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## IN FOCUS

How are financing models influencing the future of higher education?

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while higher education institutions are pushed towards being interested primarily in profit, similar to producers operating in the private sector. Marketization of higher education that comprises introduction of contractual funding (or performance agreements) with higher education institutions leaves the state still in the position of highest power. However, if marketization stresses the choice of users, e.g. through the introduction of voucher funding, it puts students in the “highest power” position. There are also systems in which marketization of higher education includes a significant deregulation of provision, putting the rights of students in the background, thus empowering higher education institutions. The allocation dimension relates specifically to how higher education is funded and who can access it. Many marketization reforms have comprised a shift towards increasing private contributions – often dubbed “cost-sharing”. In some cases, this shift has been accompanied by introduction of various student selection mechanisms, such as entrance exams.

Combined, the two dimensions lead to six distinct types of arrangements, or rather six distinct paths towards marketization of higher education. They also highlight that the answer to the question who are the winners and losers of the process of marketization can vary. Some market reforms actually lead to decreased professional autonomy in higher education or decreased possibility for some students (e.g. those from lower socio-economic backgrounds) to choose what kind of higher education they want. Other market reforms may privilege a handful of private higher education institutions, by giving them the right and the funding necessary to provide education in strategically important areas (e.g. medicine, law, civic engineering etc.).

This goes to show that marketization reforms are rarely inherently good or evil for the sector. Instead and depending on which instruments are employed, marketization of higher education may lead to rather distinct outcomes concerning which of the three main actors (or subsets thereof) profit from the new arrangement. After all, there is not one form of market-based steering with similar implications across all contexts but rather a wide set of reforms that can empower different stakeholders to a varying extent. Subsequently, also the assumption that market-based reforms will lead to increased efficiency in the sector has to be questioned in the light of the plethora of possible reform trajectories. To properly grasp the implications and outcomes of marketization in higher education, we have to move beyond a dichotomous understanding of these reforms and analyse them in greater detail to fully assess their effects on different stakeholder groups as well as the efficiency of the sector as a whole.

## 15 Private funding and its dangers to academia: an experience in Switzerland



by **Manuela Hugentobler**, MLaw, Ph.D student, assistant in teaching and research at the Institute for Public Law, **Markus Müller**, Professor for constitutional, administrative and procedural law & **Franz Andres Morrissey**, Senior Lecturer for Modern English Linguistics, University of Bern, Switzerland

Academic freedom, a deep-rooted right in the Swiss Constitution, is in danger. Private sponsorship agreements, covertly negotiated between university administrations and big companies, are becoming increasingly vital for the finances of Swiss universities. Federal and cantonal governments foster this development by imposing austerity measures on the one hand, and by rewarding growth in private third-party funding with additional federal subsidies.

### Concerns regarding private funding of Swiss universities

The typical Swiss university obtains stable core funding from one or several cantons of the Federation (1), charges low tuition fees and values research and teaching equally. Generally, private non-profit and for-profit higher education institutions are not widespread in Switzerland. Nevertheless, Swiss politics and administration promote the development of the “entrepreneurial university” (cf. Mautner 2005) and seeking private funds for higher education. There seems to be a shift from an understanding of higher education as a public good to an understanding where higher education institutions are perceived as market players.

Closer ties between science and the economy have been developed recently. Journalists found a considerable number of contracts, which were previously withheld from the public (2). In 2012, an agreement between the University of Zurich (UZH) and the Union Bank of Switzerland (UBS) came to the public’s attention. On the occasion of the bank’s 150-year anniversary, UBS decided to invest 150 million Swiss Francs (about 125 million Euro at the time) in education. However, both UBS and UZH refused to disclose the details of their agreement (Hänggi, 2013, 10ff; see also Bradley, 2013). Whereas there had been discussions about private sponsoring in Switzerland (for examples, see Hänggi, 2013, 169ff), before the news of

this arrangement became known, mainly among academics, the deal between university and bank created a modicum of public interest in the subject.

