

EABER WORKING PAPER SERIES

PAPER No.39

FINANCE, STATE CAPACITY, PRIVATISATION, AND TRANSPARENCY IN SE ASIAN HIGHER EDUCATION

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PAPER PREPARED FOR DISCUSSION AT THE
*DPU/EABER CONFERENCE ON FINANCING HIGHER EDUCATION AND ECONOMIC DEVELOPMENT IN
EAST ASIA*
BANGKOK 16 – 17 JULY 2008

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CRAWFORD SCHOOL OF ECONOMICS AND GOVERNMENT
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***FINANCE, STATE-CAPACITY, PRIVATISATION, AND TRANSPARENCY
IN SE ASIAN HIGHER EDUCATION***

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**Financing Higher Education and Economic Development in East Asia Conference,
Bangkok, July 2008**

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Key dilemmas underpin the development and expansion of higher education in Southeast Asia. On the one hand are the tensions between the desire to expand the quantity of higher education, while at the same time, improving quality. On the other is the issue of enhancing access, while improving equity. While all of the five states treated in this article (Indonesia, Malaysia, Philippines, Thailand, and Viet Nam) share the goal of extending access to higher education, as part of their wider social and economic development goals, none are in a position to provide public higher education to all who aspire, especially at a price they can afford. (The latter is particularly significant: as is seen below, it is already the case, for example, that fees for high-demand courses in some public higher education institutions [HEIs] in Indonesia outstrip those in private sector HEIs [Welch 2007: 680]).

Hence, across the region, private higher education is growing swiftly. This expansion is clearly widening access, although often at fee levels that, being much higher than those that commonly apply at public HEIs, further exclude the poor. At the same time, the growth of private higher education is also sharpening quality issues, as well as problems in governance systems within the sector that are, in cases such as the Philippines, Indonesia and Viet Nam, already stretched to capacity.

The current chapter examines the rise of private sector HEIs in South East Asia, and some of the issues associated with the changing balance and blurring borders of public and private higher education: finance, state capacity, governance, and transparency. The context for SE Asian society and higher education is also rehearsed, including the relatively peripheral place occupied by the five SE Asian higher education systems,

within the global knowledge system. What is argued is that, while the spread of private higher education is undoubtedly opening up access, the high fee levels demanded effectively preclude enrolment by the poor, who are now also being squeezed by rising fee levels at public HEIs. Selected examples are given of differential funding and fee regimes, from public and private sectors.

THE FUNCTIONS OF HIGHER EDUCATION.

According to Manuel Castells, all societies throughout history designate specific roles and functions for universities (Castells 1993). Not only do these roles and functions change over time, depending on a given society's prevailing historical, culture, ideology or politics, but they are also not always congruent, hence Castells refers to universities as 'dynamic systems of contradictory functions.' He identifies four principal functions, each of which have implications for access and equity:

1. Universities may be assigned the responsibility for training bureaucracies and the provision of a highly-skilled labor force. Most clearly evident in classical China, this was also their primary goal in Vietnam's early Confucian period, for example, when institutions of higher learning were devoted to preparing students for the imperial system of examinations which, for the successful, led to the state bureaucracy (Welch 2008a). While this strategy was in principle open to all, in practice males drawn from noble families were the most common source of scholars.

2. A somewhat different function of universities can be to act as social sorting mechanisms to select and train scientific, economic, political and educational élites. In such cases, the selection, socialization and the development of networks among other cadres all help to distinguish these élites from the rest of the society. Historically speaking, the French example is pertinent here, as also its paler colonial imitation in

Viet Nam. Santo Tomas university, the Philippines institution founded in 1611, also served this function, albeit for the colonial elite. This function stands in contradiction to most principles of access and equity.

3. Universities are often assigned the duty of acting as ideological apparatuses, responsible (among other institutions) for the formation and dissemination of the societal, or state ideology. Here again, the role of Ho Chi Minh thought and Marxist Leninist thought in contemporary Viet Nam, and the national ideology of *Pancasila* in Indonesia since independence, are arguably illustrative. In principle, this function can open access to new aspirants, based on their ideological purity (but may well close that same door to well qualified aspirants whose ideological orthodoxy is suspect).

4. Universities also function to generate new knowledge. This is a more modern trend attributable to the successful incorporation by German universities of the research seminar, and modernist subjects such as maths, science and technology into their curriculum in the nineteenth century (Welch 1981) and, somewhat later, U.S. science oriented universities' close involvement in scientific and technological (including military) development, and economic growth. Once again, this function does not exclude the poor or dispossessed, but an examination of the social class characteristics of elite German and US institutions over time, for example, reveals a strong class bias. Much the same can be said of the characteristics of leading universities in SE Asia, which are in general more concerned with teaching than knowledge creation.

In summary, Castells' taxonomy of roles and functions yields a broad outline of goals that are set for universities to perform:

- train skilled labor as demanded by the society,
- cultivate élites,

- generate and transmit ideology, and
- create and apply new knowledge.

Here however, while ambitions and aspirations among developing countries are usually great, they often suffer from something of a disadvantage, relative to their counterparts in the developed world, where, as indicated below, the concentration of various kinds of resources, and a longer history of research and development, give the latter important competitive advantages.

The ongoing ability to successfully manage the sometimes contradictory functions of Castells typology is one crucial index of success for developing countries in achieving growth, reform, equity and social integration. Castells does not distinguish here between public and private institutions, but the addition of private universities into this sometimes volatile mix, including the regulation of this developing sector, further complicates an already difficult task, as is seen below. While it is acknowledged that, in a context that includes significant privatization of public-sector HEIs (Welch 2007a, 2007b), and widespread globalization of higher education, the former sharp divisions between public and private are no longer tenable, and moreover that different dimensions of private higher education also exist (Thaver 2003, Marginson 2007, Kim 2007), the specification of these different dimensions is beyond the scope of this chapter. Official government definitions of private higher education are referred to, throughout.

All of the states embraced by the following analysis can be considered part of the global South. Yet despite the fact that four of the SE Asia Five countries in this analysis

can be seen to fall within the low-income category, (Malaysia's GDP per capital level now places it into a middle-income category), all five have ambitious plans to extend higher education to larger proportions of their populace, who are in turn pressing their governments for more and more places for their children, and more institutions of higher education. This is for at least two reasons, each of which relate to Castells' taxonomy above.

