

The Private University and African Economic Development

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I. Introduction

I would like to thank the organizers for inviting me to this conference, and I thank the sponsors who foot the bills for having this. It is a wonderful idea.

I have been asked to comment on the paper of Ebrima Sall. In this context, I recently received an email from one of the staff working on the conference who was putting together biographies of the participants, and wondered why I was invited to the conference since from what you can tell from my homepage, my only connection is that I am from Ghana. I work on theoretical economics, so one would think I have no role here.

Well, I believe I was invited for three reasons, and I mention these, first because I would like you to understand the perspective from which I make my remarks, and second for "truth in advertising" since my remarks may be construed as being from self-interest.

Yes, I am from Ghana - I was born and raised there. I studied at the University of Ghana, Legon. I am part of a team which is establishing a private not-for-profit non-religious based university in Ghana - Ashesi University - the first such in the country. I am happy to say that it looks like we will be starting classes early next year (March 2002). I am an Economics Professor at New York University, and I am possibly what you may call the prime example of what many refer to as the Brain Drain.

My perspective in this discussion will be with regard to my three universities, University of Ghana where I went to school, Ashesi University, the private one being formed, and New York University, the one that pays my bills. I suspect that these mirror the reasons I was invited to the conference: that I have been to an African university, that I am creating one, and perhaps also because I am currently working in one.

II. Main Points of Sall's Paper

I have been asked to comment on Ebrima Sall's paper. In my profession (I am an economist) there are many who say that when you are asked to comment on someone else's paper, what you should do is to say a couple of words about the paper and then very quickly start talking about your own work. I will try not to be that bad.

The paper's topic is about Alternative Models to Higher Education - and let me emphasize here the word "alternative." Then there is a colon followed by three terms: Market Demand, Networks, and Private Sector Challenges. My emphasis will be on the alternative represented by the "Private University" and I will talk about the "Private Sector Challenges."

A. The Traditional University: Some topics touched on here in the Sall paper: some history of post-colonial development of the African University; the financial crisis facing the universities - higher numbers of students; some responses to the crisis - Makerere

University now gets 30% of income internally, lecturers have resorted to consultancies etc, satellite campuses; regional networks (AERC, and others).

B. Market Demands: Here Sall talks about Information Communication Technologies as introducing "new missions, new demands, and new competitors" to the traditional public universities. Mention is made here about the increased numbers/ reduced budgets of public universities. This is discussed together with the observation that there are currently many unemployed degree holders.

C. Pluralization and Alternative Models: I refer to this section as the "waves" section – there are waves of Institutions described – the Colonial University, the Independence/ Development University, the Crisis Era University and the current Entrepreneurial. There are also the waves of Scholars – the Independence '60's era foreign educated scholar who returned home; the Post-Independence '70s and '80's era foreign educated scholar who returned home; and recent graduates locally-trained scholars who stayed at home.

As alternative models of higher education the paper mentions a number of them: the vocational institutes, open universities, polytechnics, etc.; the virtual universities; and research networks.

III. Private Sector Challenges

The above is a summary of sections I, II, III, V and the conclusion of Sal's paper. I am somewhat happy with these. There is however a section IV on private sector challenges. The paper primarily discusses problems with private universities and is generally negative about them, although this view is softened a little in the conclusion. The paper's title was on alternative models of Traditional higher education. On the other hand Sall says "developing plural and well-managed higher education systems centered on the public university, with adequate support, is one of the most realistic options for Africa." In other words, the paper is proposing the continuation of the standard models of higher education.

I said at the beginning that I would organize my comments around three universities: the one I am forming, Ashesi; the one I work in, NYU, and the one I went to school in, U of Ghana. First, given my association with Ashesi, the forthcoming private university, I would like to comment on the paper's section on private universities. A number of issues were raised which I will go through one at a time.

A. "Private Universities charge tuition and that is bad." Unlike the public universities, many private universities do charge tuition. It would be great indeed if in Africa all qualified students could be accommodated in the universities at zero cost to themselves. Yes, that would be wonderful. Unfortunately, that is clearly not the situation in Africa, and it should be obvious that such a situation will not arise in the meantime. Free university education does not even exist in the richer industrialized countries!

