government has been able to pay fully for the transition from elite to mass and from mass to near universal higher education, so that for quality not to fall institutions have been forced to generate an increasing amount of resources either from students or from other private sources.(...)”* (Shattock 1999). It is not only a question of money: The state alone does not have the competence to keep up with events in the increasingly dynamic, diverse and internationalised higher education sector, nor to devise and implement the policies and incentives that are needed to induce desired behaviours in a timely fashion.

In Europe, where 85% of enrollment is still in public institutions, the public sector is full of entrepreneurial universities involved in increasing their earnings and competitiveness in their countries and abroad (Clark 1998; Shattock 1999; Trow 1993). This is also due to new challenges posed by technology, the entrance of new parties into tertiary education, and other realities of the current international environment. Throughout the 1990s, new compelling reasons emerged to reinforce the need to break with the old model of direct state regulation: “technology, globalization, and competition have caused the ground to shift under higher education, defying national borders and calling into question long-lasting honored traditions and long-held assumptions, creating a brave new world for higher education. Many believe that [we are] in the midst of the early stages of a revolution. [...] Globalization has underscored the imperative for institutions to internationalize. [...] New players, such as Microsoft and Novell, have ridden the technology wave into tertiary education [...]” (Green, Eckel e Barblan 2002).

The question is not whether countries should or should not accept higher education institutions that work according to market rules, but how and what to do to make sure that market competition produces institutions providing quality education and other relevant services. Brazil has experienced periods of strong and weak regulation, and neither has led the market to compete for quality.

This analysis is based on the Brazilian experience with external evaluation committees instituted by the Ministry of Education and the Brazilian Council of Rectors; and on recent European literature. In the next section, we shall see that there are two main trends in the management of the expansion and internationalization of higher education: one through the development of self-regulated systems, the other through privatization. In both cases, there are markets and competition, which have to be regulated in new ways.

The overview of these international trends sets the framework for the second part, which discusses the tensions between state and market in higher education in Brazil over the last eight years from the standpoint of three important market failures, namely: [1] social inequity, [2] asymmetry of information, and [3] biased and incomplete coverage of higher education’s

functions. We conclude by suggesting how a better institutional framework could be devised.

The Self Regulation Mode

A significant number of Western European and Commonwealth countries dealt with the expansion and the new higher education environment through the transfer of authority from the state to the universities. As Marianne Bauer explained in 1993:

"(...) A growing awareness of the uncertainty of conditions, goals and the meaning of progress has led to questioning the power of the State, further reinforced by the darting development in electronic communications. Because of the changing context and ideas, governments are moving away from the State Control model towards the State Supervising model (Neave e Vught 1994; Vught 1989), giving up their attempts to regulate all aspects of higher education system and transferring basic decisions and responsibilities to the institutions themselves.(...) The universities, in turn, have to (...) move away from an organization of loosely coupled units of professional, disciplinary clans (...) towards an organization of self-regulation with its demands on leadership, co-operation and information feedback" (Bauer 1994).

The institutions were thus freed from bureaucratic controls and encouraged to grow and find ways to respond to the new challenges. This was possible due to a series of favorable conditions. Expansion took place earlier than elsewhere and took off from a platform of well-established multipurpose university-based systems that comprised more than 35% of enrollment by the mid 1990s (The Task Force on Higher Education and Society 2000). Further, reforms were undertaken by rich countries with the co-operation of their higher education communities. In other words, these higher education systems have been able to respond to the new challenges within their own institutional framework. They did not have to allow expansion to be taken up by a new private sector.

In the reformed arrangement, the higher education communities, including the scientific societies, began to share several functions with the government, beyond their traditional roles of teaching and research. They seat now in all kinds of forums, councils, boards and committees dealing with

policy making, implementation, and review. They participate in many kinds of assessments, auditing, and evaluation procedures, and are asked to write commissioned studies and reports. They help in the definition of data collection instruments, and take part in the analysis of the results; they negotiate the criteria for the allocation of public funds among different institutions. Simultaneously, the European Union was promoting the participation of the academic community in projects to assess and integrate higher education for the Union. The new programs, studies and debates enhanced the academic's role in shaping up not only a supranational postsecondary policy framework for the EU, but national ones, as well (Altbach 1999; de Wit 2001).

One effect of this new political-institutional engineering has been the growing intensity of interactions of institutional leaders among themselves, with governments and other stakeholders. A 1994 survey of eleven large European universities showed the deep changes taking place in the job description of leaders and participants of the surveyed universities (Holtta e Nuotio 1995).² Coordinators and heads of department took the role of implementing the budget and hiring academic and administrative personnel; the higher administration started to use internal and external information more effectively, to devise institutional policies, and spend more time in external interactions and participation in representative bodies and buffer institutions linking the universities, the government and other sectors. Within universities, institutional questions became part of the job description of everybody, including professors and researchers, while national issues and those related with the higher education system as whole became part of the job description of university rectors and other senior managers.

Thus, expansion is being absorbed by a reformed higher education system. Free and well aware of the challenges facing today's higher education, the universities accepted the responsibility to get additional resources to supplement the subsidies they continued to receive from

² They are: U. of Oslo, of Bergen, and Trondheim (Norway); U. Edinburgh, U. Ulster, and Essex (UK); Utrecht and Twente (Netherlands); Lulea and Umea (Sweden), and U. of Joensuu (Finland).

governments.³ They began to charge tuition and to act according to the principles of managerial and financial efficiency, in market-like environments. The reform strengthened institutional coherence and management, tipping the balance of institutional authority to mid and high management levels. The State, in turn, stepped back from direct control to a remote administration role carried out through oversight and the administration of incentives and constraints, in tune with the higher education community.

Self-regulated higher education systems encompass many other components, beyond a less interventionist State, a market-like environment, and higher levels of responsibility, participation, and negotiation roles on the part of the higher education community in the policy dilemmas. Along with the new 'social contract', these systems possess much better information, new and more comprehensive evaluation systems, and consistent efforts to keep up with international quality standards (Thune 1994). On the same vein, Burton Clark shows how modern European entrepreneurial universities look remarkably unlike the classical institutions of the past (Clark 1998) They combine a self-image of innovative, troubleshooting, and entrepreneurial organizations with the ability to develop profitable 'developmental peripheries', from science parks to teachers' colleges, and the selling of research and teaching services in global niches. From these peripheries they draw discretionary funds that enable them to finance and experiment new ideas, and to not miss new opportunities for lack of funding. Shattock corroborates: "Across Europe the loosening of centralized financial regulation has led to new centres of innovation and initiative in universities being opened up. The dialogues between colleagues at European conferences are now all about universities relating to industry, region, and to new clienteles. Increasingly, European universities seem relaxed about following a modern university agenda while not jettisoning their respect for the essential characteristics of university life" (Shattock 1999).

³ "The recent *Der Spiegel* review placed British universities at the top of a European league table with the Netherlands second--the two European university systems, it pointed out, that had substantially been restructured by external pressure. A recent Council for Industry and Higher Education report shows that corporate spending on British higher education is high and growing, a sign that industry continues to support the system; Higher Education Statistics Agency figures show that the proportion of non-government money flowing into higher education is rising. The number of overseas students choosing to study full time in British higher education is three times as large as 15 years ago" (Shattock 1999).