The first is that higher education is seen by all five governments, as well as international organisations such as the OECD, World Bank, and Asian Development Bank, as critical to the supply of the highly skilled personnel that, in a more post-Fordist world, are said to be the foundation of the new knowledge economies that supposedly characterize the 21st. century (World Bank 2002). Governments of all five nations would subscribe to the following statement that summarises the role of higher education in forging the twenty-first century knowledge economy.

The quality of knowledge generated within higher education institutions, and its availability to the wider economy, is becoming increasingly critical to national (and one could add international ARW) competitiveness (World Bank 2000: 9).

Governments of developing nations, especially in SE Asia, tend to see universities, not merely as institutions of great national and international prestige (and also as important repositories of national culture), but crucially, as springboards to the future, perhaps in concert with key industries such as IT, engineering and science, with which many of its better established universities are now engaged in cooperative or contract research. Just as ICT is seen as critical to development priorities, so too higher education is increasingly seen (especially in a more neo-liberal, economically rational world (Pusey

1991) as a driver of economic growth, putatively even enabling developing nations to leap ahead in their ongoing quest for development (World Bank 2002b). (As seen below, however, the parallel with higher education goes further, however, since this fervent aspiration is not so easily achieved, at least in the shorter term).

As indicated, however, this rationale for higher education is not limited to states (termed by economists the 'social rate of return'), but also obtains at the level of the individual (the 'individual rate of return'). Many individuals in the developing world see university education as a chance to secure a good white-collar job, and perhaps provide a passport to a post-graduate opportunity at an overseas university, and/or the chance to work and live abroad. While this does not hold true for all who wish to pursue higher education, (after all, significant numbers of students still pursue degrees that are almost bound to keep them poor – such as in the performing or fine arts, or in the less remunerative areas of the humanities, including history, languages or philosophy –), it is more likely to hold true for those who enrol in the key areas such as engineering, the sciences, IT and business.

But there are important differences in poorer, developing countries where, as in Viet Nam, for example, public universities can provide places for at most around 10% of qualified applicants, fuelling both a demand for private universities that is likely only to increase, and perhaps lead to some distortions in fields of study. Thus, for example, the intense pressure to gain entry leads to access becoming an end in itself: numbers of students end up studying subjects in which they have little interest, thus adding to the concerns about efficiency and quality of the higher education system. Or private institutions only offer a restricted range of popular subjects, particularly languages, IT

and Business Studies, that are cheaper to provide (Levy 2007).

Compared with lower levels of education, tertiary education is particularly expensive to provide, and even more so in the mission-critical departments and faculties of IT, engineering and science:

By their very nature, science and technology have always demanded significant and ongoing investment to establish, maintain and expand the ‘engine’ of physical infrastructure – including laboratories, libraries and classrooms. They also need a rich (and expensive) fuel of textbooks, computers, equipment, and other supplies. (World Bank 2000:71)

This is less the case in the area of business, although even here, to establish an internationally reputable, well-staffed business school takes both time, and a considerable investment. To develop Stanford Business School, or INSEAD in France, to their current level, took time, planning and a considerable, ongoing injection of resources, something often unavailable in developing countries.

THE SOUTHEAST ASIAN CONTEXT

In order to appreciate the context for SE Asian higher education, it is important to remind ourselves here of several key elements of the socio-economic context, that are relevant to considerations of financing access and equity. The region of SE Asia embraces around 540 million people, with a combined GDP of US\$ 610 billion (or US\$ 1.9b in PPP\$), and with very wide disparities – both across the region, and within countries. Per capita GDP ranged from US\$ 9,120 (Malaysia) to US\$ 2,300 (Viet Nam) in 2005 (UNDP 2005: 20). Females comprise 49 percent of the total population,

while over 56 percent of the population still inhabit rural areas. Almost half the substantial numbers employed in agriculture are women; HDI ranks ranged from 59 (Malaysia) to 112 (Viet Nam) in 2002. (UNDP 2005).

Of the five nations considered in this analysis, all are developing countries, while only Malaysia can be considered middle income. As well, while all five have recovered significantly from the calamitous effects of the regional financial crisis of the late 1990s, the gap between rich and poor continues to increase. Overall, this does not mean that the poor are becoming poorer, but rather that the rich are making greater gains: ‘By and large ..., increases in inequality are not ... “the rich getting rich and the poor getting poorer.” Rather, it is the rich getting rich faster than the poor.’ (ADB 2007a: 6).

The following table summarises key Human Development Indicators for the SE Asia Five, over the period 1990-2002, including expenditures on education.

Table 1. *Human Development Indicators, Southeast Asia Five, 1990-2002*

COUNTRY	HDI 1990	HDI 2002	HDI Rank 2002	Life Expectancy at Birth 2002	Education Index 2002	GDP per capita (PPP\$) 2002	Public Expenditure on Ed'n. (% of GDP) 1990	Public Expenditure on Ed'n. (% of GDP) 2002
Indonesia	0.623	0.692	111	78.0	0.80	3230	1.0	1.3
Malaysia	0.720	0.793	59	73.0	0.83	9120	5.2	7.9
Philippines	0.719	0.753	83	69.8	0.89	4170	2.9	3.2
Thailand	0.707	0.768	76	69.1	0.86	7010	3.5	5.0
Viet Nam	0.610	0.691	112	69.0	0.82	2300

Source: *UNDP 2005: 20*

What can be seen from the above is that none of the five figure all that highly within overall HDI rankings, although there are significant differences among the five, with Indonesia and Viet Nam – the two poorest – placed significantly below the other three. Indonesia and Thailand showed the greatest fall in HDI rankings over the period, but Malaysia also fell. Much of this decline can be attributed to the severe effects of the regional financial crisis of the late 1990s, from which affected economies have only recently emerged. Only Viet Nam emerged from this financial crisis with its HDI ranking unchanged (UNDP 2005: 20). Darkening this picture of limited resources is the debt levels carried by the majority of the five. While Viet Nam’s debt, expressed as percentage of GDP, is relatively low at 3.4 percent, the ratios for all other countries are much higher: Indonesia 9.8 percent; Malaysia 8.5 percent; Philippines 10.9 percent; and Thailand 15.6 percent (UNDP 2005: 27). Additionally, in the case of Indonesia, expenditure on the military, expressed as percentage of GDP, is as high as that for education (UNDP 2005:27). Such factors form an important part of the context, and impose clear limits upon public sector efforts in higher education: “Expenditures on debt servicing and military spending tend to crowd out social expenditures” (UNDP 2005: 26).