So, what precisely are the arguments of critics regarding tuition costs of private institutions? The argument one often hears goes something like this: "high tuition

charged by private universities is bad because either (a) the poor will suffer too much if they pay it, or (b) the poor are unable to pay it and only the rich get the benefits.” Well, as regards the first part of this argument, if a “poor” person decides to pay for their education, since this is done willingly, is she/he not therefore better off than there being no education available? Since nobody is being forced to purchase the “expensive” education, how can anybody be worse off? Is it not better to have an expensive option than no option at all? Again, I am not saying that it would not be better if tuition costs were lower. But is it not better to have some tuition costs to enable more to enter the schools rather than having these schools not exist?

Research I have seen and casual observations indicate that there are many who leave Africa for education abroad. Private African universities may be able to compete for this pool of students. The tuition charged by private African universities is usually much less than the costs of schooling abroad. I suspect that private universities will be admitting students who could not get into the free public schools and who would otherwise get no schooling at all or else would go abroad for their studies. In particular, I do not see private schools as worsening the plight of the poor or harming income distribution in any significant manner.

Many have commented on the fact that the United States, Canada and many western European nations receive a lot of income from foreigners (including Africans) coming to their universities and paying very high tuition. Higher education in the US is actually big business. Private universities in Africa should be considered a potential growth industry, which may generate revenues, employment and other spillovers to the rest of the economy, which would otherwise be going to Western nations.

While on the topic of tuition costs, we should at this stage say something about the state or public universities. Although the tuition costs are often small to the recipient of the education, they may be large to the economy. In particular, the tuition costs must be paid by someone – there are no free lunches – and for the state universities that someone is typically the general taxpayer. It has been estimated that for the typical African country the tuition cost for one university student is equal to the about 3 or 4 times the per capita GDP. That is, it takes on average 3 or 4 people working full time for a year to send one person to the university for a year.

The issue of tuition costs for private schools therefore is a comparison between the individual student paying the costs of his/her tuition, versus the general taxpayer footing the bill. Many have argued that the typical beneficiary of free public universities in Africa is richer than the average person in the country. To that extent, it is the public universities which represent a net change in the income distribution – a transfer of resources from the poorer to the richer. Since with private universities it is the people who pay for their own tuition costs, such a transfer does not happen.

B. “private sector led tertiary education institutions are mainly money making ventures.” First, let me emphasize that with private universities, “private” does not necessarily mean “for-profit.” Ashesi University is a private university (meaning privately run and without government financial assistance) but is not a “for profit” enterprise. This is the case with many, but of course not all, private universities. In the particular case of Ashesi university, it’s establishment is somewhat telling. The founder and president of Ashesi University is a Ghanaian who made some money as a software

engineer at Microsoft Corp. and has decided to give up a fairly comfortable life style in the US (and a few bucks) to pursue a dream of a new university in his home country. Many of the people on the board of the university are giving up countless very costly hours to the initial development and continued advice and support of the university and giving up large amounts of income. (I like to remind my colleagues on the Ashesi board that I am in an economics department, and my salary comes directly from publications - there is practically a formula for my salary raises – so any time volunteered at Ashesi has a cost I can virtually compute!) Many other private universities are founded by religious organizations, again often with huge monetary and time donations from the founders.

Second, even if private universities are money-making institutions, what is so bad about that? As I remarked before, private universities may eventually be a growth industry in Africa, making significant contributions to the economy over and above the value of graduates produced. They employ labor, contract for meals and services for students, create demand in publishing companies, organize conferences (which can be money centers), etc., etc.

C. "Need for some regulation and closer monitoring of the curriculum and quality of education given in those institutions." The argument that one often hears is that there will be no quality control in the private universities and hence no assurance that they will be up to standard. I would like to make a few remarks in this context.

First, when a private university is being formed, the curriculum is subject to review before a national accreditation board. Ashesi University has had to go through such a review with the Ghanaian authorities. This review is rigorous as it should be (you have no idea what Ashesi had to go through). The review asks for curricula, sample homework and examination questions, vitae of professors, etc. Even after this phase has been accomplished, the university receives a probationary accreditation. There will then be continued monitoring of instruction after the first couple of years, usually with the assistance of an “affiliated” established university (University of Ghana is the designated “affiliated” institution for Ashesi University).