Nevertheless, the Federation and the cantons continue to promote private funding of research and the transfer of its results into marketable products: more collaborative projects between industry and academia are created, more deals between them made (Cf. Müller, 2014, 382f.). However, it is only now becoming apparent that all private contributions, trifling, as they may seem, may pave the ground for extensive sponsoring agreements (Cf. Slaughter, 2004, 9).

### Independence and the appearance of bias

Fortunately, the Swiss constitution does not leave academics entirely to the tender mercies of the times; under the heading 'Academic Freedom', it unequivocally states: 'Freedom of research and teaching is guaranteed' (4). Legislators, administration and judges are therefore called upon to protect and defend academic freedom against illegitimate interference (Schwander, 2002, 134; Müller, 2014, 384ff.). Freedom and independence, like transparency, are thus pivotal elements in academic research and teaching. Yet, the fact that a researcher is actually able to conduct research free from external influences does not in itself satisfactorily meet the constitutional requirements, nor does it fulfil the expectations of society. It is of utmost importance for research and teaching not only actually to be independent, but also to ensure that this freedom of science, of independent universities and autonomous academics is perceived as such in society. The mere *appearance of bias* as a result of outside pressure must not be ignored (Müller, 2014, 387).

Private sponsoring may well result in a fundamental, possibly subliminal, flawed perception of research outside its field. Even if there is no tangible evidence of direct influence on the part of the sponsor, privately-funded projects will arouse suspicion: the subtle psychological effects on academics collaborating with industry are widely known and proven (Adam, 2013, 407ff). The possibility of sponsors influencing research agendas can never be ruled out completely (Cf. AAUP, 2014, 99f). In other words, in such a situation the appearance of a conflict of interest remains, even if academics are not bound to and have no intention of acting in favour of their sponsors (Hänggi, 2013, 70f).

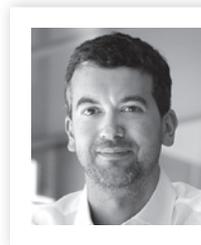
### The implementation of a constitutional right and obligation to protect

The first responsibility of governments therefore is to avoid financial dependence of its universities. The state has to provide regulations and financial support which prevent universities from having to depend on unreliable, short-term funding, which may even be contingent on externally imposed conditions, but to enable them to strategically identify the partnerships that would actually benefit their *research*.

Furthermore, in Switzerland a lot of research is already carried out by private companies in entrepreneurial settings and with business funding, motivated and shaped by and limited to market requirements. It then lies within the responsibility of the public universities to cover a large variety of research fields and to address, not least, research issues with limited commercial appeal (addressing, for instance, medical needs in developing countries) (Hugentobler *et al* 2017), as opposed to those meeting mainly the research desiderata of the business world (Müller, J.-P., 2008).

Even if academia were to open itself to an increase in private funding, the community should make a decision only after a rigorous discussion of current developments and their results. Academics need to take a stand in the public debate to insist on scientific research independent of commercial considerations because 'there is nothing better than good science to help us to see further and it is therefore too important to allow it to become just another human exercise in chasing targets instead of truths. [...] We need to save scientific research from the business it's become.' (Jha, 2016)

## 16 Time is money: disentangling higher education cost-sharing and commodification through deferred graduate retirement<sup>2</sup>



by **Bilal Barakat**, Senior Policy Analyst, UNESCO Global Education Monitoring Report<sup>3</sup>

To date, policy proposals for raising the share of private funding centred on a relatively small number of alternatives, namely full public funding, tuition fees, either up-front or delayed and income-contingent, or a surtax on graduate incomes. However, the tools currently available have proven too limited to create a broad consensus among the different stakeholders and political camps. Progress could be made by disentangling the question of economic burdens and incentives at the individual level from questions of commodification and marketization at the institutional level.

One way to achieve this would be to increase the statutory retirement age for higher education graduates relative to non-graduates. In principle, the resulting decrease in future public

2. A longer version of this article was published as: Barakat, B. 2018. "Time Is Money: Disentangling Higher Education Cost-Sharing and Commodification Through Deferred Graduate Retirement." *Higher Education Policy*, 31 (3): 289–307.

3. This article reflects the personal views of the author, not necessarily those of UNESCO or the Global Education Monitoring Report.