

WTO and Higher Education

Introduction

“Contrary to popular belief, there is significant trade in higher educational services: a rough estimate puts the value of this trade at about \$ US30 billion in 1999, equivalent to 3 per cent of total services trade in OECD countries” (EIM, 2002)

Various sectors of the General Agreement on Trade in Services (GATS) is under consideration of the World Trade Organisation (WTO) and it would take the center-stage of discussions during the next round of meetings. Nations like India, which are signatories to the WTO have to prepare themselves for the discussions on various sectors including education. The WTO says services including education must be “Least Trade Restrictive” i.e. member nations must be prepared to accept market mechanisms for the sector.

The discussions on GATS has by proxy opened the debate on the processes and practices of institutions of higher learning and the diminishing role of the State in funding education as a welfare activity. In this unit, we analyze how the WTO proposals would affect education in India and other developing countries and also highlight some measures we must take to prepare our institutions for the future.

Learning outcomes

After going through this unit you should be able to

- explain the major provisions made by WTO under education;
- describe the major sectors as listed under GATS and their implications;
- examine the main policy issues and concerns emerging out of viewing education as a ‘tradable commodity’.
- discuss the implication of the above on teachers and teaching;
- analyse the issues that emerge at the micro-level in educational processes as a result of GATs regime.

Providing education globally?

Apart from the argument that education is not a commodity to be traded but a service whose benefits accrue both for national and global development, let us consider the following.

Teaching is definitely the most important activity of academic institutions. Through teaching we reach to students the corpus of knowledge available to us. The teacher through his/her judgement purges out the irrelevant information or the content the clientele is not prepared to receive. Through personal or partly personal interaction and understanding of the clientele, the teacher modifies the content. In the absence of an understanding of the learner’s group, the content of education would not be relevant. After a thorough understanding of the clientele, the teacher also conducts teaching using different modes and technologies. This understanding also involves a thorough knowledge of economic, cultural, political, and social milieu of the learners and also the learning styles and preferences

of the learners. . To be precise, education can be made relevant for a large group with somewhat similar background, but how it can be made relevant for global dissemination needs to be deliberated seriously since it includes not only the knowledge content but more than that.

Education includes both teaching and research. Teachers disseminate in the classrooms the corpus of knowledge available to them in a particular discipline. Besides transferring the available knowledge teachers, are also expected to add to the outcome of the contemporary research of which they themselves become beneficiaries. More often than not, this research is also propelled by teacher student interaction. Bereft of research teachers would be just megaphones who would not be able to make a critique of the content and inculcate the curiosity in the learners which make them future scientists, reformers, thinkers, leaders and so on. Quite often, teaching and research are seen as two separate activities with no link. This lopsided view of education is likely to get a boost if teaching and generation of knowledge are separated spatially and temporally from their specific locales as is being envisaged.

In the following sections, we will discuss what is GATT and how it impinges on the fundamental understanding about what is education and also the teaching-learning process.

The World Trade Organisation (WTO)

Genesis

Before we look at the WTO proposals and details of education provisions, it is necessary to understand the importance and relevance of WTO as an international organization. The WTO came into existence in January 1995 as a result of the Uruguay Round of Negotiations replacing the General Agreement on Tariff and Trade (GATT) created in 1947. With the coming into existence of WTO, "services" were brought under the purview of WTO and the new agreement was known as the General Agreement on Trade and Services (GATS).

The WTO is a body governed by member nations. Most of the nations have already become members or are in the process of becoming members. The major decisions of GATS are taken in the Ministerial Conference which meets at least once every two years. The headquarters of WTO is in Geneva and the General Council takes day-to-day decisions.

Unlike the decisions of the international bodies like the UN, ILO, etc., the decisions of the WTO are enforceable through sanctions which in effect means the WTO has more powers than any other international body. In effect, WTO sanctions can overrule decisions of national governments. It has been expressed that the WTO is a body "policing" "free trade" in the interest of multinational corporations above all other's interests. Just to illustrate, WTO has declared US law protecting sea turtles and dolphins and the EU ban on hormone-treated beef as illegal. As WTO sanctions are coming into force, it is being felt that WTO is overruling the decisions of democratically elected governments and undermining democracy around the globe.

