

LIBERALIZATION AND THE PUBLIC SECTOR: THE PRE-EMINENT ROLE OF GOVERNMENTS IN THE 'SALE' OF HIGHER EDUCATION ABROAD

ABSTRACT

Much recent scholarship concerning liberalization has emphasized the role of regulatees, rather than governments, in promoting liberalization. This article examines such scholarship in the light of an important development in the British and French public sectors- the creation of new agencies to 'sell' British and French higher education to potential international students. The new agencies, EduFrance and the Education Counselling Service, attempted to induce both competition amongst higher education institutions (HEIs) for the recruitment of international students from developed and emerging economy countries, and the commodification of these students. This article shows that, contrary to existing theories of liberalization, governments were pre-eminent in pushing forward this liberalization, whilst regulatees (HEIs) attempted to hold it back.

INTRODUCTION: EXISTING THEORIES OF LIBERALIZATION

Wolfgang Streeck and Kathleen Thelen's recent work on liberalization can be seen as the 'state of the art' on the subject, offering a good example of contemporary accounts of liberalization. Streeck and Thelen have defined liberalization as 'an expansion of market relations... significantly beyond the limits (of) the organized capitalism of the post-war "mixed economy"' (Streeck and Thelen 2005, p.2). Why might such an 'expansion of market relations' occur?

Streeck and Thelen explain the different ways in which liberalization occurs by invoking five different mechanisms of ‘gradual yet transformative change’ (*ibid.*, p.33); displacement, layering, drifting, conversion and exhaustion. None of these five mechanisms of change are purely exogenous; even displacement from foreign institutions requires a degree of support from actors involved in existing institutions. All processes of liberalizing change thus require economic actors to defect from existing, collective institutions towards new, liberalizing ones. Hence, all ‘that may be needed for liberalization to progress’ is for economic actors to be given ‘a market alternative to an existing system based on collective solidarity, and then give free rein to the private insurance companies and their sales forces’. As Saunders rightly comments, Streeck and Thelen’s work constitutes a significant challenge to existing analyses of institutional change, which he describes as ‘state-centric’ (Saunders 2007, p.10).

Streeck and Thelen’s analysis is echoed by other works which have sought to identify the mechanisms by which liberalization is pushed forward. Djelic and Quack, for example, similarly maintain that changes can be ‘pushed along’ only by ‘foreign actors carrying challenger rules or by domestic actors acquiring new experiences and habits abroad’ (Djelic and Quack 2003a, p.9). For Djelic and Quack, as for Streeck and Thelen, national governments are not seen as potential creators of new rules (Djelic and Quack 2003b, p.306).

Certainly, Streeck and Thelen's analysis is confirmed by cases like the liberalization of the German banking industry, which as Deeg has documented, was pushed forward by a number of indigenous firms (Deeg 1998, p.87; see also Kleiner 2003, p.63). However, the recognition that economic actors can play an important role in promoting liberalization should not obscure the importance of governments in this area. The failure to consider governments as potential 'liberalizers' reflects the common view in comparative political economy that liberalization requires a lesser extent of institutionalisation and thus government intervention than does the creation of collective institutions (Goodin 2003).

According to this view, the market can be viewed as a 'kind of natural, or normal, order' (Hodgson 1988, pp.177-8). Yet, rather than constituting a naturally occurring phenomenon, markets must be 'politically and culturally constructed' (Zysman 1994, p.245). As Weiss has explained, governments 'do not simply support accumulation in an undifferentiated way', but 'actively channel and mould economic activity into particular forms' (Weiss 1988, p.3).

It was just such a creation of new institutional patterns by government that characterized the liberalization of international students' policy in both Britain and France.

Governments can play a key role in conceiving of and institutionalizing change, which is often in the face of widespread resistance, rather than quiescent acceptance. This is because governments possess the unique ability, as the makers of legitimate rules, to design new institutions, which provide the incentives and constraints within which

regulatees operate. In this way, governments' rule-making can lead to changes in regulatees' behaviour, either in favour of or against liberalization (where regulatees are given incentives towards or constraints against competing with each other, and commodifying particular factors). As this article will demonstrate, it was the activity of governments, rather than of the regulates (HEIs), which led to the creation of new agencies which promoted liberalization: the Education Counselling Service (ECS) and EduFrance.