The new profile of higher education is not without its problems, as witnessed by an ongoing debate carried in the Newsletter of the Boston College's Center for International Higher Education. One issue is the very concept and adequate entitlement of institutions to use the term "university" (Altbach 2001). Levy, for example, argues that many of the traditional universities are not, any more, bound by the classic parameters. Not only have market-driven behavior become a survival tool for the old reformed universities, but, in addition, a real market sector is growing, particularly in fields like business administration, computer sciences and other new professions. And this is not all for the bad, since the new "pseudo-universities" in many stances offer a more student-centered curricula and relevant services than the traditional faculty-centered institutions (La Belle 2002).

The main difference between the self-regulated and the privatized system is not the presence or absence of market logic, but the fact that, in the self-regulated systems, the institutions are well established, created in an the tradition of academic values and public responsibility, which few of the new, private institutions ever had. Another important difference is the presence and participation of the academic community and their representatives in the higher education policymaking, implementation and review, so remarkable in the European context. The self-regulation response to the expansion problem and the other current challenges is especially relevant to discuss Brazil because the Western European old public higher education framework forms the tradition still adopted here. We shall return to this point later.

Privatization

The boom of private higher education is typical (although not exclusive to) of middle and lower income countries, in which both the coverage of higher education and the public budgets are much more limited, turning the market a very important resource for expanding and updating the higher education sector. In comparative terms, private higher education is most powerful in Asia. In a number of Asian nations, including Japan, South Korea, the Philippines and Indonesia, upwards of 80 percent of students attend to private institutions. Private sectors have substantial shares in Thailand and

Taiwan, and is the fastest growing segment in Malaysia, China and Vietnam, the same being the case in many countries in Central and Eastern Europe and in the countries of the former Soviet Union. In Latin America, the private sector is numerically dominant in Brazil, Colombia, Peru, and Mexico. In the majority of the other countries it is also the fastest growing segment (Altbach 1999).

Private Higher Education Systems are very heterogeneous, for at least three reasons. They embody a large diversity of institutions and services: take place in very different countries, and are very difficult to regulate. However, the literature converges in pointing some regularities: private institutions [1] with very few exceptions, have not been directly funded by the governments; [2] have been relatively free from regulations (since they were assimilated to the non-profit sector), [3] have clustered at the lower end of the higher education quality and reputation continuum⁴; [4] have concentrated their activities in the supply of courses in the applied social sciences and other low cost and high demand vocational studies; and, finally, and differently from the other group, [5] have responded for much of the multinationalization, in part because external control is less stringent and in part because there is more entrepreneurialism (Altbach 1999).

A good part of these meager results can be attributed to the difficulties governments face in regulating private higher education. As Altbach notes, “its resources do not come from government; ownership is not in government hands, and accountability is spread to many institutions and groups. Coordination or control by government have proved to be difficult and costly” (Altbach 2001). In Latin America, the current procedures for control and oversight of private higher education institutions by governments tend to be both excessive and ineffectual and, so far, they have made little difference in the end state of the private higher education (Castro e Navarro 1999). The fact is that countries which cannot afford to expand their higher education systems without the help of a private sector have not yet fully understood what ‘living with the market’ means. Unlike the Western European where changes in higher education is being participative and closely accompanied

⁴ There are, however, important exceptions, and observers in Latin America have distinguished two main types of private institutions in the region, the elite *university-like* institutions and the *excess-demand accommodating* institutions. Balán and Fanelli in (Castro e Navarro 1999)

by intense scholarship and research, the literature on the private sector is still very limited (Balán e García de Fanelli 1993).

State and Market in Brazil (1995-2002)

Brazilian private higher education shares some of the general characteristics pointed in the international literature, reviewed above: it receives very little or no public resources; most institutions are non-university teaching places, clustered in lower end of the academic quality continuum; they face harsh competition; and receive the least educated students. Typically, these are older than average, are the first generation in their families to get to higher education, and attend evening courses because they are already in the workforce.

There are, however, some peculiarities. Since 1997, there is a legal distinction between non-profit and for-profit institutions; there are several assessment procedures in place, including peer review visits and an innovative National Graduation Exam for students obtaining their BA degrees, which is used to rank the course programs according to their students' achievements. The government controls the attribution of university status to private institutions, and only those accredited with this status have the freedom to decide which courses to offer, and how many students to admit. But, even them undergo government limitations on the tuition they can charge, and on how they deal with the students who fail to pay their fees. During Cardoso's administration (1995-2002), the policy environment went through other important developments, as well. Government institutional framework went through two relevant changes, mentioned by Durham – the extinction of the old Federal Council of Education (CFE) and replacement by the National Council of Education (CNE); and the transformation of the National Institute for Education Research, known as INEP, into an important agency for data gathering and education assessment at all levels. Both measures, though, remained incomplete. The new Council still lacks the conditions (authority, budget and cadres) to rise up to its adequate stature and INEP also lacks personnel and institutional autonomy to ensure continuity to its activities. Several other measures are worth noting for they were

driven to improve flexibility and to stimulate the expansion of the private sector with quality:

- Permanent licenses were replaced by periodical renewal of accreditation through evaluation of courses and institutions;
- A change in the legislation about philanthropy, allowing for the legal existence of for-profit institutions. Two thirds of the private institutions are now defined as for profit, and not eligible for tax relief.
- An unambiguous definition of “university”, based on the combination of undergraduate with graduate education and research with a significant proportion of the teaching staff with full-time contracts and advanced degrees. A previous requirement of “universal coverage” of academic disciplines was abandoned.
- A new type of institution, “University Center”, was created, to provide university-like autonomy to private institutions committed to good quality teaching but without a significant research and graduate education component;
- More flexibility for all institutions to determine the curricula of their courses;
- Introduction of two new types of shorter undergraduate programs and of a new professional, non-academic master’s program.
- Important improvement in the production of information about courses and institutions; and
- New instances (advisory boards and committees of different kinds) for participation of academic community in policymaking and implementation, , in assessments, , studies, and data analyses.

These measures have not been sufficient to deal with the problems of quantity and quality in Brazilian higher education. Coverage is still only 10% of the age cohort - one of the smallest in Latin America.⁵ On the other hand, the remarkable expansion in enrolment and in the number and size of the new private universities has been thwarted by the extremely small completion rates (see section “Inequity”). In terms of quality, the course assessments have regularly placed private institutions at the bottom, with few exceptions.

Regardless the pace the expansion of private sector will attain from now on, - and even in the case, not improbable, of suffering a crisis of adjustment - it is already much more troublesome than it needs to be. If the three market failures in education are well addressed, private higher education could make a much better contribution, as it has made in several other countries.

Market Failures

The market failures in education are serious and need to be addressed. The remedies, though, are quite commonsensical. First, there is a strong *asymmetry of information* between buyers and sellers of education. Second, the system is *socially inequitable*, since access to education depends on the ability to pay for it, in the absence of appropriate student loans and fellowships. Third, the system is *geared to the least expensive and most profitable careers*, and does very little in terms of research, graduate education and extension work.

