



# American Diploma-ry Abroad



Like banking and finance, pharma and manufacturing as predecessors, American higher education has acknowledged the global marketplace and is setting up shop overseas. The time to strike is now. Sheepskins from reputable U.S. institutions are still highly coveted, and the exploding demand created by burgeoning economies offshore is not being fully met by others.

Yet.

*by Tom Robinson*  
TOM ROBINSON

**F**OREIGN STUDENTS coming to America for education make a \$15 billion annual impact on the U.S. economy. Foreign students are ineligible for federal aid, so there has been no burden on taxpayers. Most of their host colleges have been enjoying full sticker price tuition payments. So why work too hard to get a larger share?

For starters, the events of 9/11 taught us it's not a gimme. In 2001, 580,000 foreign students attended college here. That fell off precipitously and only this year has it rebounded to nearly what it was.

As has Amherst's president Tony Marx, many nations have discovered the gene pool for talented students is not limited to those wealthy enough to afford six-figure diplomas. And the leaders of nations who want to reduce their dependence on one-dimensional resources like oil have discovered how to produce a well-educated work force—at home. (Mr. Marx is profiled in 'From the President' elsewhere in this issue of *The Greentree Gazette*.)

The situation has its complexities. To shed light on them are four smart people who view the global demand for education from somewhat

**GATS specifies four "modes of service," and Green and her colleagues have interpreted them for education in a paper entitled *Venturing Abroad*.**

- Commercial presence. The service provider establishes a facility or other presence in the consuming country. Educational examples include branch campuses, study centers, franchising arrangements or twinning partnerships.
- Consumption abroad. The consumer travels to the supplier country.
- Cross-border supply. The service is delivered in a consumer country without the supplier moving. Educational examples include distance education, e-learning and virtual universities.
- Presence of natural persons. Persons travel from the supplying country to another country on a temporary basis to supply a service.

different angles. Heading up the American Council on Education's international initiatives, Madeleine Green's view is from 35,000 feet. David Long has been working below the radar in the global marketplace for decades. George Miller steers a large intercontinental university for an even larger for-profit educational services company. And James Reardon-Anderson of Georgetown represents a major university using the newest delivery model.

### **Market-driven opportunity**

While one might like to think that the delivery of American higher education is some inspired foreign policy initiative to make the U.S. more appealing—it isn't. Yes, quality education does spread goodwill. But global market dynamics are steering the ship.

Madeleine Green, vice president of international initiatives for the American Council for Education (ACE), travels the world and counsels member campuses on the opportunities and the problems of expanding operations overseas. She believes that the escalating demand for a well-educated workforce in places like China and Malaysia and their lack of education infrastructure are opportunities. "China needs a million managers and it can't send them all here for an education," she says. The solution is to import education while they develop their own institutions. It's also a heck of a lot cheaper for them.

### **With GATS in the future**

The General Agreement on Trade in Services (GATS) will extend the global trading system to a dozen services, including education, in much the same way the General Agreement on Tariffs and Trade (GATT) facilitates merchandise trade. World Trade Organization member countries will be signatories. (See table above.)

### **The motivation to expand**

The motivations to expand overseas are many. For some institutions, there is a desire to spread the gospel of American-style





AMERICAN COUNCIL ON EDUCATION

## Madeleine Green

*Vice President for International Initiatives*

**EXPERTISE** Madeleine Green has degrees from Harvard and Columbia, and she is widely published on higher education issues. She heads ACE's Center for International Initiatives.

### What is the allure of American higher education?

A degree, particularly from a prestigious American college, has cachet and value around the world. Perhaps as important is the lack of capacity in rapidly developing economies whose education infrastructures cannot meet the demand for educated workers. China cannot afford to send a million students abroad; they are interested in importing education as they build their own higher education capacity. There's also great interest in the uniquely American community college model because of the need for specialized, shorter-cycle technical training.

### Are we the only game in town?

No, these countries are buying British and Australian as well. In Malaysia, for instance, there are one British and three Australian offshore campuses—and not one American, according to a ministry publication. Australian universities are more systematic. Stimulated by cutbacks, they have been looking for additional revenue for ten years.

### Why have American colleges been slow to market?

Prior to 9/11 there was very little incentive. In 2002-03, a peak year, about 586,000 foreign students came here. It's taken four years to get back near that level. Some American institutions see establishing campuses and programs abroad as a way to build prestige and internationalize themselves. Many other private institutions are wary. They must weigh the administrative time drain and a myriad of issues like currency, legal restrictions and negotiations with partners. At public institutions, what legislature is going to spend tax dollars to educate students in other countries?