The article is based on an analysis of documentary sources (government documents, legislation, sectoral associations' documents, press releases and press sources), and interviews with over twenty representatives from the British and French higher education sectors, promotional agencies and government departments, conducted between May 2003 and November 2006.

THE NEW AGENCIES AND THE LIBERALIZATION OF INTERNATIONAL STUDENTS' POLICY

The higher education context

Virtually since their inception, each sector has been characterized by a struggle between HEIs and governing authority (first ecclesiastic and then secular) over both resources and control over standards (Rashdall 1936). More recently, both sectors have been affected by

so-called ‘massification’ as well as renewed pressures towards ‘internationalization’ (Scott 1998).

Funding

Compared with French HEIs, British HEIs are required to derive a much larger proportion of their funding from private sources. However, very few universities and higher education colleges do not receive any public funding, with around two thirds of funding for British universities and colleges still derived from central government (OECD 2006, Table B3.1).

Until 1972-77, British universities were funded through a stable, ‘unselective’ flow of unpredicated quinquennial funding grants, disbursed through the University Grants Committee (the UGC, later renamed the UFC, Universities Funding Council) (Merrison 1980, p.287, Cave et al. 1995, p.93; Trow 1996, p.3). In the mid-1970s, however, the UGC’s provision of capital funding diminished (Kogan and Hanney 2000, p.148; Moore 1987), and a triennial funding system was established. From the end of the 1970s onwards the unit of resource per student was progressively reduced (Kogan and Hanney 2000, p.85; Kogan and Kogan 1983, p.25; Cuthbert 1987, p.53).

The proportion of French public funding for HEIs is greater than in Britain, both for public universities and public (and even some private) *grandes écoles*. Universities are almost entirely publicly funded and teaching posts are directly distributed by the state, with many university teachers being classified as civil servants (Musselin 2001). Funding

for teaching in the French university funding system was until recently exclusively formula-based (Decker 1998, pp.220-2). Since 1981, as Neave described it, 'French higher education has embarked on [an] ambitious' programme 'of reform' (Neave 1991, p. 65). From this point onwards, government has appeared to promote the autonomy of universities, particularly through a new, 'contractual' funding system, which required HEIs to negotiate with government for resources (Friedberg and Musselin 1993).

Control over standards

In both countries, university status can only be obtained following governmental approval. In the British case, this occurs through Royal Charter. In the French case, the *loi Faure* of 1968 introduced, for the first time, a legislative framework for universities, as opposed to faculties, which was compounded in 1984 by the *loi Savary*'s emphasis on the creation of coherent universities rather than collections of faculties.

Turning to assessment of the quality of degrees, in Britain this is assessed *ex post*, by the Quality Assurance Agency; and research quality is also assessed *ex post*, through the 'Research Assessment Exercise' (Brown 2004, p.11). The only cases where *ex ante* control of quality has occurred, is where professional associations have accredited courses (Neave 1994). In contrast, French governments directly assess the quality of university degrees before they are presented to students, during the process of '*habilitation des diplômés*' (Bertrand 1994, p.58). Government lacks such powers concerning the degrees offered by *grandes écoles*. *Grandes écoles* were set up during the

Napoleonic era as a training ground for the “administrative, political, technical, academic and, ultimately, social elite” (Deer 2005, p.37). Latterly so-called ‘consulaire’ *grandes écoles* have been created by local Chambers of Commerce, concentrating on technical skills required by local industries. As a result the *grandes écoles* sector is very diverse, with government control greatest over the most prestigious *grandes écoles*, particularly over those which come under the aegis of the Minister of Education. For these *grandes écoles*, government *ex ante* control over degree content also applies (Neave 1994, p.118).

In both countries, the attribution of degree-awarding powers, the control of quality and the funding of higher education are all dominated by central government. In particular, governments’ abilities to set rules governing standards and the allocation of resources have been particularly important in both higher education sectors.