Asymmetry of Information

The first asymmetry is that students, from candidates to graduates, know much less about the course program, the institution and the career than the school owner and its academic and administrative staff. The students cannot discern what is good or poor almost by definition – they are buying education, that is to say, criteria, information, and skills they do not have. The right choice in this circumstance depends on the available information. Secondly, higher education is expensive both financially and in terms of opportunity costs. It is a medium-term service delivered throughout a span of years, and it takes even longer, after graduation, to find out how much worth it was (Trow 1993). In terms of the principal-agent theory, educational contracts do not allow the buyers (principals) to see how the institutions and their teachers (agents) make their choices to better (or worse) fulfill their contract. This happens not only because education activities are carried out behind closed doors, but also because of the multiplicity of principals the agents respond to. The principals can be the students and their families, and the agents, the providers of education, which includes the government, the

⁵ The potential for the expansion of private higher education should be huge, because of the high returns higher education brings to the students, and the public sector will not be able to grow within the very expensive structure it currently entails. Unfortunately, two serious obstacles preclude such growth: the bottleneck of secondary education and, more importantly, income concentration. Secondary education is expanding rapidly; but does so in public schools that struggle with lack of teachers and of quality, all over the country. Also, it is growing through the incorporation of lower social strata, that is to say, of students unable to afford private higher education.

educational institutions and their teachers. It is also possible to think of the Ministry of Education and other education authorities as the principal, regarding the institutions. A third possibility would be to consider rectors and school owners as principals, regarding the teachers and employees they hire (Vargas 2002). Besides these main actors, there are other stakeholders and influential parties, including the teacher's unions, federal and local bureaucracies, politicians, providers of educational services, the mass media, and privileged users. Some of these actors may cooperate, but their goals are not necessarily coincident. Therefore, each principal has to be concerned with the influence of other principals in the agent's behaviour.

The agents that deliver the service, the school and the teacher, have to respond to different principals and this gives them a large manoeuvring space, which is further strengthened by the opacity of a service that takes years to complete, and many more years to show its results.

This situation leads to two consequences, post-contract opportunism and adverse choice. An example of post-contract opportunism is when institutions seduce the candidates to participate in free and easy entrance examinations and pay their initial fees, when it is clear that they do not have the financial and academic conditions to continue their studies and get their degrees. Adverse choice happens when the agent has some relevant information that is not passed on to the principal. For instance, when the agent knows that the university library is out of date, or that the teachers are not very good, or that there are not enough students to complete a class in the course program chosen, meaning that the freshmen will be incorporated to a class of another course program, etc.

The standard solution for the asymmetry of information in the principal-agent model is to include in the contract clauses that require the agent to reveal all its information (Vargas 2002). But, both in the US and in Europe, contracts (or regulations) are not deemed to be enough. Financial incentives are needed too. The two requirements imposed on the institutions to become eligible to integrate the US official student financial aid system are to be accredited by their respective regional agency and to participate in the Integrated Postsecondary Education Data System annual data collection system (INEP 2001). A strong financial incentive (student aid) has, thus, been effectively used to produce information of two kinds: detailed institutional

records and quality assessment. Also, it is no coincidence that in the US, the government funds the huge ERIC free information service.

Information asymmetry can only be reduced where there is plenty of good information at very low or no costs. In a scenario of opaqueness, the market is bound not to serve society well, but under abundant information, students make better-informed choices and the market is bound to respond with better services. Private institutions will invest in quality when and where it translates into reputation, visibility, and, consequently, money. Reputation and visibility, thus quality and transparency, depend on information. One of the main responsibilities of the State is to stimulate, produce, and disseminate information, so as to allow consumers to choose what is best for them, preventing inefficiencies (dropouts, disenchantment, default, etc.) and unfair trade.

But there is another aspect relating the redressing of asymmetry to quality: the less qualified institutions resist or are less able to provide information about themselves. This calls for other measures oriented to quality improvement. This has been successfully attained through qualitative and interactive evaluation processes, involving on site peer review committees. This kind of assessment makes possible the provision of tailored assistance and negotiated monitoring of flawed institutions. Besides, such assessments also produce first-hand information on difficulties that might be relevant for policy-making.

Good information means accurate, updated, comprehensive and comparative information. It also means information that has been processed and formatted to be helpful for different users (policy-makers, rectors, media, scholars, etc.), including, the public at large.

The information on higher education that is already available in Brazil is significant, but very little of it reaches the general public in a simple and manageable way. The main sources are:

- The yearly higher education census provides information on all higher education institutions. However, a system to validate the information provided by the institutions is still to be established, thus only a small subset of the information gathered is published and placed in the Internet by the Ministry of Education. Differently from other countries, like Chile, this is still not an instrument that students can use to choose their courses and institutions,
- Each year, higher education institutions are required to send their institutional catalogs to the Ministry of Education, with information on their academic programs, installations,

and financial resources. So far, however, these materials are piling up in Brasilia, with no use.

- Peer groups in assessment missions write detailed reports about the institutions they visit. More recently, this information was drastically reduced with the adoption of standardized form sheets that were supposed to facilitate data processing and comparisons. However, the Ministry have only used this information to run the bureaucratic routines and feed its archives, without any other treatment
- The National Courses Examination (*'Provão'*), applied to students graduating from most careers, provides not only comparative information on the student's performances, but also a host of socioeconomic information on the students, the students' assessments of their courses and institutions, and questionnaires applied to course coordinators. So far, very little of this material has been analyzed and published within the academia.
- There was a large effort to link the several databases on higher education owned by the federal government into an integrated system, SIEd-Sup, which was supposed to feed an Internet-based information system of higher education for students and candidates. So far, however, this system has not been made public.
- Finally, the Ministry put all the higher education legislation in the Internet (*'Prolei'*), together with an on-line system (*'Sapiens'*), which allows higher education institutions to follow the whereabouts of their administrative requests and procedures within the government offices. The formatting of Sapiens to accept 31 kinds of requests only neutralized the gains attained by online tracking, for the institutions lost the right to officially place a demand for the Ministry's attention to new, not anticipated issues.

On balance, policy-makers and, to a lesser degree, some higher education academics and practitioners, have much better information now than before. But the waste of (untreated) information is many times greater than the improvements achieved. This is partly due to the Ministry's sheer lack of people and time to process, analyse, format, and publish them. Even within this selected circle of authorities and experts there are serious limitations. Problems of reliability and lack of consistency abound in the official data and in the institutions, including the federal universities. The information collected by the Ministry of Education is neither validated, nor even used by the own institutions to feed their internal decision-making. There are also problems of timing stemming from the instability of private institutions and the many entrance opportunities they create within one academic year. It is difficult to keep up with the constant changes in the provision of course programmes. Students, thus, cannot rely on the published information to make their decisions.

