

# GEPS



Globalisation, Education  
& Social Policies



# GATS, TISA AND “EDUCATION SERVICES”

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# Overview

1. Introduction: Why is governmental authority in education important?
2. What are the main concerns with trade agreements in the education community?
  - a) Policy space
  - b) Quality control
  - c) Undermining development
  - d) Trade negotiations rationale
3. Conclusions

# The importance of good quality education for all

- Education is a human and social right with a value by itself, but also conduces to:
  - Greater civic engagement or the promotion of attitudes and behaviour favourable to social cohesion (Dee 2003)
  - More and better research, which usually reverts in society (Agasisiti 2007)
  - Lower crime rates (Salerno 2004)
  - Better health and children survival (UNESCO 2012)
  - Demographic control (UNESCO 2012)
  - Faster rate of productivity growth (Krueger & Lindahl, 2001)

# Governmental authority in education

- The fact that education is a basic HR, and the positive externalities of education have traditionally supported:
  - Strong public policies in education (in terms of public funding, regulation, provision, quality assurance, evaluation, etc.)
  - Governments promoting equality of educational opportunities
  - The conception of education as a public good (vs an economic service)

# UNESCO WORLD CONGRESS ON HIGHER EDUCATION 2009 - Final Communiqué (first draft)

- “Trade in services is a manifestation of globalization that has caused great concern in the academic community; in particular with GATS under the WTO. Member States should not consider higher education as a commercial transaction...”

# The 'free trade argument' in favour of education liberalization

*“The application of WTO/GATS rules to international ventures of higher education proposes an environment covered and protected by international rules and reduces the risk for investors. In consequence, there can be more investment, which leads to more competition, which gives a boost to productivity. In addition, rate of return expectations can be lowered, which makes it far easier to build international education capacity” (Czinkota 2006: 150).*



# What are the main concerns with trade agreements in educational governance?

1. Policy space
2. Quality control
3. Undermining development
4. Trade negotiations rationale

# 1. Policy space

- Regulations affected by trade agreements:
  - Qualifications requirements, international certification, subsidies, royalties, authorization to for-profit providers, technical standards.
- These regulatory decisions are key to define the nature and quality of education services.
- Decisions to be taken by democratically elected governments or by international organizations with an educational mandate (UNESCO).



## 2. Quality issues (i): Quality standards as a barrier to trade?

- GATS art. VI on domestic regulation could be used to establish that certain quality standards and regulations are “more burdensome than necessary” for international trade.
- The quality assurance systems of certain member countries could become challenged by the dispute settlement body of the WTO.

## 2. Quality issues (ii): Controlling virtual education

- Many countries, primarily in the developing world, do not count on an adequate regulatory framework to assess and control education quality.
- The number of substandard education providers and the number of diploma mills has increased drastically in recent years in developing contexts.
- Virtual education, which is an area in expansion and that has become increasingly complex with the MOOCs phenomenon, is a growing concern from the quality assurance perspective.