International students in Britain and France

France and Britain have traditionally been two of the most important ‘importers’ of Non-European international students worldwide, with 165, 437 international students attending French HEIs in 2002 and 227,273 in Britain that year (OECD 2004, Table C3.7) (henceforth, ‘international students’ should be taken to refer to non-European international students). Both countries have historically educated large numbers of international students as a means of maintaining diplomatic influence and promoting international development (Robbins 1963; Poujol 1965; Braithwaite 2001).

Up to 1979, rather than international students being recruited to British and French HEIs, they were “accepted” (Humphrey 1999, p.8; Kinnell 1990, p.13). Most international students in both countries were concentrated in a small number of HEIs; in Britain, in London University, Oxford and Cambridge; and in France, in the universities of the Paris area (Braithwaite 2001, p.70; Humphrey 1999, p.8; Klineberg and Ben Brika 1972).

The type of students recruited, and governments’ approaches to them, have changed radically away from this model over the last thirty years. Currently, in both countries, governments view higher education as an important industry, with international students categorized as an ‘invisible export’, and international education ‘represented as an export industry’ (Blair 1999; Raffarin 2003; see also O’Leary 1990; Overseas Student Trust 1992, p.66; Warner and Palfreyman 1999, p.x).

There is a burgeoning literature concerning the benefits of internationalization to the student, to individual HEIs and to students’ home and recipient countries (see CVCP 1998, Ryan 2000 and Allen and Higgins 1994). Rather than engaging with this material, this article will instead concentrate on policies towards international students, and question the extent to which liberalization has occurred following the introduction of new promotional agencies in each country.

Policies towards international students and liberalization

Governments in both countries have aimed, since 1979, at promoting the development of 'market relations' amongst HEIs, a policy which could be described accurately as 'liberalization'. Following Streeck and Thelen's definition, two new types of 'market relations' developed in the British and French higher education sectors following the creation of EduFrance and the Education Counselling Service. The first new 'market relation' was an increasingly competitive one between HEIs for the recruitment of international students from developed and emerging economy countries.

'Competition' intimates the conflictual relationships resultant from different organisations attempting to reach a goal that they cannot all achieve in equal measure (Bok 2003, p.159): in this case, different HEIs attempting to recruit as many international students from developed and emerging economy countries as was possible, consistent with other institutional imperatives. Although the ECS was able to promote competition between British HEIs, EduFrance was less successful in this area, perhaps due to the coordination of resistance to liberalization amongst French HEIs.

The second new 'market relation' was between HEIs and international students, and involved the 'commodification' of such students. 'Commodification' occurred where international students' value for HEIs was restricted to its monetary worth. The students became 'a commodity to be valued mainly for the income they generate', as Williams described the international student body in Britain (Williams 1987, p.10). Both British and French HEIs were led to commodify international students following the activities of the ECS and EduFrance.

The rest of this section examines the extent to which each government was able to promote such liberalization through the creation of the ECS and EduFrance respectively. It indicates that commodification was promoted in both countries, but that competition for international student recruitment was more prevalent in Britain than in France.

- The ECS and the liberalization of international student recruitment

The ECS was created in 1984, following two decisions by government: to follow the recommendations of the 'Pliatzky review' to abolish a previous organization, the Inter-University Council, and to follow civil servants' suggestions to create the ECS out of the British Council's Higher Education Division. The ECS led to both the commodification of international students and competition between HEIs for the recruitment of such students, and was thus pivotal in promoting liberalization. This is clear, firstly, from the fact that the agency targeted its promotional programmes on students from developed and emerging economy countries (rather than on developing countries), and urged HEIs to recruit international students for their monetary value rather than for purposes of international development or for foreign policy reasons. Particular countries were picked out for special marketing campaigns by the ECS on the basis of their perceived economic importance to Britain (Trend 2001). The students recruited by the ECS were seen as likely to constitute the 'future elite' in target countries, acting as 'movers and shakers when they return to their own country', and eventually able to bring financial rewards both to Britain and to individual HEIs (Education Counselling Service 1999; see also Pickard 2000; Wyatt 2002).

