

Opinion

PRIVATIZATION OF THE UNIVERSITY OF THE PHILIPPINES: Circumstance, Forms, Resistance

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Privatisation is a policy tool, not just a giving up by the state of the capacity to manage social problems and respond to social needs, but part of an ensemble for innovations, organisational changes, new relationships and social partnerships, all of which play their part in the re-working of the state itself. In this context, the re-working of education lends legitimacy to the concept of education as an object of profit, provided in a form which is contractable and saleable (Ball & Youdell, n.d.).

Introduction

The University of the Philippines (UP) is a product of the first war of aggression of the United States, a then relatively new imperialist power, at the tail end of the 19th century. UP was established in 1908, ten years after the Philippine-American War and seven years after the United States launched a “pacification campaign” to eradicate continuing patriotic armed resistance in the countryside. The armed campaign of the United States was paired with the establishment of a nation-wide public school system which provided a “benevolent” image of the foreign aggressors as it weakened the spirit of resistance of the Filipino people through the use of education.

Act No. 1870 or the 1908 UP Charter defined the university's purpose as "provid (ing) advanced instruction in literature, philosophy, the sciences and arts, and to give professional and technical training." Through the years, the University of the Philippines has been widely recognized as the country's premier state university which highlights the public character of the university and its high academic standards.

With the passage of a new UP Charter in 2008, a charter vigorously pushed by the present UP administration, the university has abandoned its description as the country's premier state university and is now officially known as the national university. By removing the description "premier state university" and replacing it with national university, ostensibly to assert that UP is the best not only among state universities but among all higher education institutions of the country, the UP administration has actually called attention to the diminishing public character of the university. The privatization of the University of the Philippines is an ongoing process which has accelerated in the past decade.

Privatization of government-run educational institutions is a component of neo-liberal globalization. My paper deals with the ongoing privatization of the University of the Philippines. It starts with a discussion of higher education "reforms" coming from the World Bank which serve as the policy framework for privatization of public universities and the particular policies adopted by the Arroyo government related to the World Bank advisory. I will then describe the circumstance and major manifestations of privatization in the University of the Philippines. The paper ends with a presentation of the resistance of organized faculty, staff and students of the university to privatization policies and programs in the university and the future prospects of such struggle.

Education "Reforms" and Neo-liberal Globalization Policies

A key World Bank (WB) policy paper which elaborates on the so-called higher education reforms is the 1994 "Higher Education: Lessons of Experience." The paper recognizes the important role of higher education institutions not only for the benefit of individual students but in advancing economic and social development:

Institutions of higher education have the main responsibility for equipping individuals with the advanced knowledge and skills required for positions of responsibility in government, business, and the professions. These institutions produce new knowledge through research; serve as conduits for the transfer, adaptation, and dissemination of knowledge generated elsewhere in the world, and support government and business with advice and consultancy services. In most countries, higher education institutions also play important social roles by forging the national identity of the country and offering a forum for pluralistic debate (WB, 1996, p. 15).

The document notes that higher education is in crisis through out the world because of the “compression” of education budgets, particularly expenditures per student. As a result, the quality of teaching and research is compromised in many countries as “ higher education institutions operate under adverse conditions: overcrowding, deteriorating physical facilities, and lack of resources for nonsalary expenditures such as textbooks, educational materials, laboratory consumables, and maintenance” (WB, 1994, p. 2).

However, while the World Bank recognizes that investments in higher education actually contribute “to increases in labor productivity and to higher long-term economic growth, which are essential for poverty alleviation” (WB, 1994, p. 15), its proposed educational reforms accept as given that state financial support to higher education cannot or should not be the main source of financing.

The four key directions for reforms proposed by the World Bank are framed by a market-driven perspective. These are:

- encouraging greater differentiation of institutions, including the development of private institutions;

- providing incentives for public institutions to diversify sources of funding, including cost-sharing with students, and linking government funding closely to performance;
- redefining the role of government in higher education; and,
- introducing policies explicitly designed to give priority to quality and equity objectives (WD, 1994, p. 4).

The role of the state is defined as providing a positive environment for higher education institutions with the advice of the World Bank that success in implementing higher education reforms depends on “the establishment of coherent policy framework, greater reliance on incentives and market-oriented instruments to implement policies and increased management autonomy for public institutions” (WB, 1994, p. 9).

The multilateral institution offers priority funding assistance to “countries prepared to adopt a higher education policy framework that stresses a differentiated institutional structure and diversified resource base, with greater emphasis on private providers and private funding” (WB, 1994, p. 9). This is privatization of public education: the reduction of public support for education simultaneous with the growing emphasis on efficiency and cost-savings by generating revenues through varied means including imposition of higher fees, elimination of non-profitable units, and going into profitable joint ventures.