While all countries (including Viet Nam, whose data is absent in the table above) show a rise in public expenditures on education over the period 1990-2002, this needs to be put into perspective. Firstly, compared to public expenditures on education by the EU, for example, (5.41 per cent for the EU 15, and 5.14 per cent for the Accession 12), investment levels are modest for four of the five (UNDP 2007). Moreover, the apparently high proportion of the national budget expended on public education in Malaysia revealed in Table 1 is misleading, since in effect Chinese and Indian

Malaysians (who together make up one third of its population) are effectively excluded from the public sector in higher education (Tierney 2008, Welch 2008b) - thereby heavily reducing access and equity. The same is true when proportions of public expenditure on tertiary education are examined, as seen in the following table:

Table 2. *Current public expenditure on tertiary education as proportion of total public expenditure on education*

Country	Percentage of public education budget expended on tertiary sector
Indonesia	19
Malaysia	35
Philippines	14
Thailand	20
Viet Nam	...

UNDP 2007: 266-267.

While significant variation is evident in the above data, the percentages are generally low, compared with high human development countries (UNDP 2007). Once again, the exception is Malaysia, which spends 35 per cent of its public education budget on the tertiary sector – but, as seen above, funds are effectively cordoned off for ethnic Malays (*Bumiputras*).

In general, while rates of primary completion have shown significant growth, net secondary enrolment rates among the SE Asia Five range from 58 per cent in Indonesia, to 76 per cent in Malaysia (UNDP 2007). Many of those who do not complete secondary schooling, thereby rendering themselves ineligible for higher education, are from the poor.

Poverty is also a significant issue that constrains the development of the public higher

education sector in SE Asia: actual poverty rates vary from a 9 per cent in Viet Nam to over 14.1 per cent in the Philippines, and 16.6 per cent for Indonesia (World Bank 2007a: 8, ADB 2005). As measured by the GINI Index, inequality, particularly between rural and urban groups, is high, relative to other world regions. Compared with the EU 15, for example, which embraces a significant range of different contexts, all of the Southeast Asia Five reveal relatively high indices, as evident in the following table.

Table 3. *GINI Co-efficient for SE Asia 5, compared with EU 15*

Country/Region	GINI Index	Most recent data
Indonesia	34.3	2002
Malaysia	49.2	1997
Philippines	46.1	2000
Thailand	43.2	2000
Viet Nam	36.1	1998
EU 15	24.7-38.5	...*

UNDP 2005: 26.

*EU data cannot be given for a specific year, since the category includes a number of countries, data for which stems from different years.

In effect, what this means is that access by marginalized groups such as urban and rural poor lags behind that of the overall population, in a context where regional governments spend too little on the delivery of services to the poor

In addition, spiralling costs of basic commodities such as food and fuel in 2007 and 2008 have meant that larger amounts were being taken from national budgets, to support significant sections of the population, hardest hit by swiftly rising prices. In an effort to offset rising unrest among the poor, for example, Indonesia increased the price of subsidized rice by 60 percent in April 2008, but also expanded eligibility – beyond the 19 million individuals who already qualify for 5 kilos of subsidized rice monthly

(SMH 2008). Millions of the poorest Filipinos, currently allocating almost all their income to buy rice, are barely being kept afloat by government food subsidies. Following similar action by Indonesia, Viet Nam, traditionally a major exporter of rice, has imposed export restrictions (SMH 2008). The above measures do not merely reduce the discretionary income of poor families available to education, including higher education, but also significantly constrain state budgets for social and educational programmes.

Lastly, it is also important to note that, in addition to the factors indicated above, pressure upon tertiary provision in the SE Asian context also stems from the demographic profile of all five countries, both in terms of the relative youth of their populations, and the high fertility rates, (relative to developed nations). The implications of each may be seen in the following table:

Table 4. *Demographic pressures on Higher Education, by country*

Country	Total Population (millions) 1975	Total Population (millions) 2000	Annual Population Growth Rate (%) 1975-2000	Population under 15 (as % of total) 2000
Malaysia	12.3	22.2	2.4	34.1
Thailand	41.1	62.8	1.7	26.7
Phillipines	42.0	75.7	2.4	37.5
Indonesia	134.6	212.1	1.8	30.8
Viet Nam	48.0	78.1	2.0	33.4

Compiled from *UNDP Human Development Report 2002*.

Simply responding to this demographic pressure, and rising aspiration levels for higher education, is a difficult task for each of the South East Asia Five, even apart from questions of institutional quality.

A final index of development consists of FDI inflows, which, while revealing remarkable changes over recent decades (including the substantial impact of the

regional financial crisis of the late 1990s), still remain modest (compared with China's current FDI inflow for 2006, for example, of some US\$72 billion). Some of this investment capital flows into SE Asian higher education, as do some of the remittances - which in the case of the Philippines are extraordinarily high – but evidence is not systematic (Welch 2008b).

Table 5. *FDI Inflows, South East Asia Five, 1970-2003*

Country	1970	1980	1990	2000	2003
Indonesia	83	180	1092	-4550	-597
Malaysia	94	933.9	2611	3787.6	2474
Philippines	-1.04	-106	550	1345	319
Thailand	42.8	293.9	2575	3350.3	1802
Viet Nam	0.07	17.9	180	1289.0	1450

Source: *UNCTAD 2004*

All of the dimensions treated above significantly constrain growth in state capacity, and substantial expansion of public higher education.

NORTH-SOUTH DIFFERENCES IN HIGHER EDUCATION AND RESEARCH

Thus, while the ambition and commitment of the South East Asia Five, and more generally among countries of the global South, to expand access to higher education in these key areas is undoubted and ubiquitous, and at the same time to build world-class departments and institutions, the question of how far and fast they can move on this front is a genuine one. This is all the more the case when one considers that many developing countries, including the majority of the countries in this survey (excepting the Philippines, whose impressive tertiary enrolment ratio of 30% in 1995, albeit including many low-quality HEIs, bears comparison with many OECD countries,), had a tertiary enrolment ratio in the second lowest category of all internationally (between 5

and 15 percent) in 1995 (World Bank 2000: 12-13), while quality among many HEIs is still problematic in all five.