Furthermore, the ECS suggested that HEIs should change their courses in order to attract international students from 'target markets'. A consultant hired by the ECS maintained, in a report for the agency, that a 'shift' was required from the 'product focused ethos [sic.] that dominates institutions currently' to 'a far stronger customer focused and market oriented approach' (Gilligan 2000, pp.6-8). This was echoed in comments by the agency's then Director, Allan Barnes, that HEIs should seek to 'ensure a degree of differentiation in the product offer', through offering '[a]ttractive and innovative programmes with high added value that meet the market need' (Barnes 2000a, pp.13-4), and in the 'Gilligan report' on the marketing of British higher education (Gilligan 2000; see also Barnes 2000b, p.3).

Overall, therefore, the ECS led to the commodification of international students, through prompting HEIs to reorient their recruitment away from students in developing countries, and to adapt their courses to meet the needs of students in 'target markets'. This part of the ECS' role increased in importance from 1998 onwards, following the creation of a so-called 'brand' for UK higher, further, and private primary and secondary education, the 'EducationUK' brand, created under the aegis of the 'Prime Minister's Initiative'.

The response of British HEIs to such commodification was initially hostile, but eventually became accepted over time. As Professor John Ashworth, then Vice-Chancellor of Salford University, maintained, prior to 1981 'the very idea of simply 'marketing' higher education would have struck most dons in Britain's universities as

demeaning and certainly conduct unbecoming to the scholars and gentlemen so many of them aspired to be... Now the universities are marketing themselves...with a vigour that reminds one of Johnson's wry observation of the way in which the prospect of hanging concentrates the mind' (reported in Shotnes, 1987: 101). As one faculty leader interviewed by Williams and Evans rather bluntly put it, '[l]et's be quite frank, we want the money, we want international students' (Williams and Evans 2005, p.75).

The ECS also indirectly promoted competition amongst HEIs for the recruitment of international students. One can discern differentiation between HEIs on grounds of perceived quality, with the Russell Group of old research universities being the main beneficiary of this differentiation. Hence, for instance, the ECS' Dubai office has been used by Strathclyde University as the focal point for delivery of the latter's Masters in Business Administration (MBA); the ECS offered its offices 'for the use of the better UK universities' following the imposition of a strict registration process by the Hong Kong authorities; and it allowed Oxford University to use its offices for holding the examinations required by its distance learning programmes (Unattributed 1996a; Unattributed 1996b; Targett 1998). Such differentiation has increased the level of competition between HEIs, who have been required to distinguish their 'offer' from that of other HEIs in order to receive help from the ECS.

More recently, the ECS has ceased to work with only one HEI in any particular country, in order to show its 'even-handedness'. As an interviewee from the British Council suggested, whilst the ECS continues to advise HEIs to collaborate where otherwise they

might risk ‘swamping’ the market and thus wasting their own resources, the ECS has no ability to alter the ‘strategic marketing judgement[s]’ arrived at by individual HEIs, even where the ECS feels that these might damage ‘UK Plc’ as a whole. However, a recent report produced by the ECS (the ‘Gilligan report’ mentioned above) advocated that the agency should again attempt to differentiate between HEIs in the provision of its services (Education Counselling Service 2000, Section 3.2). This has paralleled calls from a number of ECS outposts which have promoted the development of ‘pilot schemes along the lines of placement agencies’ (Walker 1997, p.256). A second ‘Prime Minister’s Initiative’ was launched in 2006. At the time of writing, it is not entirely clear what type of restructuring will occur within the ECS following the start of this new period.

Such competition between HEIs for international students has proceeded apace since the 1980s, to the extent that collaborative approaches amongst HEIs for the recruitment of international students have become extremely difficult to put in place. As Journeaux puts it, current levels of competition ‘allow[...] for very little collective consideration and deliberation of a way forward even when nearly all institutions are facing similar issues’ (Journeaux, 2004). The CVCP’s own Long-Term Strategy Group acknowledged this problem, stating that ‘[c]ompetition between institutions has meant that co-operation and the pooling of resources are not well advanced’ (Brown 1999).