In 1996 the General Agreement on Trade in Services (GATS) was extended to educational services, in particular, higher education. Prior to emergence of WTO there was no multilateral agreement on services because services invariably are place specific and were considered to be non-tradeable. Education accounts for US \$ 2 trillion dollars of the work economy each year. The aim of GATS is to liberalize and increase international trade in education.

GATS works by getting member countries to sign upto particular areas or types of services in which they agree to treat foreign investors the same as domestic interests. For example, education is divided into five categories: primary, secondary, higher, adult and the other.

Countries however, can choose which categories they do not want to trade in and then make reservations to prevent trade of specific things within these.

As said earlier, like other WTO Agreements, GATS rules are legally binding on Governments. Although some GATS rules apply to all services many only apply to those services which each Government agrees to list in the agreement. However, GATS commits Governments to increase, over time, the range of services included in the agreement, without any review of its impacts. On the face of it, GATS professes not to cover government services. Education would normally be considered a **government service** and thus outside the scope of "free trade". However GATS defines government service as those "**exercised in the control of governmental authority**" and sees government authority as one that is "**supplied neither on a commercial basis nor in competition with other suppliers**". Because education system in most countries also has commercial tertiary education providers and private universities, these become part of GATS negotiations.

Although higher education has been "internationalized" for a very long time now, globalisation and the extension of the GATS to the education sector have considerably modified the environment in which higher education establishments must function. In a climate characterized by the growing mobility of persons, capital and knowledge, as well as by a sharp increase in the demand for higher education new information and communication technologies are today creating opportunities to broaden the market of education services.

GATS in Education Services

As of now, GATS rules will apply to services like 'Education' in the following ways. Under GATS rules, a **government cannot give better treatment** to local companies than to foreign companies. This is known as "national treatment", i.e., once a service provider from a member country enters another country, under specific commitment, it cannot be discriminated from other (domestic) service providers in the country.

Governments cannot limit the access of companies by limiting their numbers or requiring them to have local content or to train local people. There can be no limits on foreign investment and no requirements on foreign investors to contribute to local development.

To illustrate, Indian policies could be challenged on the following aspects:

- government funding of public services like health and education could be challenged by foreign corporations arguing for access to funding through competitive tendering;
- limits on foreign investment in industries like the media, telecommunications;
- requirements for Indian content in media which promote Indian culture and jobs;
- requirements that foreign investors train local people and use local products.

Secondly, that each member country will have to make a request offer for a particular service to be a part of the agreement. That is to say, it is voluntary in nature. It means, the country can decide which service sector they would like to cover under GATS rule.

Thirdly, a member maintaining practices that restrain competition (and thereby restrict trade in service) is directed to enter into consultation with a view to eliminate them, when requested by another member.

Fourthly, members have to ensure that all measures are administered in reasonable and impartial manner, establish judicial/arbitral/administrative institutions for review to ensure it and not introduce any regulation that affect operation of an agreement

The WTO has identified as of now, **four main modes of trade**, in education that receive legal protection through GATS:

- **Cross-Border supply (Mode 1)** of a service that includes any type of course provided through distance education, internet any type of testing service or educational materials that can cross national boundaries.
- **Consumption Abroad (Mode 2)** mainly involves the education of foreign students.
- **Commercial Presence (Mode 3)** refers to the actual presence of foreign investors in a host country.
- **Presence of Natural Persons (Mode 4)** refers to the ability of people to move between countries to provide educational services.

Education services are identified as of now in five main categories as follows:

- **Primary education**
- **Secondary education**
- **Higher education** including teaching of practical skills and theoretical educational services
- **Adult education** refers to all education services that are not in the regular school and university systems. This includes both general and vocational subjects, literacy programmes and any education services delivered by correspondence or broadcast.
- **Other education** services include anything not mentioned elsewhere, with the exception of recreational matters.