## 2. Quality issues (iii): The free-trade/quality trade-off

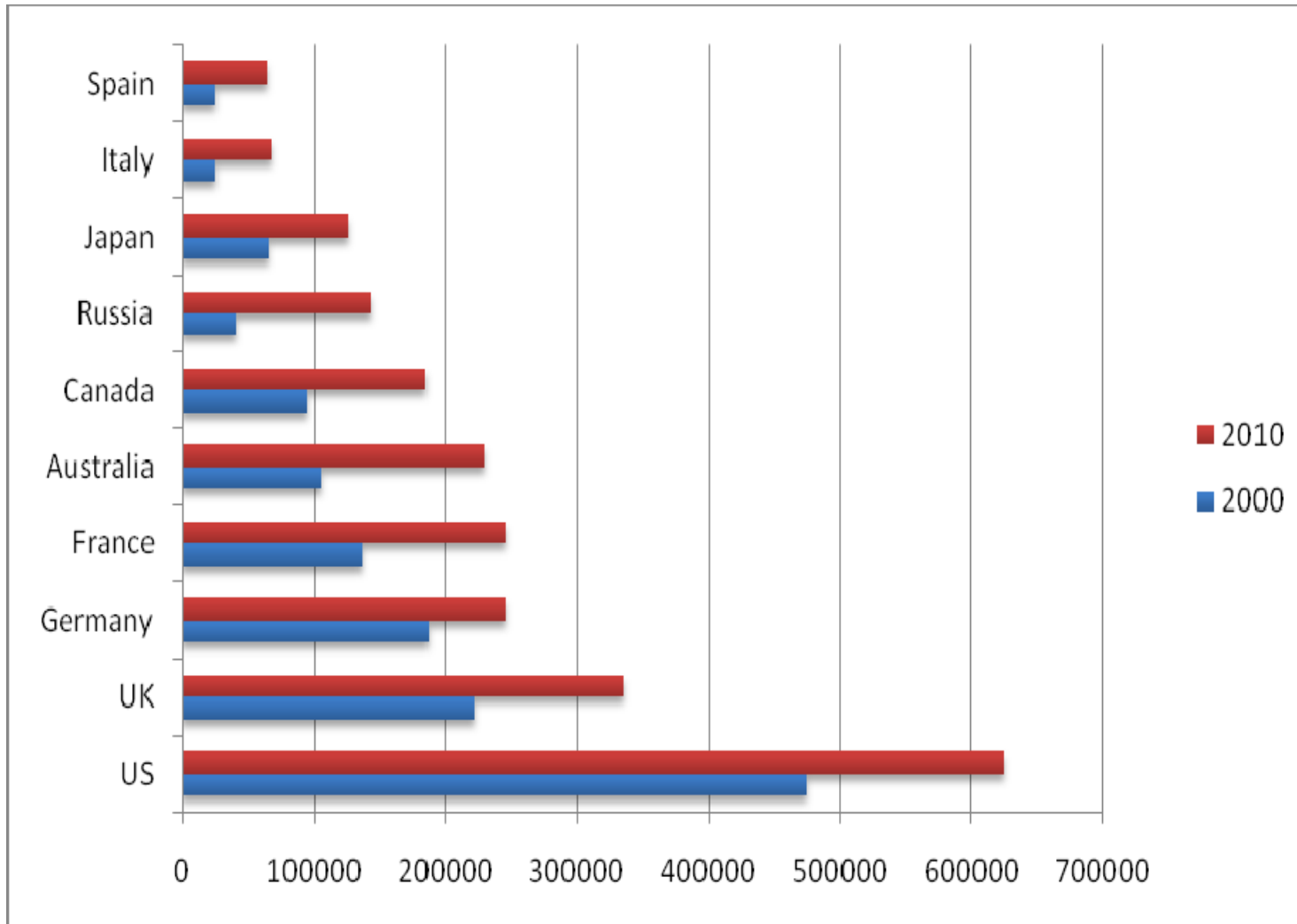
- Comparative advantage theory > the most efficient providers will survive in an internationally liberalized market.
- However, in a 'global education market' many providers will compete via prize and resources rationalization.
- Such a conception of 'efficiency' will affect negatively education quality, especially when translates into:
  - paying teachers poorly,
  - obsolete technology,
  - substandard libraries and laboratories.

## Quality (iv): Are transnational providers better? Laureate in Spain as an example

- Private universities, and especially international private universities, are basically teaching universities.
  - Most competitive research in Spain is done in public universities (99% according to *El Pais*).
  - In 2011, 95% of the PhD theses completed in Spain were done in public universities, only 5% in private ones.
  - Almost 70% of academic staff in public universities have a PhD. Only 39% in private universities, and 17.6% in *Universidad Europea de Madrid* (from the Laureate consortium)

### 3. Development concerns (i): Who is benefiting from trade in education?

Number of international students (mode 2) in tertiary education



### 3. Development concerns (ii): undermining domestic providers

“If educational borders are completely open, the strongest and wealthiest education providers will have unrestricted access. Countries and institutions that cannot compete will find it difficult to flourish. This means that developing countries and smaller industrialized nations will be at a considerable disadvantage. Local academic institutions will find it difficult to compete with providers that choose to set up institutions in their country.” (Altbach 2002, 5)

## 4. The negotiations' rationale

In the context of the GATS negotiations, many countries do not negotiate education on the basis of the needs and/or potential of their own national education systems.

They do not even follow a 'free-trade' rationale, but a mercantilist one. As Krugman said once:

*“Anyone who has tried to make sense of international trade negotiations eventually realizes that they can only be understood by realizing that they are a game scored according to mercantilist rules, in which an increase in exports – no matter how expensive to produce in terms of other opportunities foregone – is a victory, and an increase in imports – no matter how many resources it releases for other uses – is a defeat.”*

WTO/GATS and the Global  
Politics of Higher Education

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## Mercantilism > education as a bargaining chip

“We always perceive services as a bargaining chip; we could make concessions if we get something back. That is our basic logic for negotiating services. The premise that “liberalization is good” doesn’t work with us. We do not believe in this doctrine; in fact, this discourse sets my nerves on edge. Here, nobody believes it, not even their preachers [referring to the WTO staff] believe it.”

*(Interview Trade negotiator 01, Geneva, 2006)*



## More examples:

- I always see the services area as an instrument of developed countries for opening new markets, which is totally legitimate... [However,] we are not going to improve our current services offer, which is actually a good offer, without receiving something in exchange, [and not just] receiving empty promises in agriculture. (Interview *Trade negotiator 15, Buenos Aires, 2006*)
- Education? No, we don't have any commitment at the WTO level. Neither have we received any demand on education. We will only commit education if we can receive something in exchange (...). In the end, we present an all unique list, we do a general balance and education is just one part. (Interview *Trade negotiator 07, Geneva, 2006*)

## To conclude

- Education is a social right with very positive externalities for individuals and societies, which justify public intervention to promote quality education worldwide.
- Internationalization, mobility and exchange of scholars/students can contribute greatly to quality education.
- Problems come when internationalization in education is driven by free-trade rules and the logic of profit.
- As we have seen, such rules have the potential to undermine education quality procedures, education development processes and, overall, the democratic control of education systems.