- EduFrance and the liberalization of international student recruitment

EduFrance was created by the French government in 1998 to improve France’s position in the ‘international higher education market’ (Gilbert 1999; Davidenkoff 2000). As with

the ECS, the agency was promoted by government with minimal initial involvement from HEIs. Indeed, HEIs tried to prevent the agency from promoting liberalization, by arguing for a change in its management away from EduFrance's first Director General, who was strongly pro-liberalization. Although the HEIs had created their own international organization in 1992, 'ARIES', this was abolished in 1995 after governmental funding was withdrawn, and was not mentioned in the debates concerning the creation of EduFrance. EduFrance was a joint project between the then Minister of Education, Claude Allègre and the Minister of Foreign Affairs, Hubert Védrine. Both the Education and Foreign Affairs ministries had been attempting to improve France's presence at international higher education events from the mid-1990s onwards (Bloche 2000, Sect.2).

Although EduFrance did not appear to promote competition between HEIs for the recruitment of international students, it was explicitly linked to a commodification of these students. Claude Allègre maintained that the agency's role in bringing more international students to France was part of the commodification of 'intellectual grey matter':

'We suddenly realize that this intellectual grey matter carries with it the same consequences as every primary material: commerce, money, power, temptation to monopoly, in brief what transforms every object- whether or not it is an intellectual object- into a commodity. It is in the same spirit that we search to improve the international profile of our intellectual profile: the creation of the EduFrance agency to bring more international students...' (Allègre 1999).

This view of EduFrance was shared by one of the Education Ministry civil servants interviewed, who maintained that EduFrance ‘is an agency with a commercial goal’, which explained why ‘the African public are not targeted by EduFrance’. The goal of EduFrance was thus ‘to search for the rich and very good students, and to make them come here. It is a policy which one absolutely cannot use in Africa’.

The creation of EduFrance has been cited, alongside other changes, as underlining the priority given to the training of foreign elites in France (Perrut 2001). EduFrance put into practice governmental plans developed as early as 1993 to re-focus international student recruitment on particular developed and emerging economies seen as key growth markets for French high-end products, particularly in South-East Asia and Latin America (Raymond 1993). EduFrance’s activities were comparable to those of other agencies operating along commercial lines and were modelled on the existing practices of France’s ‘anglosaxon competitors’ (Gilbert 1999; French Embassy in Australia 2002). As with the British ECS (if to a lesser extent), EduFrance attempted to ‘brand’ (*labelliser*) the French higher educational offer (Unattributed 2000a; Johsua 2005).

François Blamont, the first Director of EduFrance, was particularly concerned to promote the involvement of private agencies and HEIs in international student recruitment. Hence, for example, he maintained that the ‘enemies of EduFrance are those professors who think that the provision of education must be 100% public’ (Johsua 2005). As he claimed, the objective of EduFrance, at least under his Directorship, was to ‘sell French universities like one would sell champagne and perfume’ (Unattributed 1999a).

In order to facilitate this, EduFrance developed a number of services which potential international students could pay for (Cauville 1999; Unattributed 1999b; Unattributed 2000b; Gouvernement de France 2001). By encouraging 'solvent students' to attend French HEIs, the fees were described as having 'a global effect on the French economy' (Unattributed 1999c; Deprez 1999; Blamont reported in Cauville, 1999; Deforno 2002). François Blamont stated that he hoped the new services would enable the agency to "clothe" the courses proposed [by HEIs] by selling, key in hand, the services which allow one to live well in France' (Unattributed 1999b).

French HEIs argued against Blamont's continued leadership of the agency, and interviewees suggest that this may have been one of the reasons why he was replaced by the more academic figure of Thierry Audric. Following the change, the agency has moderated some of its more ambitious attempts to foster the commodification of international students. Nonetheless, Cécile Deer has maintained that EduFrance's development of chargeable services enabled the government to 'recover part of the extra cost incurred by the acceptance of foreign students into the French system' (Deer 2000, p.323).