Sectoral Classification List	Relevant CPC No.	Definition/coverage in provisional CPC
C) Higher Education Services	923	<p>Post-secondary technical and vocational education services: Post-secondary, sub-degree technical and vocational education services. Such education services consist of a great variety of subject-matter programmes. They emphasize teaching of practical skills, but also involve substantial theoretical background instruction.</p> <p>Other higher education services: Education services leading to a university degree or equivalent. Such education services are provided by universities or specialized professional school. The programmes not only emphasize theoretical instruction, but also research training aiming to prepare students for participation in original work.</p>
D) Adult Education	924	<p>Adult education services n.e.c. : Education services for adults who are not in the regular school and university stem. Such education services may be provided in day or evening classes by schools or by special institutions for adult education. Included are education services through radio or television broadcasting or by correspondence. The programmes may cover both general and vocational subjects. Service related to literacy programmes for adults are also included. Exclusion : Higher education services provided within the regular education system are classified in subclass 92310 (Post-secondary technical and vocational education services) or 92390 (Other higher education services).</p>

E) Other education services	929	Other education services : Education services at the first and second level in specific subject matters not elsewhere classified, and all other education services that are not definable by level. Exclusions : Education services primarily concerned with recreational matters are classified in class 9641 (Sporting services). Education services provided by governess or tutors employed by private households are classified in subclass 98000 (Private households with employed persons).
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Figure 1 : Education services in the GATS scheduling guidelines and CPC

Source : United Nations, Provisional Central Product Classification, 1991.

GATS apprehensions amongst nations

Education is considered the process through which each nation maintains and transmits from generation to generation its culture and values. As discussed above the emerging stituation envisages a considerable "opening up" in the education sector. Most nations have apprehensions about the commitment of a foreign institution in incorporating and inculcating values relevant to the learners' country and culture. Not only that there are other apprehensions as well :

In whose service?

The service industry is dominated by Northern multinationals. Freeing up the trade in the services sector will benefit business houses and corporations. Infact, these have been the ones driving the GATS negotiations.

Gats negotiations

Negotiations are now underway which aim to extend the 1994 agreement. Governments are under pressure to drastically reorganize the ownership and delivery of services within their countries, and subject them to 'free trade' rules.

At the same time, negotiators from the world's richest countries are pushing for this liberalization process to be speeded up. But the GATS negotiations are extremely complex and technical. This puts many developing countries at a serious negotiating disadvantage, as they lack the necessary capacity and/or technical expertise.

The poor lose out

The GATS liberalization agenda threatens basic service delivery. If multinationals are seeking to make a profit out of water, health and education, those without purchasing power are likely to lose out. Recent water privatization in Puerto Rico has meant that poor communities have gone without water while US military bases and tourist resorts enjoy an unlimited supply. A system governed by people's ability to pay will not bring desperately needed services to the world's poorest people which includes education as well.

No going back

Moreover, the irreversibility of GATS will ensure that once governments have opened up particular service sectors to WTO rules, there is no going back. The decision of how to organize service delivery is effectively being removed from the political arena. In future, citizens will not longer have the democratic right to decide whether or not services should be regulated.

Source : (<http://www.eclipse.co.uk>)

Self-assessment

1. *Discuss the main features of GATS with regard to education. What is your opinion about education being seen as a tradable commodity?*

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Emerging forms of education

As should be clear by now, education - its notion and forms are undergoing a change. Infact, many such new forms are already functional. Before proceeding further let us take a look at this changing secnario in educaiton.

According to Woodhouse (2000), the following major forms of educational activities get manifest in a globalised world and these will get consolidated subsequently.

These are:

- Transnational education
- On-line education
- Distance education-online
- Collaborative education

These forms of educational activities are, however, not exclusive; a single educational activity may take two or more of these forms.

Transnational education

Transnational education refers to a situation where the educational provider and the students opting for education are located in different countries. The educational discourses between the educational providers and students are carried out through multiple means, namely, mail, computer network, teleconferencing, radio or television network, etc.

Some examples of transnational education are:

- **Branch campuses**

An education provider of one country sets up its branch campuses in the country where students seek admission to its programmes.

- **Franchises**

Education providers in one country approve education providers in other countries to provide one or more of their programmes to students of the host countries.

- **Twining**

When institutions in two countries agree to offer joint education programmes to students such an arrangement is called by this name.

- **Corporate Universities**

Many large corporations offer staff development programmes to their own staff across the world. Sometimes such programmes are linked to some formal universities so that employees of the corporations get credit for their studies.

- **Distance Education**

Distance education programmes are offered by leading Open and Distance Learning Institutions to students across the world through a variety of means which include correspondence, computer and satellite networking, radio or television broadcast and network of supporting institutions.

On-line education: The 'Virtual University'

The basic concept of virtual university is that there is no physical manifestation of the university or any educational institution. Students and teachers are in distant locations. Both of them are connected to each other for their educational discourse through Internet or on-line connectivity. Furthermore, the staff that develops programmes may not be those who support them, and those who assess them may be different again. Without a campus, the institution has been dubbed 'Virtual' (Butterfield et al. 1999).