### Who profits? Who pays?

Nobody expects to get rich quick. Hosts like Qatar and Dubai offered assurances that start up costs would be covered. As an example, Michigan State's launch costs will be paid from a revolving line of credit established by TECOM Investments, a subsidiary of Dubai Holding, a quasi-governmental entity that owns and operates free trade zones. MSU will make payments against the credit line, mostly from future tuition revenue in Dubai.

### How else has U.S. education gone global?

The Australians went so far as to change laws that forbade foreign institutions, so they could invite Carnegie Mellon to start a campus in Adelaide. The University of Warwick is inviting other world-class institutions to the U.K., adding to Warwick's prestige. Five business schools around the world offer a joint MBA. You go to each country, and the diploma has all five logos.

### What's the long-range prognosis?

One scenario involves more cross border mobility and efforts to build prestige through global relationships. Another scenario: when Asian and Middle Eastern countries expand their own capacity, they'll say 'no more incentives—you take the risk.' It is market-driven.

entrepreneurship far and wide. Others want to be involved in true globalization. These schools may want to introduce their faculty and students to faculty and students from other cultures and economies. American InterContinental University, for example, exposes fashion design and marketing students to both the London and New York fashion markets to teach the differences in global commerce.

For some institutions, there is desirable prestige associated with being a player

on the world stage. In fact, prestigious universities are inviting other foreign prestigious universities to provide offerings on their campuses.

An appeal for some institutions is the very practical diversification of revenue sources beyond the bricks and mortar stateside campus. China needs something like 30,000 MBAs and 20,000 auto mechanics a year to meet demand. There's money to be made for any number of teaching institutions there.

### Not for the faint of heart

GATS aside, it's no easy task to open up in a foreign country. It's exponentially more difficult in multiple countries. Regulatory restrictions differ at each border. You might have to offer Islamic Studies in a Muslim country and avoid religion altogether in a communist state. In less developed countries, there may be no rules—or worse still, rules that change arbitrarily. Currency exchange rates, language, culture and technology all

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GEORGETOWN UNIVERSITY  
SCHOOL OF FOREIGN SERVICE IN QATAR

## James Reardon-Anderson

Dean

**EXPERTISE** James Reardon-Anderson earned his Ph. D. at Columbia. He is an expert in Asian studies and is the author of five books on the history and politics of China. Until recently he directed the foreign service master's program at Georgetown.

### Why are students drawn to Georgetown in Education City, Qatar?

They can get a first rate education with a 4:1 student to faculty ratio from a world class university two hours from home. The Qatar Foundation has been quite generous, even to non-Qatari students. A financial aid package can cover up to 80 percent of tuition at zero interest, with terms to repay at 15 percent of salary, whether a graduate earns \$1,000 a year or \$100,000 a year.

### Are the high schools in Qatar feeders?

About 60 percent of our students are non-Qatari, and the Qatari students come from international high schools where English is the mode of instruction. Qatar Academy high school in Education City itself is one of the most competitive in the country. The Supreme Education Council hired the Rand Corporation, who recommended a shift from the traditional Arabic system to a "Western-style" independent education system. Meanwhile, the Foundation created an "Academic Bridge" that prepares Arabic-speaking students in math, science and English prior to their entry into the university.

### Do students train to be diplomats?

Many start out saying that 'I want to be the first female ambassador from Qatar.' But Georgetown is essentially a liberal arts school with an international bent. Among the 108 students in the School of Foreign Service in Qatar, 26 countries are represented. After the first year, they are discovering other more compelling paths, such as the effect of media on politics or the role of youth in society or economics for developing countries.

### How does the Education City concept facilitate or hinder learning?

This is a historic first—five universities with branch campuses far from home. The experiment is not without flaws. You can take a business class from Carnegie or an art class from Virginia Commonwealth and get credit at Texas A & M. But if you opt out of medical school at Cornell after a year, you have to start over and reapply as a freshman to one of the other schools.