The extent to which French HEIs came to compete amongst themselves for the recruitment of international students, and to commodify such students, was limited in comparison with their British counterparts. Hence, French university presidents were concerned that government plans for international student recruitment, and especially the creation of the EduFrance agency, treated higher education as 'merchandise' (Trupin,

2001, p.37). EduFrance was criticized by the French government for failing to ‘convert [...] operators to the new methodological exigencies of international action’ (Gouvernement de France, 2001b). The government originally saw EduFrance’s role as ‘contributing, through a dynamic and incentivising action towards HEIs, the improvement of [the French] system of recruitment and follow-up in comparison with [France’s] foreign partners’, yet HEIs themselves refused to follow this example (Gilbert 1999).

THE ROLE OF GOVERNMENT IN LIBERALIZATION

In both Britain and France, governments played the most important role in promoting liberalization. It was the decisions of governments, rather than HEIs, which led to attempts by the ECS and EduFrance to encourage the commodification of international students, and in Britain, competition between HEIs for international students. In contrast, HEIs often attempted to resist such commodification and competition, being more successful at this in France than in Britain.

- Britain

As described above, it was the actions of British governments (through accepting the recommendations made within the Pliatzky report to abolish the Inter-University Council, and those recommendations of British Council civil servants) that led to the creation of the ECS.

The Inter-University Council was a university-run body which had mainly existed to foster relationships between British academics and African universities. The Inter-

University Council was scheduled for abolition by the Pliatzky review, which had been commissioned by the then government to examine and then rationalize the full range of 'British quangos' (Pliatzky 1980, p.77; Overseas Development Administration 1982, pp.20-1). The ECS' role was to differ significantly from that of the university-controlled Inter-University Council.

British Council civil servants suggested that, given recent changes to funding for international students (the introduction of 'full-cost fees'), a new organization could allow HEIs to recoup some of the income they had lost, by giving them a 'shop window' to advertise themselves. As one former British Council employee maintained, the new agency would promote British higher education not to Africa and the ex-colonies but instead to people 'who weren't going to get any government scholarships ...but who were wealthy'. As another former British Council employee stated, 'it took a certain amount of proselytising' before the idea of an ECS was accepted by HEIs and other sectoral actors.

Since 1984, governments have continued to play a major role in defining the policies of the ECS. This was particularly the case with the creation of the 'EducationUK' brand, which formed part of the so-called 'Prime Minister's Initiative'. According to interviewees, the Initiative was prompted by the Prime Minister's encounter with the Mayor of Shanghai, who was a former Chevening Scholar.

The Prime Minister's Initiative was announced in June 1999 at the London School of Economics. Alongside the branding exercise and new coordinating structures, the Initiative involved setting a target for an increase in the UK's market share for international students to twenty-five percent by 2005. The EducationUK operation to 'brand British education as the first for quality and choice' involved the cooperation of four private agencies (MORI, LD&A, Shandwick and McCann Erickson Manchester).

Overall, therefore, British governments played a crucial role both in the creation of the ECS and in defining its activities. This was especially the case during the initiation of the EducationUK brand, which was explicitly linked with Prime Minister Tony Blair's leadership.

In contrast, British HEIs actively resisted some of the policy decisions taken in relation to the creation of the ECS. However, whilst they attempted at various points to alter the approach of the ECS, this normally produced few results. This reflects the inability of British HEIs to coordinate resistance to liberalization compared with their French counterparts.

For example, the incorporation of the Inter-University Council into the British Council was opposed by HEIs, as well as by the staff (and former staff) of the Inter-University Council (Unattributed 1985). The Vice-Chancellor of Leeds University maintained that the 'remarkable effectiveness of the Inter-University Council has in no small way depended on its insulation from direct government control', which existed despite the fact that it was significantly funded by government (Boyle 1980). A number of Vice-

Chancellors who were members of the Inter-University Council threatened to ‘withdraw cooperation with the government on overseas aid projects’ unless the Inter- University Council was retained as a separate organization from the British Council (albeit as a ‘unit attached to the British Council’). Ultimately, however, the Vice-Chancellors did not carry out their threat (O’Leary 1980).