The curriculum for Ashesi was developed by academics in Ghana as well as from teams of faculty from, Swarthmore College and Univ. of California at Berkeley in the US. I have also been involved with curriculum development at Ashesi. I can assure that the standards at Ashesi are very high, and indeed are comparable to those in many of the top US universities.

It was remarked by a member of the audience a little earlier that Ashesi may be unique in its curriculum and design and therefore not representative of other private universities in Africa. I definitely accept the compliment. One should, however, keep in mind a very important principle in this regard.

The fact that the standards at a particular university are not as high as the premium universities is really not the issue. In the US there are many universities of many standards – from the elite Ivy league and other top universities all the way down to some of the community colleges. Each of these has a role to play in the provision of higher education. America can not send everybody to Harvard! The same is true in Africa. We can not afford to make every university the same as the top African Universities.

What is important is that there exist a mechanism for correctly evaluating the universities so that the customers (the general public, potential students and potential employers of graduates) can make informed decisions. If there is a lower quality school giving out certificates, so be it. Just make sure that everybody knows that that school is giving out lower quality certificates, and let the market decide whether people go there or not.

The issue of quality control is typically brought up any time there is discussion of private universities. Of course, the same question could be asked of publicly funded institutions. Unlike the private universities however, the market mechanism does not work as well with publicly funded institutions to ensure adequate standards. If a private tuition-charging institution fails to offer instruction at adequate standards, there will usually be very quick reductions in enrollment. The same is not true of a publicly funded institution. Getting free or subsidized housing and meals at a public university may be worth one's while even when you are not getting a worthwhile education – it certainly beats being unemployed. The same would not be true if tuition is required and housing and meals do not have a big subsidy element, as is the case with private as opposed to public institutions. Quality control is a much more important issue in publicly funded universities than in the private ones.

Let me summarize my argument and repeat here two things, since I am afraid that I may be misinterpreted. First, Ashesi aspires to become a very top rate university with curricula standards at least as high as the highest in Africa. Second, I have not argued that having low standards is a good thing – higher is clearly better than lower. The argument I have made is simply that so long as people have accurate information and are free to choose, having more universities on the landscape – good and not so good – is much better than having fewer universities.

D. “These (private university) institutions are not engaged in research.”

I suspect that in the physical science fields, which require large laboratories, there may be little research done by faculty at smaller private universities of Africa. In other fields, I suspect that research output is really a function of the individual, and not necessarily due to the institution. Enterprising faculty will find a way of getting their research done, whether they are in private or public universities. Much more important is how much free time they have to work on research and the general academic environment. There is very little data to go on at this time as regards whether there is a big difference between the research output (per faculty member) at private versus public universities. We should also remember to distinguish pure research from consultancy driven projects, usually funded by external donors, which cannot legitimately be called research.

In any event, it is the goal of Ashesi University to enhance the research opportunities of faculty via faculty grants, workshops and training programs. The belief at Ashesi is that researchers are more likely to keep abreast of their field and hence will ultimately become better teachers.

E. “They depend upon the traditional universities for their teaching staff” and they should not “duplicate the efforts being made in the traditional institutes”.

The fear that is often voiced is that the private universities will somehow make the public universities weaker. It is my view however that some amount of competition will actually strengthen all the universities. Many Professors I have spoken to from the University of Ghana, Legon, have told me emphatically that they believe competition will bring the best out of Legon, and they are actually encouraging the establishment of private universities – for the sake of Legon!

Let us, however, list explicitly some of the concerns raised by those who fear that private universities will weaken the public ones. First, there is the fear that the private universities will “steal” faculty away from the traditional universities. For the record, let me first note that at this particular time, we at Ashesi have not hired any faculty from the existing public universities, to the best of my knowledge. The biggest thief of academic faculty is actually not the private university – it is the private sector. The culprit here is not entirely salary. It is also the lack of a large enough pool of academic peers to engage in research, seminars, conferences, etc. To the extent that private universities are increasing this pool, they may be helping to mitigate the domestic brain drain from the academic to the business world.

There is another issue in this regard that should be admitted. Many faculty in African universities need to support their meager salaries with non-academic or quasi-academic activities. There are the many stories of faculty who moonlight as taxi drivers, or take up second jobs outside the university. There are also many faculty who survive on consultancy projects, projects which often one cannot really call research.

Diverting a professor in a public university from taxi driving or meaningless consultancy projects and having that professor teach in a private university, even if it is part time, is, in my books, a net plus for higher education!