What the above context adds up to, is that the existing scientific gap between South and North is huge, and growing, exacerbated by trends that are examined below. This is not surprising, in light of some basic statistics. The North, for example, has something like ten times the proportion of research and development (R & D) personnel (scientists and technicians) per capita as the South (3.8%, compared to 0.4%), and spends about four times the proportion of GDP on R & D - 2.0% compared to 0.5% (World Bank 2000). Most recent data further underlines major disparities on a variety of knowledge indices, as seen in Table Two:

Table 6. *National Innovation Indices, by Country, Region and level of Development*

	Average Yrs. of Schooling	Researchers per million	Quality of Scientific Research Institutions	University-Industry Research Collaboration
SE Asia	6.6	210	4.1	3.6
Indonesia	4.7	207	3.9	3.4
Malaysia	7.9	299	5.0	4.7
Philippines	7.6	48	3.3	2.7
Thailand	6.1	287	4.0	3.6
Developed Country Average	9.5	3616	5.1	4.4

(World Bank 2006: 134)

Particularly with respect to researchers per million of population, the average difference is more than seventeen fold, while in no SE Asian country is the difference from the developed country average less than twelve fold.

The following table reveals significant ongoing disparities in R & D, both in terms of spending and proportion of Gross Domestic Product (GDP):

Table 7. *R & D expenditure levels, and as percent of GDP, 2002.*

Countries	<i>R & D Spending 2002</i>		<i>R & D as percent of GDP*</i>	
	US\$ Billions (PPP)	Percentage of World	1992	2002
SE Asia	3.3	0.4	0.1	0.2
Indonesia	0.3	0.0	0.1	0.1
Malaysia	1.5	0.2	0.4	0.7
Philippines	0.4	0.0	0.2	0.1
Thailand	1.1	0.1	0.2	0.2
Developed World Average	645.8	77.8	2.3	2.3

(World Bank 2006: 116)

*Regional data are sum of R&D divided by sum of PPP GDP.

In addition, the North registers some 97% of all patents registered in the USA and Europe, and, together with the newly industrialising countries of East Asia, accounts for 84% of all scientific articles published (World Bank 2000: 69). Further data from the United States Patent Office reveals a continuing wide gap in terms of performance with respect to patents:

Table 8. *US Patents granted, by region, country and level of development*

	<i>Number of Patents</i>		<i>Patents per 100,000 people</i>		% Change
	1990-1994	2000-2004	1990-1994	2000-2004	
SE Asia	31	140	0.01	0.04	15.3
Indonesia	6	15	0.00	0.01	8.8%
Malaysia	13	64	0.07	0.28	15.3
Philippines	6	18	0.01	0.02	10.4
Thailand	6	43	0.01	0.07	20.9
Developed (Average)	104,170	168,017	12.88	19.58	4.3

(World Bank 2006: 123),

It is of course important to acknowledge that such indices as Science Citation Index (SCI) Social Science Citation Index (SSCI), Engineering Index (EI) and the like are skewed in favour of English language journals, (thereby adding linguistic disadvantage to the existing disparities of wealth). Notwithstanding this additional burden for the SE Asia Five, it is illustrative to note the following publication differentials:

Table 9. *Papers and Citations, by Country, 1980s and 1990s*

Country	Number of Papers 1981	Number of Papers 1995	Number of Citations 1981-85	Number of Citations 1993-7
Indonesia	89	310	694	3,364
Malaysia	229	587	1,332	3,450
Phillipines	243	294	1,379	2,893
Thailand	373	648	2,419	8,398
Viet Nam	49	192	203	1,657

(World Bank 2000: 125-7).

Comparative figures help put this into perspective: Australian publications for 1995 totalled 18,088, and for Japan 58, 910. Citation counts for each country 1993-7 were 301,320, and 930, 981 respectively. More recent data show that higher education across South East Asia contributes much less to total Research and Development (R&D) performance than among developed nations, as indicated in the following table:

Table 10. *R & D performance by sector*

	Business	Government	Higher Education
SE Asia	51.3	22.1	15.7
Indonesia	14.3	81.1	4.6
Malaysia	65.3	20.3	14.4
Philippines	58.6	21.7	17.0
Thailand	43.9	22.5	31.0
Developed average	62.9	13.3	27.0

(World Bank 2006: 120)

Table Six shows that, with the exception of Thailand, the higher education sector contributes little more than half of total R&D performance, relative to the average of developed nations, while in the case of Indonesia, it is around one sixth, at 4.6 percent.

These stark disparities exist, notwithstanding the existence of traditions of great respect for education, and the role of the teacher in society, that obtain in much of Asia, and

East and South East Asia particularly, and despite the venerable forms of learning that long obtained in countries such as Viet Nam (where Ha Noi's *Van Mieu*, [Temple of Literature] – founded in 1070, and more recently refurbished by American Express – contains the *stelae* of scholar-priests of many centuries ago, and Thailand, which exhibits a longstanding Buddhist tradition of commitment to learning (Bovornsiri, Uampuang and Fry 1996: 55-7).

What the above data reveal is that, notwithstanding the highest annual GDP per capita growth rate of any world region in recent decades (World Bank 2006: 38-9), very high aspirations for higher education at both individual and social levels, and a high commitment to learning, existing levels of infrastructure in higher education among South East Asian nations limit the capacity for knowledge creation, indicated by Castells as the fourth key function of the modern university,

THE RISE OF PRIVATE HIGHER EDUCATION

It is important to consider the implications of the above here. Given a young population (as seen above, only one of the South East Asia Five has less than 30 per cent of their population under the age of 15, and in the case of the Philippines it is closer to 40 per cent), rising levels of aspiration for higher education, and a tight budgetary context, the state is less and less likely to be able to satisfy demand for tertiary entry. How far is this likely to fuel demand for private higher education? And if so, what does this mean for equity, in countries, where under the influence of globalisation and structural adjustment, the gap between the rich and poor, already large, is only widening? (Mok and Welch 2003).