A number of British HEIs were also sceptical about the British Council’s proposals to create the ECS. One of the former British Council employees interviewed intimated that Oxford and Cambridge in particular strongly opposed the new plan, feeling that it would not sufficiently improve their existing promotional efforts. However, the Committee of Vice-Chancellors and Principals, then the universities’ sectoral association, did not play a major role in defining the ECS’ approach. The ECS was able to effectively divide between HEIs, by offering some (and not others) the use of its offices and special promotional services. This occurred without any coherent opposition from the universities’ sectoral association. Such criticism as did occur was limited in scope and had little effect, being generally expressed only by a small number of HEIs leaving the ECS (in particular, Oxford and Cambridge (Humfrey 1999, p.117)), rather than being mediated through the sectoral association.

- France

As with the ECS, EduFrance’s creation and its subsequent operations were subject to a significant degree of direction from government, rather than the organization being led by HEIs themselves. As early as 2000, the then Higher Education and Foreign Affairs ministers were able to maintain that their creation of EduFrance, along with other

initiatives, had allowed France to ‘meet the challenge’ of the international market in higher education (Allègre and Védrine 2000). Certainly, by 2001, EduFrance was credited by both its managing director (Rotman 2001) and the Minister of Foreign Affairs (Bourg- Broc 2001) as having achieved a significant increase in international student numbers since its inception, although the agency did not meet the then Higher Education Minister Claude Allègre’s target to double the numbers in four years (L’AEF 2000).

Aside from the government’s financial influence on the agency, perhaps the most significant indicator of government control over EduFrance was the appointment of its first director, François Blamont, who was a strong supporter of the liberalization of international students’ policy. Despite criticism from a variety of sources (Delberghe 1999; Renaud and Thoraval 1999), Blamont enjoyed in his new role the strong support of the ministers Védrine and Allègre (Lecadre and Thoraval 1999). It was only after a great deal of coordinated political activity by HEIs to change EduFrance’s orientation that Blamont moved on from EduFrance’s directorship after four years.

Unlike successive French governments, but like their British counterparts, French HEIs were rather sceptical concerning the creation of a new agency focussed on international student recruitment. Interviewees maintained that a withdrawal of government funding for their own international organization, ARIES, in the mid- 1990s had reduced HEIs’ trust in government when it came to policies in international higher education. Such suspicion was heightened by the fact that the first figurehead for the new organization,

François Blamont, had a notorious reputation for his business dealings, and explicitly promoted the commodification of international students (Delberghe 1999).

Interviewees stressed that pressure from HEIs, with the backing of the universities' peak association, the *Conférence des Présidents d'Université*, led to Blamont not being re-employed as the head of EduFrance after its first four-year period, with the position instead being taken up by the less controversial (and more academic) figure of Thierry Audric. Although Blamont's removal coincided with a review of the agency, it does not appear that Blamont had hoped to retire at this point.

HEIs were also 'circumspect' concerning EduFrance's scope of action. They were particularly concerned about EduFrance's provision of services to international students, due to the fees required to access these. A report by the former academic Albert Prévos articulated this concern, and was supported by many members of the *Conférence des Présidents d'Université* (Prévos 1999). Prévos, then the National Education Inspector, suggested that decision-making on the subject of international students should be devolved wherever possible to individual HEIs. Similarly, the parliamentarian Alain Claeys reported that HEIs were resisting EduFrance's attempts to 'become a new operator', through itself offering international students services (Claeys 2000). HEIs were concerned that they would be ultimately penalized for 'playing the game' and cooperating with EduFrance (Claeys 2001). This contrasted with EduFrance's then position, as articulated by Blamont, that 'today, experts maintain that universities should rely on professional organizations [for the reception of international students] who understand what "welcome" and "service" mean, so that teachers can remain teachers and

universities can remain preoccupied with diffusing knowledge', rather than following Prévos' 'idealist' suggestions (L'AEF 2001).

Overall, in France as in Britain, it was government which played the major role both in creating EduFrance and in directing its subsequent operations.