Distance education on-line

Many face-to-face universities, which do not provide distance education through print or audio-video inputs, have started offering e-learning courses as part of their effort to develop on-line distance education. Such attempts envisage economies in staff costs. Once a course is created, it can be repeated to indefinite number of students without further staff intervention. Moreover, these courses provide wider students' access and facilitate globalisation of academic programmes.

Collaborative Education

Of late, there have been efforts by some organizations to offer courses that have been created by other institutions. Two models of such collaborative education in the USA are Western Governors University (WGU) and the Southern Region Education Board's Electronic Campus (SREB) (Carnevale, 2000). WGU is a virtual institution that offers courses created by 40 colleges and university started in 1998, it offers a competency-based testing system to its degrees, in competition with existing colleges (Woodhouse, 2000).

Status of foreign service providers of higher education - an analysis

With the above scenario, let us examine how this phenomenon is manifesting itself in India. Since 1990's programmes are being offered by Foreign Universities in India in various forms such as franchise arrangements, twinning programmes and through distance mode. Although there is no database on operation of foreign universities in India, an analysis of advertisements issued by the foreign universities or on their behalf in India was carried out. **The analysis carried out by NIEPA revealed the following** which in a way is a pointer to the future trends.

- that the course of studies offered mostly relate to hospitality services, management, medical and information technology;
- sometime concurrent degree programmes i.e. degrees in the same period are offered. The permission of the concurrent degree does not seem to exist in India;

- both part time, and full time, degree programmes and certificate programmes are offered by these universities;
- no conditions of minimum qualification in terms of percentage of marks are insisted upon. Simple 10+2 degree with an interview and test is considered for admission;
- the duration of degree programme in terms of number of years may be less than what is prescribed for such degrees in India;
- fees proposed to be charged is considerably higher as compared to what is being charged by self-financing institutions in India;
- a good number of those offering educational programmes are working through private agencies in India or through their embassies. Some are also working through academic institutions;
- of those who advertised in the newspapers, large number of them are from UK universities followed by Australia, Canada and Austria. Even medical courses are offered by UAE and Mauritius;
- except in a few cases academic ratings of the universities are not indicated in the newspapers ; and
- recently , UK has also offered general B. A., B.Sc. and other undergraduate programmes.

Activity

Reflect on the analysis of the functioning of foreign universities in India. Give your opinion of what you perceive will happen, if and when, India becomes a member of WTO.

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Issues and concerns in the post - GATS scenario

The above situation is certainly not a happy one. Education in the post-GATS scenario is likely to undergo a fundamental shift. Some of the issues and concerns requiring attention and likely to emerge at the macro-level are as follows (Dash, 2003)

- **Erosion of national identity of policy and planning in education**
Issues influencing national policy making in education like social, economic, political and cultural factors are likely to give way to international harmonization of policy frameworks, higher education structures, degree systems and even curricula (Van Damme, 2001), overriding country-specific problems and concerns.

- **Shift in public funding**

Since higher education is increasingly being considered a "private good" GATS will necessitate a basic preparedness to compete, sustain and make profit in the international market. This fund, substantially will be raised through tuition fees charged from learners both at home and abroad. Public funding will be substantially with drawn and replaced by private funds.

- **Outflow of students and capital**

Outflow of students and capital from the developing world to the developed world is likely to take place in the form of admissions aboard as well as enrolment in on-line courses. Simultaneously, an outflow of capital to the developed world will take place. There is however, not much possibility of this trend taking place in the reverse direction, that is, from the developed to the developing world. According to a report, while the number of foreign students in Indian universities has come down from 11,844 in 1989 to 6,988 in 2000, the traffic of Indians seeking education aboard has consistently increased putting a \$ 3 billion annual strain on the country (The Hindustan Times, May 7, 2003).

- **Opportunities, quality or dilemmas for students ?**

While it is being conjectured that free market mechanisms in education will open up opportunities for students, data presents a somewhat contradictory picture. As pointed by Maheshwari (2003) (quoted by Dash 2003:28) of the 1780 American universities, only 50 are marketing themselves in India and of these only eight feature in the top-ten category in their own country. Similarly among the 28 of the 60 British universities that advertise here, only five have been it in the top ten. The same is the case with Australian universities.