Baseline data, against which to measure change, consists of the differing proportion of public and private higher education enrolments in the SE Asia Five countries about a decade ago, as indicated in the following table.

Table 11. *Distribution of Students in Public and Private institutions of higher education, SE Asia Five countries, 1997-98.*

Country	Public	Private
Indonesia	44	59
Malaysia	100	0
Philippines	25	75
Thailand	60	40
Viet Nam	100	0

Gonzales 1999: 116.

A striking index of change in South East Asian higher education is the extent to which this picture has altered over the last decade. Notwithstanding the substantial diversity of political system within the SE Asia Five (ranging from a socialist polity adapting to the demands of a market economy and recent entry to WTO - Viet Nam - to long-term crony capitalist regimes - the Philippines - private higher education in the region has grown apace.

The following table reveals the extent of change over the last decade or more.

Table 12. *Numbers and Types of HEIs, Southeast Asia 2007*

Country	Public			Private			Total
	Degree	Non-Degree	Subtotal	Degree	Non-degree	Subtotal	
Indonesia	-	-	81	-	-	2,431	2,516
Malaysia	18	40	58	22	519	541	599
Philippines	424	1,352	1,776	1,363	2,045	3,408	5,184
Thailand	66	-	66	54	401	455	521
Viet Nam	201	-	201	29	-	29	230

ADB 2008:45, citing SEAMEO 2007

Both the dynamism of the region, and the incompleteness of the data preclude the development of a current table, comparable to the above. Nonetheless, indices of change are telling. While private higher education in the Philippines was already dominant, it has continued to grow, so that the proportion of private HEIs has remained over 75 per cent (Welch 2008b). Viet Nam has announced strikingly ambitious targets to expand higher education, which entail vigorous growth of the private ('People's) higher educational institutions. (Following China, the term socialization is preferred to privatization). Effectively, private sector HEIs doubled their share of enrolments in Viet Nam over the three years from 1996/7 to 1998/9 (Welch 2007b), while Le and Ashwill report that by 2002-3, there were twenty-three private HEIs, enrolling 24,500 (around 12% of the total of 200,000 new enrolments). (Le and Ashwill 2004). By 2020, government plans are for 40% of all enrolments to be private ('non-public). (Hayden and Thiep 2004). In Malaysia, there are now eleven private universities registered, with a similar number of colleges, while private enrolments in higher education now significantly outnumber those in the public sector, if Diploma and Certificate levels are taken into account (MOHE 2006). In Indonesia, too, private higher education has grown, although with total private enrolments now estimated to be 1.9 million, of a total of 3.4 million (Buchori and Malik 2004, Welch 2007a), the proportion may not have increased.

Fees and Funding

Funding, and fees, are each an important factor in the expansion of private higher education. Given that, although specific policies differ across the region, state funding for private higher education remains minimal, (some countries choose to make land or other facilities available, and in some instances may allow private HEIs to compete for

discretionary funds), and that perhaps ninety percent of the income of private HEIs comes from fees, issues of quality, already problematic, remain a concern. Compared with this is the situation of public HEIs in Indonesia, for example, who still gain around two thirds of their budget from the state. (Purwadi 2001, Welch 2007a)

There are also direct implications for access and equity, since fee levels for private HEIs are at least 50 percent higher, and is often be at least three times higher than those at public HEIs (Welch 2007a and b), which are usually still of higher quality. For example, when per capita income level in Indonesia was at US\$880 in the mid 1990s, fees (which only account for an estimated 15-20% of total costs) ranged from around US\$100-400 at public HEIs, and from US\$ 100-1,000 in private institutions. (While fee levels have changed, the patterns of difference between public and private have not). Making matters worse was the differential impact on the poor: World Bank data for 1995 showed that higher education was already well beyond the reach of many: average household expenditure on higher education per student in West Java for example, was 84.6% of total per capita expenditure levels. The average, however, conceals the differential impact on social strata, which ranged from 79.1% for the highest quartile, to 151.5% for the lowest quartile (Welch 2007a).

Two factors increase the squeeze on the poor, First is the effect of very different schooling retentivity rates: In Indonesia, for example, many "... students from poorer families fail to complete secondary school, and efforts to target the few poor students who do, for scholarships, have largely proved unsuccessful" (Welch 2007a). Second is the trend by many public HEIs, themselves squeezed in an era of rising enrolments but declining per-student funding from the state, to raise their fees, particularly for

high-demand courses. In Indonesia for example, it is now possible to pay more for specific high demand courses, for example in Engineering, at a major public university, than would be paid at a quality private HEI (Welch 2007a). The phenomenon known in Indonesia as *Jalur Khusus* (special path, or special passage) gives entry to perhaps 10 per cent of enrollees, upon payment of a fee that may be double that paid at a decent private HEI (Welch 2007a). The effects on the poor, for whom entry to a good public HEI was, however difficult, their only hope of an affordable place at a quality institution, are obvious.

In Viet Nam, the relatively recent category of HEI known as People's Universities (a term that disguises the fact that they are for all intents and purposes, private institutions), attract no funds from the state, and are entirely dependent upon fees and donations (although they may be given land by the government, or permission to purchase land at a discount).

Distinct political ideologies make a difference to higher education policies in each of the five cases, although at least three factors moderate these differences. The first is the powerful homogenising effects of economic globalisation and structural adjustment which, as has been argued elsewhere, is moving many systems in a similar direction, albeit at different paces, and to differing degrees (Welch and Mok 2003). The second is the gap between official rhetoric and actual practice in each case. Although, for example, following the example of its powerful and sometimes troublesome northern neighbour, Viet Nam chooses to call its private universities "People's Universities", they are in many ways little different in form and function to private institutions in other countries. The third homogenizing effect is the rise of global English (Crystal

1997, Wilson, Qayyam, and Boshier, 1998), which is exerting pressure on both teaching and research regimes, not merely regionally.

STATE CAPACITY AND GOVERNANCE IN HIGHER EDUCATION.