As for the students and the public opinion, they are left with the information provided by the Ministry of Education, particularly, the scores of the National Courses Exam, which are widely publicized in the media and largely used. Private publishers and magazines (including the Brazilian edition of *Playboy* magazine) offer one student guide and one non-official rank of academic institutions. These are helpful publications, but very incomplete. The media have not, so far, established specialized editors to

handle education news and issues. A large sample research carried on 1997 and 1998 found a dominance of higher education news in the national press and, also, that 83% of all published articles were government-related. There is a national cable television channel (the UTV) run by the universities, which carries a patchwork of individually produced programs. It does not contribute to debate academic and other system-wise issues of higher education. The Internet is a growing source of non-analytical, descriptive information published in the Ministry and the institutions' sites (Aragón 1999). Finally, there is no Brazilian equivalent of the *Chronicle of Higher Education* or *The Times Higher Education Supplement*, to provide the public with intelligent discussions and information on higher education issues.

Instead, students are bombarded by marketing strategies of private institutions offering low prices, easy admissions and little academic demands to get the degrees. In some cases, this strategy makes sense for the student – when, for instance, he only needs a degree to get a promotion in a public job. As the job market gets more competitive, however, this kind of strategy can only backfire.

This market failure could not be solved just through a good information system in the Internet, as intended by the INEP's SIED-Sup advisory committee. In a society with limited tradition in higher education, where diplomas are often considered more important than the competencies they are supposed to represent, it is necessary to increase the public awareness about the benefits, problems and choices for higher education, through public debates on principles, values and analysis, as well as through a better understanding of international experiences.

Brazil has a tradition of sending graduate students to foreign universities, but almost none of international interchange at the undergraduate level. Brazilian universities are not prepared to receive students coming from other countries, and the opportunities for undergraduate students to go abroad are limited to a few non-official interchange programmes for a handful of [wealthy] students. It is interesting to contrast this with the European experience, and particularly, with of Denmark and of other European Union member-countries (Green, Eckel e

Barblan 2002) for they have adopted a consistent policy of providing its population with an experience of international education.⁶

Inequity

Private higher education only absorbs students who can afford its prices – which are almost invariably full, since, in most countries, private institutions are not eligible for public funds. It is in the interest of society to subsidize those who are willing and prepared to successfully attend higher education programs, but cannot afford its costs alone. The evidence that higher education create private benefits has justified in some places the replacement of across-the- borders subsidies by subsidies geared to those that really need them. In either case, a primary role of the State viz. market-derived inequity is financing the access to the needed through grants and loans.

In Brazil, policies to reduce inequity in education have been centred in the provision of universal basic education, and in efforts to improve its coverage and quality.⁷ In higher education, the very selective entrance examinations for the public sector which is free of charges, but small) has been a factor of inequity. This has been compensated somewhat by expanding private education, and the creation of the new types of short course programs. Other mechanisms for admission to higher education institutions, besides the traditional written exams, are being experimented, including the consideration of the results of the National Secondary School Voluntary Exam (ENEM), provided by the Ministry of Education, and yearly exams during secondary school. This latter have helped students to get prepared and succeed.

A well-established system of student loan is the standard measure to redress this problem. The existing student loans program has a budget of about 200 million dollars, allowing for 15 thousand new loans a year, and 45

⁶ “Danish students, since 1992, can take their government grant support with them abroad for up to three years, because increased international mobility would in itself influence the national education market, contributing towards an integrated quality measurement of higher education. It would give users better possibilities to assess teaching methods and standards. Danish students with experience from abroad would become better-informed users and observers of their educational system. Therefore, the various sectors of the national higher education system would be committed to proving internationally that the necessary quality objectives are met “(Thune 1994). For an European picture see (Green, Eckel e Barblan 2002) .

thousand students with loans at any given time. To be significant, a student loan programme should be around ten times bigger (Schwartzman e Schwartzman 2002). Besides its small size, there is no effort to use the program to induce improvements in higher education institutions, since there are no clear academic criteria in their distribution. Additionally, it places in the institutions the burden of establishing a system to monitor every semester both the academic performance and the continuance of the economic need of the students aided by the loan. In Brazil, the government does not offer any merit-based or need-based scholarship program for students outside the public sector.⁸

Inequity appears also in the large number of students who never complete their degrees. Dropout, motivated by financial or academic difficulties, is a waste of the student's resources, which affects more those in the worse conditions. While the number of enrolments in the private sector more than doubled between 1990 and 2001 (raising from 962 to 2,092 thousand), the number of students graduating in 2000 was only 30% of those being admitted. Part of the explanation is that the system was expanding, and the number of entrants four years earlier was smaller. In any case, this 70% loss should be compared with the average of the public sector (50%) and the average of the health sector in public universities (18%) (Schwartzman e Schwartzman 2002).

Economic Squeeze, Wild Markets & Inequity

The inability of most private institutions to provide satisfactory education to their students, as evidenced among other things by the high dropout rates and low scores in *Provão*, can be explained in part by the economic squeeze they have suffered in recent years. The 1997 change in the legislation on philanthropy, with the abolition of tax privileges for most institutions, meant an increase of 20 to 25% of the expenses for two thirds of them.⁹ Besides, the new education legislation requires that, by 2004, all universities should have at least a third of their faculty with graduate degrees, with full time contracts,

⁷ See the articles of Francisco Soares and João Batista de Araujo e Oliveira, in this volume, about the limitations of these efforts.

⁸ Personal information obtained through informal contacts with one Finance Director and some other owners.

and doing research. They are also required to have at least three accredited graduate programs, and three established research lines. For the private sector, where there was neither research nor graduate education, and where most lectures are paid by the hour, this means a very significant increase in costs.¹⁰ These costs are compounded by the fact that about 20% to 30% of the students fail to pay their monthly tuitions, and, once enrolled, the institutions cannot stop them from attending classes and getting their grades in the ongoing academic term. Actually, many private institutions are dealing with even higher default rates during their academic terms. For this reason, they have cut in half the standard (10 months) academic regime so to press students to clear their debts every semester, or otherwise miss the enrolment for the new term. Government authorization of many new institutions with the very same profile of course programs increased competition to the point in which competitors plunged into predatory behaviours. New businesses were opened in already crowded markets and it is no wonder that, in the year 2000, about a third of the places offered remained empty (Schwartzman, 2002). A quite common consequence has been price wars and marketing campaigns aimed at attracting BA degrees holders and students already enrolled in competing institutions by offering up to half-tuition discounts. One can easily guess the impact of such an environment on the quality being offered to the largest part of the Brazilian higher education student population.

In an effort to compensate for their financial problems, private institutions increased the offer of places and courses, in search of economies of scale; and expanded their locations to sites closer to where potential students may live or work. Very few institutions tried to offer a better product. Many turned to cost reduction strategies by hiring law firms and organisational consultants to, respectively, fight the government and re-engineer their organisations.¹¹ Given the current environment, the best institutional arrangement for the private sector seems to be the 'university centre', which has the autonomy to create new courses, but not the costs of research and graduate education.

⁹ Personal information from interviews.

¹⁰ University centres, however, need only 10% of full time staff, and do not have to show research, just good quality undergraduate education.

However, it is necessary to consider whether it would not be better to review the regulatory environment, instead of restricting the country's university system to the non-profit sector alone and leaving the expansion to the least qualified group of institutions: the 'university centres' and the 'non-university institutions'.