### Does the School of Foreign Service in Qatar serve a Jesuit mission?

In addition to the overarching Jesuit and university mission to educate people of all backgrounds in service to mankind, one of Georgetown's top priorities is inter-religious dialogue. We offer a course called "The Problem of God" required of all students. In Washington, most students are Americans. In Doha, it's considerably more interesting with a Catholic priest and 25 students, half Muslim, but also Baha'i, Hindu, Mormon and others.

contribute to the complexity.

David Long has held a number of positions at Northwood University: provost, president of the Midland, Michigan campus and chancellor. He has traveled around the globe for 20 years articulating partnerships and agreements with government ministries, business entities and other institutions to export Northwood's brand of entrepreneurship and free enterprise one country, one partner and one program at a time.

Northwood is not well known in the States, even less in foreign countries. But Northwood is a pioneer in delivering Western-style education in Europe, Africa and the Far East. The core tenets of

Northwood's brand and the flexibility to tailor programs get the doors opened. In Switzerland and Dubai, where there is a thriving hospitality industry, Northwood is the partner that delivers hospitality management. In Malaysia, banking & finance and marketing are the high-demand tickets, but it took a Chinese partner to overcome the Malaysian government's skepticism.

Besides meeting foreign requirements, education exporters must meet regulations back home. A regional accreditor still holds sway over standards and curriculum. Foreign realities like the Bologna Accords that call for three-year bachelor's degrees in Europe have not yet affected U.S.

undergraduate curricula. Says Reardon-Anderson, "We will not change our degree program."

Many institutions want to shuttle students and faculty between the U.S. and the offshore campus. Long offers, "In every country we work, we visit our embassy officials. It is important to build a relationship so they know Northwood's mission when students come for their visa interview. Our ambassador in Sri Lanka took a special interest in Northwood and even took the time to teach a course for Northwood at American National College."

Getting American faculty to teach overseas can be problematic because of family disruptions, security and

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NORTHWOOD UNIVERSITY

## David Long

Provost

**EXPERTISE** An educator for 22 years, 15 of which have been in international education, Long has articulated dozens of agreements with institutions throughout Europe, Africa, Asia and the subcontinent.

### What is Northwood's motivation to offer programs offshore?

Our mission is to develop the future leaders of a global, free-enterprise society. It is as much a social commitment as a money maker. We send our domestic students abroad to live and learn in other cultures, and we encourage international students to live and learn in our culture. Not everyone can come here, so we take our faculty and our curriculum to them.

### What programs do you export?

We promote a focus on practical business and management skills—doing business, not just talking about it. Our model is a double major: management plus a specialty. We offer hospitality in Switzerland and Bahrain; banking & finance and marketing in Malaysia and Sri Lanka; MIS in China. What's offered is defined by the particular government or the nation's developing economic needs.

### Does this help American companies abroad?

Our greatest asset is faculty members who have owned businesses, put their own capital at risk and know how to compete globally and ethically. Companies like Dow Chemical and Marriott have a problem uprooting people to work overseas in highly competitive markets. They are always looking for managers with real world experience. Through Northwood, those companies can obtain qualified, educated employees who know the native culture.

### What obstacles does Northwood face in foreign countries and how do you overcome them?

Northwood is not a household word. Asia lives and dies by rankings, and they dismiss colleges not in the top ten. When we went to Malaysia 12 years ago, the government actually challenged our being there. So we became the American studies partner with INTI, a well-respected private Chinese college system with a presence throughout Asia. Over time we have built relationships and earned trust by stressing our U. S. accreditation and pragmatic business approach.

### Explain the Western business program in China.

Promising Chinese students take English during their first year of college. They receive their general education foundation at Jilin, a huge state-run university in China taught by English-speaking Canadian faculty from our partner Lambton College. Northwood provides the two-year capstone courses in business and management. Students can achieve their degrees by coming to one of our three campuses in the States or finish our programs at Jilin.

### Explain your relationship with American National College in Sri Lanka.

ANC is part of Ceylinco, a business conglomerate that advocates for social good in Sri Lanka, with a curriculum predicated on American-style free enterprise. Patten University provides the general education courses for ANC, and Northwood provides the business and management courses. Students can finish the last two years in the U.S. or in Sri Lanka. Ceylinco is now poised to take ANC and Northwood to Knowledge Village in Dubai.

cultural restrictions. Colleges have been overcoming that by blending courses with short 2-3 week stints by U. S. professors and distance learning, videoconferencing or team teaching with local faculty.