What implications do the data and trends indicated above yield for the governance of regional higher education? Clearly, the fact that, with the exception of Malaysia, the South East nations included here are each among the low-income category, and that additionally each of them suffered substantially in the fallout from the regional economic crisis of the late 1990s, imposes limits on both the quality of teaching and learning and the capacity of the public sector to respond to demand. The following table shows shifting levels of GDP growth among the SE Asia Five, before during and after the regional economic crisis.

Table 12. *GDP Growth, Rates SE ASIA Five Countries, 1996-9, and 2005*

Country	Growth Rate 1996 %	Growth Rate 1997 %	Growth Rate 1998 %	Growth Rate 1999 %	Growth Rate 2005 %
Indonesia	8.0	4.5	-13.7	0.2%	5.5
Malaysia	8.6	7.5	-7.5	5.4	5.3
Philippines	5.8	5.2	-0.5	3.2	5.0
Thailand	5.5	8.4	-10.0	4.2	5.2
Viet Nam	9.3	8.2	3.5	4.2	7.5

World Bank, *East Asia.Recovery and Beyond*. (2000), IMF (2001) *IMF Country Report No.01/59*, Table 3.

Vietnam - Selected Economic Indicators, 1995-2001 (p.35), World Bank (2005).

While the above table reveals significant economic re-growth among all of the SE Asia Five, especially compared to the depths of the late 1990s, recent analyses predict that the ‘global fallout from the US financial crisis’ will reduce growth rates for 2008 in all of the SE Asia Five, with the exception of Thailand (Australian 2008).

What this means for universities throughout SE Asia, is that there is still much ground to be made up. None of the universities in the SE Asia Five, for example, were listed within the top five hundred universities listed in the Shanghai Jiaotong index of leading research universities, (MOHE 2006: 263-273). That said, of course, each country has cherished icons of higher education among its ranks: Viet Nam National University, the University of the Philippines, the University of Indonesia, Chulalongkorn University and the University of Malaysia.

More than knowledge creation is however, limited by relative lack of resources, infrastructure and training. The lack of income and infrastructure in education also affects regulatory capacity in higher education (notably the various national agencies or departments charged with regulation and quality assurance) (Welch 2007a and b). While regional higher education systems grow apace, particularly in the private sector, as was seen above, it is not clear that regulatory capacity, and in some cases transparency, has always grown in parallel, in either size or strength.

Internationally, a significant element of higher education reforms in recent years has been changes to governance. As the goals of higher education have been revised, against the background of a complex and shifting environment, so too has the governance of higher education (OECD 2003, Amaral, Jones and Karseth 2002, Amaral et al. 2003). A key element, common to many systems of higher education, including in the Asia Pacific, is the move towards devolution, from a pattern of strong centralization. While governments retain a strong interest in higher education, and in particular its capacity to contribute to national economic development, devolution to institutional

level is seen as a means to ensure flexibility and diversity. In Indonesia, for example, educational decentralisation in higher education was trialled via a pilot scheme in five public higher educational institutions (HEIs), which were accorded the new status of *Badan Hukum Milik Negera* (BHMN), or ‘State Owned Legal Institution’ (Welch 2007a). By virtue of this new status, the selected HEIs were authorised to create new patterns of student recruitment, which would, *inter alia*, have the effect of garnering greater financial support from students and their families

At the same time, however, HEIs are caught in something of a dilemma. On the one hand, the increasing mismatch between ever-increasing enrolment demand, and limited state capacity, means that public HEIs are being pressured to diversify their income sources, while the private sector expands to respond to unmet demand. Both trends are evident in the Southeast Asian systems treated here. This may add little if anything to teaching quality, or research output however; indeed, there is evidence in several SE Asian systems that it may weaken each, with academics from the public sector being either poached to work in the private, or increasingly moonlighting there (Welch 2007a).

On the other hand, while governments tout the virtues of devolution, institutions find themselves pressured by more intricate regulatory architecture, which sets real limits on their capacity to implement devolution effectively. While state funding per student plateaus, or even declines, governments demand more and more accountability, a process that has been characterized as more like accountancy, as rule by performance indicator increasingly burdens academic work and life (Welch 1998). In the process, devolution has been characterized as a form of centralized decentralization (Lee and

Gopinathan, 2004, Mok 2004). Many critics seriously question the extent to which the much-touted institutional freedom to run their own affairs is genuine, or illusory, against such a backdrop. Certainly, regional evidence shows that decentralization of governance (Aspinall 2004), and education at other levels, has not been without its problems (Surakhmad 2002, Amirrachman, Syafi'i and Welch 2008), while in higher education too, problems persist, as is seen below.

THE IMPACT OF LIMITED INFRASTRUCTURE

In a curious irony, it can be argued that the increasing demands of governance impose real limits on governability in South East Asian universities. While regionally, devolution has been accompanied by increased demands for performance data, and a move to discretionary funding for which HEIs must compete, little or no additional personnel, or other resources, have been made available to respond to such trends. At the same time, governments, too, are under pressure, often with very limited resources available within agencies and ministries charged with the regulation of quality and propriety in higher education. Given the less-developed status of all but one of the SE Asia Five, personnel with which to perform such regulatory tasks are limited, and high-level training of such staff can not always be assumed.

This has long been problematic, but has become more so, in light of several factors. The rise of mass higher education systems, and larger numbers of institutions, make the mechanics of ensuring quality control difficult, even among the public system. The rise and complexity of the private sector, sketched above, has made the job even more complex, with in some cases the total number of HEIs nationally rising to more than 1,000. Most recent figures for Malaysia show 533 private HEIs of non-university status

(MOHE 2006: 257), while in Indonesia, for example, there are two categories of private HEIs, *terakreditasi* (accredited) and *tidak terakreditasi* (non accredited). The latter are quite widespread. Geographic dispersal adds to these difficulties—although in the early 1990s, some 25% of all private HEIs were still located either in Jakarta (16.4 per cent) or East Java (9.6 per cent), for example, (Pardoen, 1998, p. 28) the proliferation in recent years of private HEIs (PHEIs) well outside the major cities, itself yields its own difficulties:

... such a big number of PHEIs presents problems, especially when dealing with the quality control of the education they offer ... the controls sound weak due to the fact that monitoring activities are not easy, and necessitate a high cost because some of the PHEIs are in scattered areas. Generally, the problems of monitoring PHEIs lead to several particulars concerning government policies, quality control and financial matters.’ (Hadijardaja, 1996: 42).