Inequities in Brazilian higher education are not just those that derive from market competition. The public sector, which is free from charges, benefits from much higher demand and selectivity, thus, recruits the very best students. Salaries in public institutions are not very high, but faculty enjoys stability, long academic vacations, generous retirement benefits, academic autonomy and prestige, making this an attractive job for qualified professionals. Most academics in the public sector have full-time contracts, which supposes a light teaching load and time for research. In the public sector, the minimum academic requirement for lecturers is a masters' degree, and, in some institutions, a Ph. D. Since the 1970s, public universities have benefited from several programs placing special incentives, including fellowships and long paid leaves of absence for lecturers to get their MA and Doctoral degrees or to develop Post-Doc research; support for undergraduate students willing to work as research assistants and start their research careers; scholarships for graduate students; a significant salary supplement attached to undergraduate teaching loads; fellowships for academic departments hire in a trial basis young Ph.D.s, and others.

Given this quite supportive environment, it is no wonder that academic productivity is raising in public institutions, and their courses get the highest marks in the National Graduation Exam, while private institutions are left behind. While institutions should be responsible for their results, the government is also responsible for where it places its incentives. In this case, the students in the private sector suffer the consequences. Equity would require that private institutions could also compete for these incentives. It is possible to think of other programs, more adjusted to the peculiarities of each segment (Castro e Levy 2000). But the criteria for access to public resources should be merit and relevance, not privilege to a specific sector. If the

¹¹ Typically costs have been reduced by extinguishing the academic departments and, including, institutes and schools. Course coordinators are turned into 'academic managers' and directly linked to the higher administration.

government refuses to provide support and create a policy environment conducive to quality improvement to any of the segments of higher education, especially, the larger one, which deals with the students in the direst conditions, one cannot expect the private sector to do so on its own.¹²

In short, the inequities in the Brazilian higher education do not come only from market competition, and could not be solved just by an expanded fellowship and student loans program. There are other factors related to the existing regulations and incentives that aggravate it. In the private sector, as seen, short-term economic and managerial considerations take precedence over academic ones, which should be the institutions' core business. Within the public sector, government incentives for graduate education and research still take precedence over incentives to good quality undergraduate teaching.

Biased and Incomplete Coverage of Higher Education Functions

The third market failure derives from the private sector's avoidance of those higher education functions (in teaching, research and community services) that are less cost-effective, despite their indisputable public relevance. If left alone, the market will leave gaps that are not only undesirable, but can also impair the country's competence in science, engineering and many other fields.

The enforcement of the Brazilian new Law of Education helped diversification of undergraduate course programs through the introduction of three new kinds of shorter alternatives of vocational studies, whose quality is still to be established. But the government failed to induce differentiation and complementarities in the supply of the main traditional four-years undergraduate course programs that lead to BA degrees. Instead, new courses and institutions with the very same profile were licensed. According to Schwartzman and Schwartzman (2002), half of the private sector students are enrolled in the Applied Social Sciences, especially in Law and Business Management. Most of the rest are in Education and Health related fields – not

¹² Public money can be saved when the private institution is filling up niches of excellence for an elite public; that is to say, when it already holds quality and sustainability. Even in these cases, as Charles Cook (former head of the American NEASC) notes, there are always improvements to be pursued for which incentives are needed.

Medicine, but in different kinds of ‘therapy and rehabilitation’ professions. Looking at the whole picture, the enrolments are very concentrated in the so-called ‘social professions’ (906,961), which is almost three times bigger than the second field, Education (319,348). Law schools, alone, absorb 319,059 students, while Business Management, 287,391. Other imbalances exist within each field of knowledge. For instance, within the Sciences area, 70% of the enrolment concerns Computer and Data Processing course programs.

Graduate schools and scientific research in Brazil encompass all fields of knowledge and are supported, within the public sector, in every state, by the federal and state governments. As we have seen, the private universities face overwhelming difficulties in providing for them without some kind of assistance, being competitive funding programmes or even academic help.

Finally, market competition seems to be unleashing a specialization trend between public and private higher education supply of undergraduate courses. While the public sector holds on to the more traditional discipline-based four-year undergraduate course programs, the private sector is experimenting the new kinds shorter course formats and new alternatives of vocational-based studies so to meet new demands, but also, to bypass State control and direct competition with the public universities. The country is witnessing the introduction by the autonomous private universities and ‘university centres’ of many new curricula, such as in tourism-related professions, fashion, gastronomy, cinema and the media, etc. This can be one of the positive contributions of private higher education: innovation and prompt alignment to new (or potential) social demands. Quality control, though, is needed, as well as policies to ensure that all kinds of competences are formed and that the higher education system will perform all the desirable ‘public good’ functions.

Toward a New Regulatory Environment

It is clear, from the above, that a new regulatory environment is needed, which could bring Brazilian higher education closer to the self-regulating mode, with a stronger and more effective State, assisted by the higher education community in the exercise of leadership, ruling authority and the provision of appropriate incentives. It is the role of the State to defend the

citizen's right to receive the product they pay for. This requires clear rules and standards, permanent assessment, and good information.

A cornerstone of self-regulated systems is their 'quality assurance' systems, which are devised to attain two main goals: a public accountability function and a quality improvement function (Hartingsveld 1994). Periodical gathering of quantitative data is essential for the public accountability function and is also important to gauge the broad trends. However, it is unfit to understand the complexity of the institutions; the effort they have made to be where they are, or the relevance they have in their communities. Quantitative approach and objective auditing are not adequate to improve quality; nor is any assessment mechanism that brings a threat to the institutions – by being linked to financial or reputation sanctions. This induces dissimulation, and the quality of the information suffers.

To perform both functions, the quality assurance systems needs to be composed of independent quantitative and qualitative mechanisms to gather information on course contents, scientific production, finances, social relevance, and general characteristics of the institutions. Quality promotion is being provided through very interactive on site peer committees evaluations coupled with long-term monitoring and assistance. It is a delicate work, which should be done with the realization that higher education institutions represent sizeable social investments that not only are important for the nations, but also influence many people's lives. All those who have worked or still work, or have graduated or still study in a higher education institution can benefit or be harmed by oscillations in its reputation (Vught e Kells 1988). Kells suggests that regulation of higher education in countries like Brazil should be of two types, according to two main goals to be achieved:

The need for basic protection of the public in systems in which the types of institutions range from research universities to taxi-cab or garage institutions is a primary consideration. Indeed, such a set of conditions requires a regulation approach with two steps. The first is some kind of culling step – an approval against a basic set of standards, of the institutions right to exist, to use the term university, to offer certain programs and degree levels – usually run by government and backed by lawyers and often called licensing. This step, periodically and cyclically run, ideally, for all institutions, is followed by

and, indeed, permits the normal operation of the second, accreditation, step. Accreditation is a relatively weak regulation process compared to licensing, but it is also much more subtle and, if relieved of the basic culling and protection responsibilities, can be the mechanism which encourages and supports truly improvement-oriented (Vught e Kells 1988).

Currently, in Brazil, there are two main assessments for undergraduate higher education, besides the regular collection of statistics: the National Graduation Exams, and the peer review procedures, based on site visits, to assess institutions requiring authorization to change its status or to start new courses, as well as to supplement the results of the graduation exams with information on the institution's teaching conditions. .