F. Why open new universities if there are unemployed graduates? Without a doubt, there is unemployment among many university graduates in Africa. It is therefore fair to ask why there should be more universities when graduates are unable to find jobs.

First, it is important to emphasize that the issue of unemployed graduates is something that pertains to both private and to public universities. If one believes that unemployed graduates mean that there should be fewer universities, then there should be fewer private and public universities.

Second, and more importantly, there is actually a big difference between the public and the private university in this regard. Let us accept for the time being the argument that the unemployed graduate represents resources “wasted” in educating that graduate. Well, is it not much better that the waste or cost be on that individual rather than on the taxpayer? This is doubly worrisome as it has been noted by many that the typical university graduate is wealthier than the typical taxpayer of the nation who is footing the bill. With the private university, the “waste” is borne entirely on the individual. If the individual wants to risk their (or their parents’) money on an education which may result in unemployment, they should certainly feel free to do so. That is, after all, everybody’s right in a free society. The same can not be said of someone who is risking the taxpayers’ money. Here the “waste”, if there it can be called that, is borne by society and may represent a transfer of income from the average poorer citizen to the slightly better off university student. In that case, society must make a decision as to

whether the risk is worth the money. In short, if there is an issue of unemployed graduates, it is one that is much more important in the public universities than in the private ones.

Third, there is always the very sensitive issue of the relative size of the different disciplines or departments within the university. It is often argued that private universities focus primarily on the disciplines where there is a large demand, and where there is a tighter labor market for graduates. As I have said above, for the private university, since this involves free choice, I do not see anything wrong with it. It does, however, raise the delicate question within the public universities of funding for disciplines for which there is not a high demand for graduates. This is something the national governments, the representatives of the taxpayer, must tackle head on. Is a university less of a university if it does not cover all conceivable fields of study? Why spend so much of public resources on areas where there is little public demand for the graduates, as evidenced in the high unemployment rates? These are tough questions for the public university. The private university, which does not use public funds, does not have the same burden.

IV. Brain Drain or Brain Circulation

The comments I just made are my comments based on or framed by one of my universities, the new private one in the process of formation. Let me now make some comments framed by the fact that I have a second university I am associated with, NYU. In that context, I am the prime example, exhibit A, of what people disparagingly call the African Brain Drain. I am part of what the paper calls the second wave of trained scholars who got their education outside Africa and remained outside Africa. Bad, unpatriotic me!!

I would like to argue that we should think differently about the brain drain. First, the name. It has been suggested that we refer to this as Brain Circulation and not Brain Drain! I read the SSRC document on Rates of Return and the rates of return were actually higher than I thought. Those of us who are based abroad travel home regularly for a variety of reasons, sometimes scholarly, other times business, and of course for family reasons. I visit the university of Ghana and I am always impressed are how many trips abroad the faculty there make. Many of my colleagues at Legon's economics department travel much more than I do. In short, what we have is indeed a circulation of brains. The point is simply that the "brains" are circulating much more than is often appreciated.

Second, I believe that the most important factor of development is Human Capital. Human capital is in turn all about ideas. Ideas for new things to produce and ideas for new ways of producing existing things. The principal engine of growth for most countries, in my opinion, is doing new things in new ways. This argument of course is now commonplace. It is the core of what is called modern economic growth theory. It is the thesis of the recent very interesting book by Jared Diamond.

What Africa needs most is interaction with the rest of the world marketplace of ideas. Many African countries are entirely dependent upon a handful of industries, usually cash crops and minerals. New industries need to be created, and the products of those industries successfully exported. Having a large African professional community living abroad and “circulating” to and from Africa will help in this regard. A lot of the computer programming boom in India is due to the large Indian community abroad, and in particular, the US, going back and forth. Many Indians living in the US form computer companies in the US and export the industry to India. I recently had some computer programming needs related to my own research. I found that there are many Indians in the US who get contracts for development of such programs and e-mail them to teams of computer programmers in India for coding. I doubt whether the Indian computer industry would have become what it currently is without the very large brain circulation between the US and India.

The Brain circulation is perhaps a potentially great asset for Africa, one that is not being utilized, and does not seem to be on the horizon as regards the debates, except when we are lamenting it as yet one other tragedy afflicting Africa.