Lastly, the rise of trans-national higher education and cross-border programmes and institutions make the regulatory challenge even tougher (Knight 2007), for already hard-pressed national regulatory agencies. While many trans-national institutions and programmes act ethically, and are of high quality, there are numerous regional examples of bogus ‘cyber universities’ and virtual diploma mills.

TRANSPARENCY: THE IMPACT OF CORRUPTION

Lastly, it must also be acknowledged that SE Asia is not free of corruption, and that this also permeates higher education, at times. While most university staff, both academic and administrative (sometimes they are the same individuals) throughout the region work hard

under challenging conditions, including the aforementioned poor remuneration rates and very limited resources, there are some who perform less honourably.

Transparency International's 2006 Corruption Perceptions Index (CPI), points to a strong correlation between corruption and poverty, with a concentration of impoverished states at the bottom of the ranking. "Corruption traps millions in poverty," according to the Chair of Transparency International, Huguette Labelle.

Despite a decade of progress in establishing anti-corruption laws and regulations, today's results indicate that much remains to be done before we see meaningful improvements in the lives of the world's poorest citizens. (Transparency International 2006)

The 2006 Corruption Perceptions Index (www.transparency.org) is a composite index that draws on multiple expert opinion surveys that poll perceptions of public sector corruption in 163 countries around the world, the greatest scope of any CPI to date. Scoring countries on a scale from zero to ten, zero indicates high levels of perceived corruption, while ten indicates low levels of perceived corruption.

A strong correlation between corruption and poverty, evident in the results of the CPI 2006, affects the SE Asian Five significantly. Public sector wages in all but Malaysia are poor, and moonlighting common. Indeed, the correlation between poverty and corruption is underscored by the fact that only Malaysia scored 5.0, while others ranged from 3.6 (Thailand), 2.6 (Viet Nam), 2.4 (Indonesia), and 2.5 (Philippines). Moreover, there is evidence that, while some among the SE Asia Five have made progress in controlling

corruption in recent years (notably Malaysia and Thailand), the situation has worsened in Indonesia, Viet Nam and the Philippines (UNDP 2005: 41). As seen below, higher education is not immune to such effects.

Westcott's analysis of corruption in SE Asia provides some example of the general effects of pervasive corruption (Westcott 2001, IHT 2001). He cites, for example Thailand's National Counter-Corruption Commission's (NCCC) estimate that up to thirty percent of government procurement budgets may be lost due to corrupt practices. At the lower end, this would almost equal the entire budget of the Ministry of Agriculture. At the upper end, it would exceed the combined budgets of Agriculture and Public Health (Westcott, 2001: 252). Data from Viet Nam cite reports showing that nearly one third of Vietnam's public investment expenditure in 1998 — equivalent to five percent of GDP — was lost to fraud and corruption, and the situation hasn't improved since then." (Westcott, 2001: 258). As elsewhere in SE Asia, the situation is not helped by poor public sector pay, and widespread moonlighting, (Welch 2007a and b).

Education effects, at all levels, especially for the poor, are clearly evident, as illustrated in the following example, taken from the Philippines:

Corruption ... has an impact on the health and education of the poor. ... it reduces test scores, lowers national ranking of schools, raises variation of test scores within schools, and reduces satisfaction ratings. ... corruption affects public services in different ways than urban areas, and ... harms the poor more than the wealthy (UNDP 2005: 44).

Specific effects on higher education are revealed in the two following examples. The first occurred within Indonesia, where a private HEI's Faculty of Engineering, facing an upcoming evaluation of its facilities by the national regulatory authority (BAN), and well aware that its level of engineering infrastructure was inadequate, adopted a strategy designed to circumvent the problem. Unwilling to accept the consequences of a poor rating, the Faculty of Engineering approached local engineering firms, to borrow numerous items of major equipment. The day after the successful inspection, which ultimately yielded a satisfactory B rating, all items of equipment were returned, leaving students just as bereft of much necessary equipment as before. Such stories are not uncommon: 'Many private schools provide engineering education without sufficient equipment to support the curriculum and end up compromising the quality of their graduates' (Buchori & Malik, 2004: 262). The need for a more effective regulatory regime is now widely acknowledged, against a background where the widespread culture of corruption (known in Indonesia as KKN – *Korupsi, Kollusi and Nepotism*) has the capacity to undermine the effectiveness of quality assurance procedures (Kompas, 2002, Transparency International). Indeed, one of the impacts of devolution in Indonesia in recent years is sometimes said to be the export of corruption to the local level (Amirrachman, Syafi'i and Welch 2008).

The second set of examples comes from Viet Nam, where in 2001, serious problems surfaced at certain private HEIs. At least two difficulties became apparent in the course of the official police investigation. Each also arguably related to their status as non-state institutions, ineligible for public funds. The first issue was that of over-enrolment, in a situation where the Ministry of Education and Training (MOET) sets legally defined enrolment limits for such institutions. Dong Do University was found by MOET to have over-enrolled - to the tune of 2.8 times its MOET quota. Thus for the academic year 2001/2 alone, Dong Do had enrolled

4,205 students, rather than its allotted 1,500. Interestingly, however, the problems had been known for some years:

The Dong Do University scandal first surfaced in October 1998 when officials of the Ministry of Education and Training found that the number of students admitted to the university far surpassed the permitted figure. (Viet Nam News 2002a)

The second issue was one of entry standards. While this may be seen as simply an issue of quality, it was alleged in 2001 that the leaders of Dong Do had been routinely accepting bribes by students or their families, in order to secure entry to the institution. This, too, is strictly illegal, but allegedly occurred, in an effort to boost numbers of enrolments and income levels.

Once again, the official MOET investigation did indeed uncover substantial breaches - papers were given marks of eight or nine out of ten, at times by unqualified markers, when their real grade was assessed at as low as 0.5. Several dozen students were accepted for enrolment without even being on the list of students for selection. Another 380 had no upper secondary graduation certificates at all. All in all, some 80 per cent of students accepted for enrolment at Dong Do were found to have scores lower than that reported by the university Council, while some had had their marks increased by re-scoring. Beyond these serious breaches of procedure, the investigating team also found that the university had failed to build any facilities, offices or classrooms in seven years of operation, or to invest in enhancing the quality of academic staff. Facilities were assessed as not meeting the standards of a university. (Lao Dong 2002)

As a result of this investigation, Dong Do's 2002 enrolments were deemed cancelled, and the university given strict instructions to end such illegal practices. The Ha Noi police were called in to conduct an investigation, and if necessary, proceed to prosecutions against the Rector and other senior staff responsible. The Deputy Chair of its board of management was subpoenaed "... for his involvement in of the biggest scandals to date in the education sector." (Viet Nam News 2002a and b) The former director of its Training Department was also charged.

