The American mixture of higher education in perspective: four dimensions*

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Abstract. Several nations are currently considering 'privatization' of parts of their higher education systems. This paper, mainly based on the American experience, examines 'privatizing' public institutions as an alternative to establishing solely 'private' institutions.

Institutions are analyzed along four dimensions: (1) ownership (public or private); (2) control (external or internal); (3) financing (public or private funds); and (4) mechanisms for public financing (who controls fund distribution and how). There are varying mixtures along these four dimensions both within countries and around the world, with the American system exhibiting the widest range of combinations. Six categories are described, including four common in the U.S.: “I. Independent private”, where institutions are independent in ownership, in control, and in basic financing; “II. Dependent private”, independent in ownership and financing but dependent in control; “III. Independent public”, dependent in ownership but independent in control and substantially independent in financing; “IV. Semi-independent public (state/guild type)”, dependent in ownership, mixed in control, and heavily dependent in financing (less common in the U.S., but typical of Italy and Latin America); “V. Semi-independent public (state/trustee/guild type)”, where control is shared among state, academic guilds and lay boards of trustees but with mainly state-controlled financing; and “VI. Dependent public”, the model in the Communist nations.

Kerr traces the historical path that led to the mixed American system and examines some of its positive consequences, which include institutional autonomy, diversity, and flexibility. Negative results include possible over-responsiveness to short-term pressures, as from the labor market or student preferences for courses of study, and from supporting business or industry.

The author concludes that the American experience with 'privatized' public institutions may serve as a model for those elsewhere who now seek greater institutional differentiation, autonomy, and flexibility within national systems of higher education.

The understanding of systems of higher education is impeded not only by their inherent complexities but also by the tendency to over-simplify their descriptions. In the American system, for example, it is misleading to separate it solely into 'public' and 'private' segments, by ownership, which misses a great deal of reality. There is, more generally, a regrettable tendency to overemphasize the importance of (1) ownership as against (2) actual control, and, also, to look only at (3) the sources of financing as against (4) the mechanisms of financing.

In the current concern for 'privatization' of higher education in several countries of the world (Geiger, 1988; Research Institute, 1987), it is assumed that the best way to 'privatize' is by having 'private' institutions when a more universally effective way may well be to privatize 'public' institutions.

These points are made below, mostly by reference to the American system, by looking at four major dimensions and their variations.
The American mixture is now of interest elsewhere, at least in the UK, as recently stated by the then Secretary of State for Education and Science: “the diversity and flexibility so evident across the Atlantic represents the future toward which we in Britain – and, I hope, throughout Europe – will want to move” (Baker, 1989). What forms might this ‘future’ consequently take? The American mixture is also of current concern in the United States, as the private sector has declined from 50 percent of enrollments in 1940 to 20 percent now, lest this decline reduce, in particular, ‘diversity and flexibility’. Is this necessarily so?

So what is the American mixture particularly of controls within ownership and of methods of distributing funds within sources of funds?

Four dimensions

Dimension one is ownership – public or private; yet the University of California ('public') is much more like Stanford ('private') than like Moscow (also 'public').

Dimension two is control – whether essentially external or internal and, in each case, by whom and for what purposes. The basic difference between Moscow and California is that control is heavily external in the former and internal in the latter.

Dimension three is financing – private or public funds in terms of origin.

Dimension four is mechanisms for public financing – public funds treated as public versus public funds treated as private; in other words, who controls the specific distribution of the funds. There is, of course, also the possibility and sometimes actuality of private funds treated as public.

In the American context: ‘private funds’ include gifts and grants, income from endowments, tuitions and fees, income from auxiliary enterprises, and sales of services. ‘Public funds treated as public’ are appropriations for specifically designated purposes, in the extreme in the form of line-item budgets. ‘Public funds treated as private’ include costs of public loans and grants to students, public research grants and contracts awarded to faculty members, and lump-sum state appropriation to institutions.

Concentration alone on any one of these four dimensions, particularly the first and the third, gives not only too simplistic a view of higher education but can result in a false one as well. Some institutions ‘public’ in terms of ownership but with control by lay boards and/or faculty guilds, are more private, in the sense of independent, than are some ‘private’ institutions where control is by some churches at some places and at some times in history. And some ‘private’ institutions appear more ‘public’ when looking only at their funding sources than some ‘public’. Total expenditures by ‘private' Cal Tech,