Table 1 : Reality bites

Country	University	In India	Top ten
USA	1780	50	08
UK	60	28	05
Australia	41	37	07
New Zealand	08	07	NA

Source Maheshwari (2003)

Implications for teachers

The implications for teachers in this changing scenario entail a complete redefinition of their roles and responsibilities. The following picture of a teacher likely to emerge:

- **Loss of profession**

On one hand due to the limited public resources available teachers are being paid low salaries, working in poor conditions, and there is a deterioration in the morale and motivation of teachers, as well as levels of absenteeism all this has resulted in a fall in their status. On the other hand, following the development of information services and new modes of communication, the teacher has lost his / her monopoly as a supplier of knowledge. Teaching and learning are no longer in the exclusive domain of the teacher but are gradually opening up to other public and private sectors.



Now the professor will give a short talk on scientific temper in the context of cooperative movements in developing countries in relation to international implications and technology of coordination.....
(Courtesy : R.K. Laxman.)

- **Teacher – a professional and a manager**

In order to educate and train an increasingly heterogeneous group of pupils, the teacher will have to be equipped with new ways of acquiring knowledge and different delivery systems and also be prepared to take new tasks like new management styles, varied teaching strategies, adoption of flexi-time, individualization of teaching-learning to meet different requirements of learners, etc.

- **A broker in the information society**

According to Hallak, (2003:549) the teacher will cease to be a speaker and become more of a tutor. The new information technologies will give more independence to the learner and the teacher will provide new kinds of support: she will teach how to deal with information, in short, give the learner the capacity to find information, interpret it and be a responsible information consumer.

Apart from these concerns articulated above, certain specific issues at the ground level need a response and thoughtful consideration. As highlighted in the Background Paper published by NIEPA as part of the country response to WTO regimes some of problems (2001) that are likely to come up are as follows:

- How do we ensure proper development of internationalization of higher education where mutual sharing of knowledge, skills and research takes place within the objective of mutual benefit for national and global development?

- How do we ensure that quality and relevant programmes are offered by foreign universities in India and Indian Universities abroad only by recognized / accredited institutions?
- What should be the mechanism of global and national certification and mutual recognition? What type of agencies should undertake this work?
- What should be the policy regarding the mutual recognition of sub-degree programmes of tertiary education?
- Roles of MHRD, UGC, NAAC, NIEPA, AIU, NGOs and industry organizations in the promotion of accredited transnational education of quality and relevance, need defining.
- What should be the policy regarding recognition of "Cross Border" supply to:
 - a) Setting-up campus by foreign universities in India
 - b) Recognition of franchise:
 - i) part programme in India and part outside India
 - ii) full programme in India and degree of foreign university
 - c) Distance mode and virtual university mode.
- What are the supportive steps that need to be taken for promotion of Indian higher education abroad:
 - a) Information dissemination, change of rules and regulations, visa conditions
 - b) Policy with regard to:
 - i) allowing setting up campuses abroad;
 - ii) allowing more number of seats for foreign students, financial support for infrastructure development.
 - c) Academic Policy with regard to:
 - i) sharing of credits
 - ii) awarding joint degrees
 - iii) recognition of joint degrees

Summary

The explosion in demand for education especially from the less developed countries where we have most people living has attracted attention of various agencies who wish to see education as a tradable commodity rather than as a resource for development of all. International agencies wish to woo the elite classes who have the capacity to pay in international rates. The WTO proposal on education is likely to bombard education with on-line technologies and virtual classrooms on the less developed countries by the business houses and institutions unable to attract enough students and collect sufficient funds from the home countries and affluent nations. Ex-colonial countries are still struggling to come out of the implications of colonial education policies but what is felt is that the GATS on education would start a new era of colonialism.

In a context where education has been perceived as a "public good" for long, it is difficult to think of it in terms of a tradable commodity. The emerging picture, however pessimistic cannot be simply wished away. India can no longer be complacent to the situation. Indian higher education needs to respond perhaps by considering a quote by Gandhiji who said "I don't want my house to be walled on all sides and my windows stuffed. I want the culture of all lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any of them". In the absence of too many options available, the unit while attempting to articulate this shift has raised more questions than provided answers; more speculations on the consequences rather than well documented instances, have been discussed. Any action in this direction will have to be a well thought-out one.

Suggested readings

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