At times, too, gamekeeper has turned poacher. In a separate case in 2002, two senior MOET officials, both at Deputy Minister level, were either reprimanded or sacked, after their involvement in the 'Asian International University (AIU)' scam was revealed. Both officials were linked with the '...bogus university, which set up shop in Viet Nam, and enrolled thousands, awarding worthless paper degrees.' (Viet Nam News 2002c) After being in operation for five years, AIU, which was established in 1995 in cooperation with Hanoi University of Foreign Languages, ceased pretending to be a university, leaving more than two thousand students stranded, having lost hundreds of thousand of dollars. (Le and Ashwill 2004) In another incident, the so-called American Capital University (ACU) offered an MBA programme, together with a partner, the variously titled Singapore (later Senior) Management Training Centre. Both institutions are now defunct, again leaving numbers of students thousands of dollars out of pocket. (Ashwill 2006).

What are the implications of the above examples for access and equity? The Indonesian example clearly raises issues of access, since if the process of accreditation had proceeded in a transparent manner, the ability of the institution to recruit would have been crippled. Equity is also implied, since under the current regime, students are being denied access to good quality engineering education, notably of relevant facilities and equipment. Of the

Vietnamese cases, Dong Do could be said to represent widening of access, albeit illegally, but at the cost of quality, since students were able to enter at scores well below that normally deemed acceptable. The cases of the bogus AIU, and ACU, represented a loss of both access and equity, leaving many families out of pocket, having paid fees in good faith to institutions that proved in the end to be little more than shopfronts.

CONCLUSION: BLURRING BORDERS, CHANGING BALANCE.

If, as is evident above, expanding access to higher education is largely occurring through expansion of the private sector, as is currently the case in many parts of the world (Altbach 1999), the question of the impact of such a new balance on equality must be addressed:

.. there is another important downside to private financing – it may preclude the enrolment of deserving students who do not have the ability to pay, and often evokes resentment among students who do. Means-tested scholarship and loan programs are one possible approach to addressing this problem, but they have proven very difficult to administer due to the difficulty of assessing ability to pay, sometimes exorbitant administrative costs, corruption and high rates of default. (World Bank 2000: 57)

The ongoing failure of student loans in the Philippines, and Thailand illustrate such difficulties (Welch 2008b). At the very least, there is a heightened need for regulation, and Quality Assurance (QA), in such a new context where there is likely to be a growing number of domestic and international private providers, some of whom are worthy, and others little more than shopfronts or (cyber) diploma mills. As indicated above, already, the Rector of one of the larger and more longstanding ‘People’s’ universities in Viet Nam was placed under police investigation, allegedly for both exceeding his enrolment quota by a huge margin, and

for taking bribes to allow students with poor marks to enrol. In Indonesia, and in others of the SE Asia Five countries, further examples of corrupt practices and cheating exist. Such stratagems were driven, at least in part, by the need - or greed - for funding, as well as poor public sector pay, and a culture in which lack of transparency is widely accepted.

Despite the undoubted need for careful regulation of the higher education sector, and the importance of promoting quality, it will not be easily or simply accomplished:

.. in most developing countries, no clearly identified set of individuals or institutions is working to ensure that all the goals of the country's higher education sector will be fulfilled.

A coherent and rational approach toward management of the entire higher education sector is therefore needed. .. Policymakers must decide on the extent to which they will guide the development of their country's higher education sector, and the extent to which they think that market forces will lead to the establishment of and operation of a viable system.

Overall, the Task Force believes that government guidance is an essential part of any solution. (World Bank 2000: 58)

The case of the Philippines where, as was seen above, until recently more than 80 per cent of all HEIs are private, illustrates the difficulty clearly. In a political system, where every legislator sees it as part of their legacy to create an HEI that will be named after him/her, the proliferation of small, poor-quality institutions is a longstanding problem. Faced with this difficulty, efforts were made during the 1980s to introduce a national system that regulated the establishment and operations of private HEIs. The ensuing stout opposition by the private sector, many of whom argued that the regulations threatened the financial viability of their institutions, forced the abandonment of the scheme, and a reversion to a *laissez faire* pattern

occurred. It is for such reasons, for example, that all but a few HEIs in the Philippines – public and private - are regarded by both domestic experts and external accreditation agencies as falling well short of international degree-level standard.

Finally, given the swiftness and the extent of the transformation, which is seeing public HEIs introducing fees, at times quite high, and employing all available strategies – and stratagems – to diversify their funding base, are the boundaries between public and private likely to be as clear in the future as in the past? Just as trans-national HEIs and programmes are breaching national borders on an unprecedented scale, are we likely to see a further blurring of borders between public and private in higher education?

Private higher education is one of the most dynamic and fastest-growing segments of post-secondary education at the turn of the twenty-first century. A combination of unprecedented demand for access to higher education and the inability or unwillingness of governments to provide the necessary support has brought private higher education to the forefront. Private institutions, with a long history in many countries, are expanding in scope and number and are increasingly important in parts of the world that have relied on the public sector. A related phenomenon is the ‘privatization’ of public institutions in some countries. With tuition and other charges rising, public and private institutions look more and more similar.” (World Bank 2000: 58)

In such circumstances, the challenge to access and equity in higher education in SE Asia remains substantial. The second function of universities listed above by Castells, the selection and training of elites, is being distorted by increases in fees, that are excluding the poor from both private, and increasingly from public, HEIs. Adding to the problem is

corruption - an ongoing problem, with clear implications for access and equity. Hence, while the rise of private higher education ensures that access to higher education will continue to expand (albeit less so in the Philippines where access is already substantial), equity, particularly in terms of access to good quality higher education by the poor, will likely continue to be quite limited.

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