Besides watching the 'gates' (by defining the minimum competences required for BA degrees), the graduation exams lead to a public acknowledgement of merit, and help the students to choose their courses and institutions. However, they still need many adjustments (Castro 2001). It is a very traditional and expensive system, requiring all graduating students to take the exams in the same day in the whole country.¹³ Also, it measures final outcomes, and not the value added by education to students entering higher education from very different backgrounds. Since public institutions recruit the best students, they also come better in the exams, which reproduces the existing systemic inequities. Some adjustments were already made. For example, the Ministry was caught by surprise by the institutions' inability to use the exams results sent back to them to identify their problems and deal with them. To address that, the government promoted national meetings with course coordinators, field by field, and promoted in site visits by specialists.

The peer review procedures could produce a more nuanced and detailed view of the institutions, but suffer from lack of clear guidelines and standards. They should also be geared to perform the second step described by Kells, to help the institutions to improve their work, rather than being just an additional instrument of control and oversight, as many of them usually are.

¹³ In 2003, the exam was held in 704 municipalities to 435.810 students, accounting for more than 92% of the graduates in the 26 covered areas of studies (Newspaper *O Globo*, June 10th 2003, p. 10).

The assessment system in place in Brazil is also misused due to the imbalance between the two mechanisms (exams and peer reviews). Only the graduation exams make it through the national media and are used. So far, the public does not discern the different and complementary information that is being produced. This allows for unfairness: institutions are being reputed from one single instrument, which only measures one or few of its courses programs, and do so with the problems mentioned above. The graduation exams are essential to protect consumer's rights and perform the first step, proposed by Kells, the gate-keeping role. What is needed, is to balance the specific and somewhat biased information it brings with other independent assessment mechanisms devised to account for other dimensions (excellence, innovation, social relevance, efficiency, effort, etc) and effective mechanisms to promote institutional and course quality improvement.

Besides information and assessment, it is necessary to develop a proper system of financial incentives. Student loans should be large enough, and designed so as to keep default rates low and to become self-sufficient. Loans can be assigned to students as a voucher, or to institutions. In any case, this public money must be attached to the right incentives. If given to institutions, it should follow the US example of requiring accountability (disclosure of data) and quality (accreditation by the traditional regional agencies). If given to students, it should be coupled with the provision of information and guidance, stimulating the students to make the best possible decisions, fostering quality and relevance of higher education.

Student grants and loans, however, are not enough. Private institutions should have access to public resources for institutional and academic enhancement. And legislation to stimulate private philanthropy should be improved, allowing the private sector to benefit from it. Private philanthropy leads the institutions to keep contacts with their alumni – which can provide, also, important information about the professional careers, very useful for prospective students. It also requires enhanced levels of transparency, good managerial practices, and close contacts with the community. This is so, because private donors, usually, want to choose the specific projects and activities they will support and to learn if their resources are being properly used. There are many benefits in private philanthropy, besides the money itself.

The Higher Education Community

We have seen how the government brings representatives of the higher education community to participate in assessment and advisory bodies, starting with the National Council of Education, and including a large number of peer review committees of different kinds. There is growing network of higher education umbrella institutions, some of them quite influential. They include the Council of Brazilian Rectors (CRUB), created in the early 1970s, with about 145 public and private universities; the National Association of Leaders of Federal Higher Education Institutions (ANDIFES), bringing together 55 institutions; the Brazilian Association of State and Municipal Universities¹⁴ (ABRUEM), the Brazilian Association of Community Universities (ABRUC), with 36 affiliates; the National Association of Private Universities (ANUP); the National Association of University Centers (ANACEU), with 52 affiliates; and the largest of all, the National Association of Providers of Higher Education (ABMES), with 306 providers and 448 higher education institutions they maintain. Besides, there are regional representative bodies, such as the Association of Higher Education Foundation of Santa Catarina (ACAFE) and the Union of Higher Education Providers of the State of São Paulo (SEMESP), with 330 providers and 380 institutions; and several others.

These associations were created to foster the interests of their constituencies. Some of them are developing meaningful connections with other segments, exchanging experiences and views, and promoting studies and publications, as well as one or another common projects and activities. Few of them stand out in terms of awareness and commitment to the public interest. Besides the Council of Rectors, there are two, out of five Forum of Deans, that have overcome the public-private divide (congregating leaders of both sectors) to assess and devise policies for their areas of concern: the ForProp (Deans of Research and Graduate Schools) and ForGrad (Deans of Undergraduate Schools). Both attained seats at some key policy-making arenas and are creating a collaborative and better-informed environment.¹⁵ Two private sector entities have also shown a clear commitment to

¹⁴ Within this group, there are associations by religious denominations: Catholics, Methodists, Baptists and Presbyterians.

¹⁵ ForProp is represented in the CAPES' CTC, and CNPq Scientific Committee.

quality promotion and to negotiated solutions. The huge ABMES has pursued a moderate advocacy and intermediation role between its constituency and the government throughout many crises; was able to attain seats in three government committees, and has maintained a very useful publishing strategy. The Funadesp (National Foundation for the Development of Private Higher Education) is an agency created by ABMES with 69 affiliated institutions that contribute to maintain a fund used to emulate CAPES programs to promote research and the quality of graduate studies programs. A national medical schools association, the CINAEM, set up an assessment system of medical schools during the 1980s. More recently, there is the PROMED program and other initiatives committed to the quality of teaching and research in this field. The University Television cable channel – the UTV, is another concerted initiative that could easily provide regular forums to disseminate information and promote debate, fostering collaboration and awareness of systemic themes.

The impression, from informal observation of the work of these institutions, is that they may have localized influence in some issues, but not enough to change the dominance of the Ministry of Education over the matters of education policy. The views of the private sector were expressed in a recent document of ABMES, the largest umbrella entity of the private sector:

A lack of confidence regarding private higher education institutions still persists in Brazilian society (...). Government has strengthened its 'de facto' control through a profusion of norms based on new quality indicators, which are in conflict with the existing legislation (...). The context entails other problems, as well, – the declining purchasing power of the middle class; (...) and the entry into tertiary education of new social groups that are increasingly less well-off. This calls for a more audacious student aid policy from the government. (...) Also, it is necessary to gather and study proposals to: (a) expand graduate studies and increase the volume of resources to better finance them; b) finance research with public funds as well; c) review the methodology of the Provão (...); d) expand post-secondary education beyond the regular undergraduate programs and think of new formats; e) discuss a Professional Masters, particularly for university teaching; f) identify the sectors (institutions, course programs) with the best prospects for efficient

expansion, as well as their territorial distribution; and g) discuss ethical standards that should frame the supply of courses and relations between institutions.

The involvement of individual scholars in peer reviews, working groups and assessment activities of different kinds did not lead to more permanent links and channels between the government and the higher education community. Participation was individual, by invitation, and, with a few exceptions, limited to persons from public universities. In the absence of proper channels and of a receptive environment, the private sector reacted defensively, sometimes from ill-informed standings, trying to cut its losses and protect its business. System-wide questions as the ones mentioned by ABMES above, or of academic interest, like the proper role of private and public institutions, the professional life of their students; the discrepancies between secondary and postsecondary education; the low quality of evening courses, the use of distance education, the comparisons between the Brazilian and other experiences, never had the chance to come to the foreground.