Even among those Africans who do not visit their homeland frequently, there are other benefits that should be mentioned. First, there are the remittances of the expatriates to their home countries. I believe that the figures currently show that for Ghana, those remittances are the third largest foreign exchange earner, after cocoa and gold. Second, what is the economic effect is of the inspiration Kofi Annan has given to countless Ghanaians?

One may ask how all this fits into the theme of the Private University. Well, I believe that the African professionals living abroad represent a ready-made source of professionals to staff new private universities. Many Africans retain connections with their families at home and like to visit periodically. Many also feel a strong desire to contribute to their economies. Without too much effort, and at cheaper cost than non-African expatriates, one could induce African professionals to visit a university to teach for short periods. In my own field, Economics, I know that there is very a large number of Africans teaching in US universities. These academics all get sabbatical leaves once every seven years. This means that, in principle, 1/7 of all the African academics in the US are available to teach in their homeland. Further, so long as the academic years in the US institution and African institution do not perfectly overlap, there is room for short visits to teach or co-teach a class or two.

I can tell you about my own experience. When I was a junior professor I would send emails, show up at the doors of faculty in Ghana, literally begging for visiting positions, short stays etc. It was difficult. There was nothing to formally apply for. The public universities at that time were actually over their staffing limits. I found it very strange that it was easier for me to get a visiting professorship position in Venice, Barcelona, London, Yale, than in Ghana. While I was turning down offers to lecture at European institutes, the ones in my own country were turning me down. There are many Africans, especially the younger ones, who are in this position.

While I was at the Social Science Research Council, some colleagues and I wrote a proposal asking for funding to facilitate such exchanges. The goal is to establish some kind of a clearing house, where African scholars who want to go to Africa on short academic teaching or research visits can find the information, get some logistical

assistance, and perhaps also have some expenses paid. I mentioned earlier that many academics in African universities are facing tremendous pressures to leave their academic positions for the private sector. Those who stay often do so because of the desire to be academics. One concern they often raise is that there is not enough intellectual exchange with peers, in terms of seminars, conferences, etc. Having more of the foreign-based academics interacting with the local ones may actually result in the local ones feeling better about the academic environment, thereby making them less likely to leave for the private sector.

In short, I would like to advocate a new look at what is described as the African Brain drain. Many think of this merely as one big problem which makes everything else a little bit harder to do. I believe that instead, we should think of the foreign-based professionals as one great opportunity, which should be exploited in the best manner possible. It is a resource, just like gold and just like cocoa and other cash crops, which can contribute tremendously to the growth of the African education system and the African economy.

V. More General Comments

“It's the Economy, Stupid.” During the first presidential election of Bill Clinton, his campaign manager James Carville, we are told, placed stickers on his desk which reportedly said “It's the Economy, Stupid.” The point then was that the US was in a recession and that the campaign team should focus on the economy as that is what the typical American was concerned with at that time. The economy is the most important thing!

As regards higher education in Africa, I believe that eventually things will improve, but for major improvements there must be sustained economic growth. There can be lots of tinkering along the margins, but in the end it is all about money - no money, no great higher education. Period.

I recently went to see the Foxwoods Native American gambling casino complex, a few miles from here. You will be driving in forested areas for quite a while and then, out of nowhere, comes a fairly large colorful complex. In that complex is a museum where the history of the Native American tribe running the casino is being re-written. Higher education is going on in that museum. This is made possible solely because of the huge revenues the Native American tribe is getting from the gambling profits.

VI. Conclusion

To summarize, let me say that not only do I disagree with most of the usual arguments against the Private University, I actually believe that they are doing much good. To repeat, first, private universities help to increase the exceptionally small number of university graduates. This is done at no or little cost to the government or the general taxpayer. Second, the university sector is an industry with spillovers to the rest of the economy. It should be perceived as such and should be nurtured just as any other important industry in the economy. Third, being outside state control, and often with

extensive connections with international Diaspora community, it may be a source of innovation and entry point for new ideas and dynamism into the economy.

Perhaps in my defense of private universities I have been too strident in my criticism of some aspects of the public university. I do not mean to be. I am, after all, the product of a public university. There are the usual arguments for why there should be public funding of higher education (inefficient capital markets, income redistribution, externalities etc). So, there may be many reasons for supporting the public university. Whatever those arguments are, they hold in much more force for the private university.

VII. References

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