Conservative and frugal trustees are skeptical of cross-border experiments, fearful of lost revenue and the management distractions required to negotiate these complex deals. Public universities must justify to their legislatures and taxpayers that such initiatives are not boondoggles.

### A multitude of methods

Some brave and well-capitalized institutions are game to build physical campuses from scratch. Others prefer or are required to partner with an existing host country institution. Many have blended or totally online programs.

A new trend has emerged in the Middle East. Progressive emirates like Dubai and Qatar have taken dramatic steps to reduce their countries' dependence on oil and develop knowledge-based economies

by establishing complex, vertically and horizontally integrated research and education zones attractive to Western interests. The 2,500 acre Education City in Qatar and Dubai Knowledge Village are two examples, each interesting in its complexity, incentives and participants.

### Not so new, but also growing rapidly

One such player in Dubai is Career Education Corporation (CEC), whose American Intercontinental University

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AMERICAN INTERCONTINENTAL UNIVERSITY

## George Miller

Chief Executive Officer

**EXPERTISE** Former executive of several private, non-profit institutions and now CEO of one of the larger properties owned by Career Education Corporation. CEC operates 93 campuses throughout North America, Europe and Asia.

### Describe your operations in London and Dubai.

American InterContinental University began as a design school in Switzerland in 1970 and moved to London later in the decade. AIU now offers a range of associate's, bachelor's and master's degrees in business, marketing, information technology, education, healthcare, criminal justice, visual communications and a number of design fields. Our campus in Dubai has many of those same programs and also offers a bachelor's degree in electrical, civil or computer engineering through a relationship with Georgia Tech.

### What is the "American experience" that you promote to students overseas?

It is not about fraternities or intercollegiate athletics. It's a curriculum structure and American style of teaching. It's American faculty and in some cases students from the United States. Most important, it's exposure to the American business environment. Fashion design and marketing students in the U.K. will naturally have direct contact with the London fashion market; but we can introduce them to how the New York fashion business operates as well.

### With so many different offerings, how does AIU maintain its brand?

Our brand is based on an international perspective made possible by cross-pollination of faculty and students around the world. It's enhanced by a practical versus theoretical approach that is relevant and up-to-date with industry standards. We are sensitive to the standards and regulations of each host country. In order to satisfy the Ministry of Higher Education in the United Arab Emirates, for example, our students must take an Islamic Cultural Studies course. Meanwhile, the curriculum must meet the standards of our accrediting body in the United States, which in the UAE case is the Southern Association of Colleges and Schools.

### How does a for-profit differ from a not-for-profit supplier?

They are not really so different. Both must seriously weigh the positive and negative consequences of launching a new campus. Both must balance the costs of such an endeavor with the likelihood of becoming self-sustaining. While for-profit institutions may use slightly different success metrics, all legitimate colleges and universities, and the academics who staff them, judge their accomplishments by the quality of their offerings and the success of their graduates.

### Are foreign education ministries suspicious of a for-profit college?

Cautious is how I would characterize it. Like all businesses operating in a host country, we are a foreign entity. The education ministers are doing due diligence, usually operating forthrightly for the protection of their citizens, much the same as education authorities in America do in evaluating a foreign institution operating here.

offers degrees in visual arts, media production, engineering and computer sciences. The for-profit CEC has 92 other campuses—not programs, campuses. These include the iconic Le Cordon Bleu culinary schools, Katherine Gibbs and Sanford Brown in North America and a range of schools throughout Europe offering certificates, diplomas, degrees and doctorates. George Miller, the chief executive of CEC's largest subsidiary, believes world demand for higher education will continue into the future.

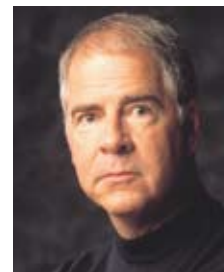
China by itself can consume most of anything thrown its way. Add to that

Malaysia and Indonesia, the Gulf states, Sub-Saharan Africa, South and Central America, and on and on.

There is competition, however. The United Kingdom, whose empire established the education system in many of its former colonies, still has a major presence. English is emerging as the world language of education, and that is also good news for Australia—a worldwide provider of note.

Madeleine Green lays out two future scenarios. One is that the demand for education—especially from Western teaching institutions—will remain

insatiable. The other is that, as developing countries build their own education infrastructures, the governments that have been very generous will stop the financial incentives, and say "you take the risk." ■



**TOM ROBINSON** is an editor of *The Greentree Gazette*.

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