Likewise, for the lack of proper channels and support within the higher education community, the State remained alone and unable to implement several of the policies that it initiated. This did not help to increase the public responsibility of the private and public agents, nor to make sure that its achievements would last. Instead of promoting an environment of cooperation and trust, with shared dilemmas and responsibilities, the government allowed for an adversary climate to develop, raising its own costs. In such an environment, its actions were received with suspicion, generating defensive strategies and bypass mechanisms, frustrating many of the government's regulatory efforts. For lack of institutionalisation, what will happen in the future depends on the personal inclinations and preferences of future office holders.

By contrast, in self-regulated systems the management of higher education is no longer contained within ministries. The academic and scientific community, institutional administrators and other core stakeholders make up a set of indispensable partners that must minimally:

- Produce, disseminate and improve the quality of information about the higher education system. This means auditing and validating data provided by

institutions; processing and analysing information, and formatting it for different audiences and ends. The issues identified by the analyses, in turn, call for surveys or specific research to be undertaken, which must also be designed and subsequently analysed with the help of the community;

- Advance knowledge about what is going on. There is a lot of creativity and innovation being introduced at institutional, or even course programs level, as a result of new technologies; education products and services, and of the internationalisation of all kinds of partnerships. In the UK, there is a debate about the criteria that should be adopted to evaluate the quality of the international partners working with British institutions;
- Design, implement, assess, review and adjust auditing and evaluation instruments. The definition and accompaniment of programmes and assessment processes – be it of accounts/finances and management efficiency, or of academic and institutional quality, are overwhelming tasks, which generates inaccuracies and protest and requires not just negotiation and even revisions, but also the mobilisation of a lot of people with expertise in different areas, that are to be found within the community and not in the state bureaucracy. Qualitative evaluations involve direct interaction between the evaluated and external evaluators, are laborious, human intensive, and still lack a definitive format. They are in a constant process of revision, as the growth of periodicals and literature on this topic demonstrates;
- Elaborate the parameters and criteria for the execution and follow-up of other policies and programmes;
- Negotiate and mediate between higher education institutions, associations, and other segments of society, and the government, and likewise contribute to disseminate information and views;
- Select projects for a variety of competitive funds, grants and loans, for institutional development, teaching, research, programs and services focused on highly relevant goals (local and regional development, mitigation of social inequalities, etc).

Although some of these tasks can be undertaken by bureaucrats and *ad hoc* consultants, they require supervision by practitioners and specialists. Their participation generate knowledge on what is going on in the sector, informs leaders about their competitors and how their segment is doing compared with others, and so on. Further, it promotes scholarship, the development of the field of studies on higher education, the increase in specialized literature and media, and the variety and public visibility of evaluation results.

It is true that the Cardoso government undertook the thankless task of re-organising the system of higher education, fulfilling what Kells calls a gatekeeper role. It is also true that it missed opportunities to use student aid, and other public moneys to foster quality in the private sector, and encourage the realignments called for by the many new regulations it promulgated. Even so, and despite the fact that higher education expanded and became more differentiated, it is now better understood by society. .

Is Brazil ready for a new contract?

It is not easy to break with immobility and decades-old taboos, as the Ministry of Education did under the last government. It had to deploy all the force of authority and regulatory power. Structural reforms like those undertaken – the re-establishment of the National Education Council, the institution of regular accreditation, the evaluation of undergraduate courses, the revision of philanthropy, etc., - entail adjustments. Many were made and others were underway when the recent change of government took place. As self-regulated systems demonstrate, the management of higher education continues to be a challenge and requires all kinds of revisions, fine-tuning and experimentation. There are no long-lasting or generically valid recipes. It would be out of place to expect the Ministry of Education to get it right the first time round, or for initial positive results to continue for eight years without any adjustments. This is not the issue and, in a way, the intensity with which the government used its regulatory power can be justified.

The problem is that the attainment of the sound and lasting outcomes aimed by policies and regulations depends, critically, on the administrative (operational) capacity to implement changes, which in turn, depends on adherence to the objectives that such policies hope to achieve. Alone, the state and its bureaucracy are not likely to arrive at the most adequate policies, let alone implement them. As the principal-agent model helps to show, it is particularly difficult to frame the educational area by any of its “principals”. Various regulations were misused and it was impossible to enforce others. By delegating responsibilities, the state multiplies its capacity to envisage and implement policies, and by involving the community in policy dilemmas and in policy-making, it rapidly widens the stock of information and competences at hand and broadens understanding and adherence to its actions.

The Ministry did not create sufficient conditions for adherence to the new policies and rules. Many of the distortions and evasions of the law occurred because the aims were not properly understood, the means were not adequate (and it was impossible to negotiate others ways to attain them), and/or the costs involved were too high for private institutions to bear. The private sector is not eligible for the government grants and programs, such as Recent-Doctor Placement program of the CNPq, or for the various CAPES quality

promotion programs (scholarships for professors willing to attend graduate school-PICD, PROAP, PRODOC, PROIN, etc.)- all exclusive to the (mostly public) research universities.

Private institutions received no help to identify and hire professors with the required Masters or Doctoral degrees in some geographic areas and fields of knowledge in which they were not available. Even more pressing was the need and extreme difficulty to attain the required accreditation by the CAPES system of the Masters programs they were obliged to establish. CAPES could have offered assistance, or stimulated a system by which new program could evolve with support of other programs already established in the country or abroad. This insensitivity not only caused indignation and protest, but also impeded the expansion of graduate education necessary to fulfill the 30% quota of professors with Masters or Doctoral degrees in various fields and the minimum of three graduate studies programs and three “institutionalized” research programs. In an attempt to overcome this bottleneck, the private universities moved to the “inter-institutional masters degree programs”, wasting efforts and resources on agreements with little prestige institutions in Spain, Portugal and other countries.

The political-institutional engineering of self-regulated systems has different costs depending on the size of countries, the coverage and tradition of their higher education systems and the capacity of the government to exercise leadership in new ways and fulfill new functions. The European countries that have recently adopted this participatory model are small and had homogenous and well-structured higher education systems. Besides, they all found reinforcement in the concerted and participatory programs and initiatives of the European Union. In a country of the size of Brazil, with a tradition of bureaucratic centralism and a small, differentiated and recent higher education system, the costs are higher. The main trade-off seems to be between the rhythm of progress and the sustainability of outcomes. The argument can be divided into various items (see box below).

If these arguments seem sensible, it remains to be demonstrated that the needs pointed out can only be met by the participatory solution proposed here. Further, the defence of this proposal must take into account the issue of viability: are we

ready to go ahead with the reforms needed to install a self-regulated system in Brazil?