CONCLUSION

This comparison of EduFrance and the ECS shows that regulatees may resist, rather than promote, liberalization. This was particularly effective in France but less so in Britain. It is interesting to briefly consider why this was the case. In Britain a number of factions have formed within the higher education sector, which have effectively divided the membership of the CVCP (such as the Russell Group, 94 Group and Campaign for Mainstream Universities). In contrast, no such associations have formed in France. Although some 'networks' of French HEIs have been grouped together as *grandes écoles* or as regional networks, such groups have not developed into distinct lobbying factions within their respective sectoral associations. The sectoral associations have been able to develop unified positions even concerning sensitive matters. In contrast, Kogan and Hanney have maintained that it is difficult for the CVCP (since renamed UniversitiesUK) to arrive at a common position (Kogan and Hanney, 2000: 212), and Peston and Ford have detected 'little unity' in the British higher education sector (Peston and Ford 1981, p.396).

To summarise, in contrast with the British HEIs' sectoral associations, the French university and *grandes écoles* sectoral associations (the *Conférence des Présidents d'Université*, and the *Conférence des Grandes Ecoles*) are relatively strong, albeit bifurcated between two organisations. As a result, French HEIs have, generally, been better able to coordinate resistance against liberalization through their sectoral associations than their British counterparts.

More fundamentally, the comparison also indicates the important part governments can play in pushing forward liberalization in the public sector. Governments are able to propose and legitimately institutionalize change, in a way that has been overlooked in many recent analyses of liberalization.

Streeck and Thelen, and the other authors identified, downplayed the role of governments in liberalization, suggesting that their ability to introduce liberalization is dependent on the defection of sectoral actors from collective institutions. This contrasts with their insistence that the creation of collective institutions generally requires governments to play a major role. Hence, they maintain that '[n]onliberal reforms in a market economy seem to require 'political moments' in which strong governments create and enforce rules that individual actors have to follow' (Streeck and Thelen 2005, p.33). This claim appears to rest on the notion that whilst collective institutions require authoritative intervention, markets can be created and maintained in the absence of governmental intervention.

However, in this case, governments played an important role in liberalization, both in the creation of liberalizing institutions and the maintenance of competition within them.

This recognition of the role of governments in market-making and –control within the public sector parallels a number of other studies that have emphasized the historic importance of government intervention in the creation of modern economies and particular economic sectors (Evans, 1995; Vogel 1996; Weiss 1998; Fligstein 2001; Polanyi 2001; Blyth 2002; Fligstein and Stone Sweet 2002). The insights from such studies have infrequently informed analyses of economic liberalization. Yet there are many parallels between the creation of market-based institutions in the public sector and the older processes whereby the parameters of modern market-based economies became institutionalized. As Campbell and Lindberg note, governments have historically helped to ‘construct markets where there had never been commercial exchange to begin with..., or where alternative governance mechanisms had come to coordinate exchange’ (1991, p.349). Exactly this situation obtained in international student recruitment before 1979, where in both Britain and France, policies towards international students were dominated by colonial and foreign policy concerns, and HEIs were more likely to cooperate than compete with each other in the recruitment (or, as it was then, acceptance) of international students.

Governments can attempt to institute, or deepen, markets in previously nonmarketized sectors, as in the case examined here, or to enforce competition in existing, but monopolistic or monopsonistic markets (Zysman and Tyson 1983, p.24; Cerny 1991,

p.184). Hence, King and Wood have noted that the US and UK government's liberalizing policies significantly decreased the extent of coordination and increased the extent of competition, within certain sectors (King and Wood 1999, p.396; see also Scharpf 1991; Garrett 1998; Rieger and Leibfried 1998). This contrasts with the relative lack of involvement of regulatees in determining the shape of new markets in the public sector. Governments may, and indeed often have, attempted to extend or deepen liberalization in the absence of societal pressures towards marketisation (Goodman and Pauly 1993; Helleiner 1994). Furthermore, where governments possess and exercise the authority to create liberalizing institutions, other actors, as their regulatees, may resist the exercise of such authority. Unlike Streeck and Thelen's economic actors, who revert to competition 'by default', public sector actors may choose not to compete. Certainly, this case indicates that regulatees in the public sector may actively resist liberalization, and be successful in doing so when they coordinate this resistance, rather than playing the role of ready and willing market participants.

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