Why must Brazil decentralise the management of higher education? For various reasons:

- **To provide a stable environment**, which is essential for the development of higher education and for collaboration to grow and overcome the reigning adversarial climate. Without permanent and representative bodies/organs, the sector is deprived of the proper time horizon to consolidate policies and processes. Not only can policies be undone by new administrations, but they are also born weak due to the possibility of reversals in the near future imposed by the next government. Without continuity there can be no learning and no refinement of policies and instruments to induce development, qualaction. A short-term view feeds turbulence and conflict that increase the costs of any significant change. They can even end up promoting the reproduction of the status quo.
- **To facilitate communication between the government and the higher education sector** (which is very deficient today). For half a dozen managers in the Ministry there is a base consisting of a dozen associations (sectors entities), thousands of rectors and administrators, hundreds of thousands of university professors and two to three million students/families. There must be intermediary bodies, saying, buffer institutions, channelling communication between their constituencies and the government. It is essential to organise communication. It makes no sense to hope that a few leaders in the Ministry of Education can accompany or even hear all those that seek them out – let alone take advantage of good ideas, dispositions and capacities.
- **To break with the cat and mouse behaviours**, whereby new regulations emerge to respond to the evasion of previous ones. In other words, the fears provoked by the Ministry's threats translate into defensive, adversarial or, at least, into dissimulated responses. When channels of communication are too meagre, as is the case, a failed contact with government officials can bring dangerous consequences, given the extreme difficulty one faces in setting another appointment. With intermediary organs, the conditions are created for establishing more frank discussion, on an ongoing basis, allowing for cooperation to develop.
- **To improve the quality of communication** – which is narrow-minded and self-interested at present. The increase in channels of participation can “teach” all who are directly involved about the broader agenda and engage them with the related responsibilities. Other opportunities/junctures are created (at intermediary positions, aggregated by geographic area, by sector or function) to oversee and analyse the evolution of the higher education system, to learn from experience and first-hand information (quantitative, qualitative, including, testimonial) to enlighten and assist government decision-making processes.

- To **free the Ministry, the National Education Council** and other federal agencies from routine and executive duties to enable them to carry out their proper missions of macro-analysis and controlled experiments, supervision and coordination, evaluation and administration of incentives, etc. For this, the Ministry would have to delegate the functions of detailing programmes, accompaniment, negotiation of budgets, assessment of proposals, accreditation and certification to agencies and councils, where it would be represented.
- To **qualify larger groups of actors** able to gather and disseminate information and knowledge about higher education in Brazil and in other countries. The development of public awareness about the policies and views of the government and the higher education community, on what is being proposed and why, will widen the pool of people and competences and, probably, the range of specialised media covering higher education issues (each council or entity participating in higher education at least would have its own publication). Asymmetry of information will decrease.

An experience that is quite relevant for this discussion is that of the Institutional Assessment Programme launched by the Council of Rectors of Brazilian Universities (*Conselho de Reitores das Universidades Brasileiras, CRUB*) in 2000.

The Program is a non-governmental initiative aimed at promoting institutional development that was immediately joined by nineteen universities in its first and somewhat restricted announcement. It adapted the method of institutional/comprehensive accreditation developed by North American regional agencies, which is also being adopted by the European Union and dozens of countries on all continents. The program begins by overseeing the preparation of a self-diagnosis, which asks for the information and analysis that any institution with inner quality assurance concerns must have at hand. Based on the self-diagnosis, a peer-review commission is set up to undertake *in loco* validation of the self-study, as well as to discuss problems and define the priorities of each round of evaluation. This commission elaborates a written report, the bases of which have already been discussed with the top-level administration at the end of the visit. The institution must respond in writing to this report. On the basis of this interaction and the three documents – the self-diagnosis, the report written by the external assessors, and the response of the institution –, a commitment is defined and signed whereby the institution commits itself to complying with

the recommendations within a pre-defined time period, and benefits from the advise and accompaniment provided by the CRUB.

This initiative was widely welcomed, including by the unexpected adhesion of former rectors, evaluation specialists and members of the governing bodies of the best public universities in the country to the extenuating and only symbolically paid work involved in being a member of the external evaluating commissions.

The significant acceptance of the Programme can be attributed to the concern of universities with the upcoming implementation by the Ministry of Education of institutional re-accreditation as provided by the Education Law (LDB). As the universities could not predict the quality and efficacy of the evaluation to be offered or provided by the CRUB program, they actually seem to be taking advantage of a rare opportunity to prepare for another threatening action by the Ministry of Education.

Although it is too early to gain a consistent picture, the self-analyses that have been submitted, as well as the visits already undertaken suggest that the universities are driven by outside influences. On one hand, they are more concerned with market strategies and with anticipating the Ministry's next steps, than with their own priorities, strengths and potentials. On the other, a common feature is the influence of organisational management consultancies that are cutting down costs by eliminating academic departments and even the academic institutes and schools that group departments and courses according to areas of study. Directly connected to vice-rectors, Course Coordinators are treated like managers and held responsible for financial and administrative matters, such as for students payments.

The most positive aspect is the frankness with which these evaluations have taken place. So much so that both parties have experienced them as a precious opportunity for learning about their differences and commonalities, and to uncover a readiness to collaborate. The CRUB has invited external assessors from public and private, and even from "for-profit" universities, without meeting any resistance from the private institutions that have already been visited. This kind of program generates a completely new mode of communication that evolves with unexpected ease. There is the space, interest and openness for a genuine exchange of experiences and for an open debate about the rather intractable issues faced by universities.

This program deserves, but never received, government backing as a supplementary mechanism that uses institutional evaluation to promote the development of inner quality assessment culture in the universities. Nonetheless, however promising the CRUB Programme experience may seem, it is still too restricted to prove the maturity for the proposed reforms.

As noted above, the representative bodies of the higher education community gained density in the last years. Evidences of “public responsibility” and system-wide perspectives, though, do not abound among them. The few significant examples, we singled out, may be enough to steer the realignment of other segments. Even though, this will not happen without a significant change in government’s attitude.

The harder tasks required for orienting Brazilian higher education towards a self-regulated system concern the government, and it does so in three regards: it concerns its administrative culture; its institutional framework and its university network. New competences have to be attained and an adequate, more complex and diverse institutional framework has to be devised if the government wishes to conduce a more collaborative and sustainable reform process. New forums and institutional settings will be used to host work teams of representatives of both government and the community. And, effective institutional channels must be established between the government and the academic community.

The role of governments in self-regulated systems is much more subtle and has more to do with social adaptation than with technical expertise. Instead of providing answers, decisions, strength, and a map of the future; that is, instead of knowing where we ought to be, the leadership needed is one that challenge the community to face problems for which there are no simple, technical solutions - problems that require us to learn new ways (Heifetz 1994). Regulations, for instance, become, for the government, a matter of coordination of collaborative efforts (studies and debate), and of negotiation.

Since self-regulating systems, under remote administration by the State, only make sense if its main components are aware and ready to respond to the incentives and constraints administered by the government, the Brazilian federal universities must be incorporated into the self-regulating condition already shared by the other institutions in Brazil (as well as by their Western

European counterparts). The resistance to accept autonomy from the State direct control, still voiced by the federal universities representative bodies, might be disguising reality. There are signs that a voluntary program with negotiated transition agreements will get the prompt acceptance of some leading federal universities that are ripe for autonomy. As the first stages are grasped, other universities will voluntarily join to the program.

The prescriptions, laid out above, compose a huge agenda and all we do not need now is another experience of overloaded agendas and the 'too much, too fast' mood. The good news is that self-regulation is a flexible process of mutual adaptation that may progress better through consensus-building and controlled experimentation, than through encompassing reforms, plans and regulations.

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