Education International (EI), a global organization of unions and associations of education workers, describes two forms of privatization in public education in a paper entitled “Hidden Privatization in Public Education” (Ball & Youdell, n.d.). It refers to “privatization in public education or endogenous privatization” as the “import(ation) of ideas, techniques and practices from the private sector in order to make the public sector more like businesses and more business-like,” while “privatization of public education or exogenous privatization” refers to “the opening up of public education services to private sector participation on a for-profit basis and using the private sector to design, manage or deliver aspects of public education.”

Education International notes that:

The first form of privatisation, where the public sector is asked to behave more like the private sector, is widespread and well established. The second form of privatisation, where the private sector moves into public education, is a newer but rapidly growing form of privatisation.

These forms of privatisation are not mutually-exclusive and are often inter-related, indeed, exogenous privatisation is often made possible by prior endogenous forms. Both privatisation in public education and privatisation of public education often remain hidden and are not subjected to public debate – in the first case techniques and practices are not named as privatisation, in the second case privatisation is not publicly known about or properly understood.

The privatization of higher education in the Philippines in line with the World Bank dictates and in forms similar to those forwarded by Education International is an ongoing process in the country.

In a 1998 study entitled “Philippine Education for the 21st Century: The 1998 Philippines Education Sector Study,” the World Bank and the Asian Development Bank (ADB) underscored the fact that increasing government allocation to secondary and tertiary education is inefficient, especially when such is provided “free of charge or at very low cost-recovery rates.” The study avers that such subsidy undermines the private sector’s share of the education market and recommends charging more for post basic education while offering subsidies to “deserving” students (WB & ADB, 1999, p. 14).

The Philippine Government: Embracing Higher Education “Reforms”

The present Philippine government under Gloria Macapagal-Arroyo has fully embraced the World Bank prescriptions on higher education

“reforms.” Arroyo’s “Long Term Education Development Plans” (LTEDP) covering the period from 2001 to 2010 lays down specific targets for the adoption of privatization policies and programs by state universities and colleges (SUCs):

- 20% of SUCs to be financially self-reliant through the sale of intellectual property rights and grants;
- 50% of SUCs will have active income-generating projects;
- 70% of SUCs will have tuition comparable to those charged by private higher education institutions;
- 60% of the universities will have forged collaboration with big business and industries.

The above plan has been accompanied by lower budgetary allocation for public higher education institutions in the country. The Arroyo government’s appropriation for higher education has shown nominal increases in the past seven years: from P15.35 billion in 2001 to P 22.8 billion in 2009 (General Appropriations Act 2001 & 2009). On the other hand, the share in the expenditures for state universities and colleges coming from internally generated revenues has increased from P2.708 billion pesos in 2001 to P8.87 billion in 2009 (DBM, 2003 & 2009). Internally generated income from students from tuition and other student fees increased from around P1.5 billion in 2001 to P5.8 billion in 2009 (DBM, 2003 & 2009).

The University of the Philippines under the Present Roman Administration: Institutionalizing and Accelerating Privatization of the University

The UP Charter enacted in April 2008 institutionalizes the privatization programs and projects of the university which have been started even prior to the passage of the new charter. Mention has already been made of the change in the description of the university from the premier state university to a national university.

A section in the UP Charter, Section 22 on “Land Grants and Other Real Properties of the University,” details the various ways by which the university can generate income from its properties. Land leases and joint ventures are among the modes allowed by the charter, in effect giving license to the university to go into business. On the other hand, the entry of big business into the university is institutionalized in another section. Section 24, “Management of Funds,” designates representatives of big business as investment advisers to the university through the creation of a so-called “independent trust committee.” The President of the University heads this committee with one representative each from the Bankers Association of the Philippines, the Investment Houses Association of the Philippines, the Trust Officers Association of the Philippines and the Financial Executive Institute of the Philippines. The so-called Independent Trust Committee “shall provide the Board with direction on appropriate investment objectives and permissible investments with the view to preserving the value of the funds while allowing the University to earn a reasonable return thereon.”

Given the foregoing, the Congress of Teachers/Educators for Nationalism and Democracy (CONTEND), an organization of UP faculty members, describes the 2008 UP Charter as providing the transition from the premier state university to a privately run corporate enterprise driven by the search for profit (CONTEND, 2008).

Tuition and Other Student Fee Increases

Tuition was raised by the university last December 2006. From a high of P300 per unit (campuses situated outside of the three main campuses charged lower than this), tuition was pegged from an average of P1,000 per unit to as high as P1,500 per unit for undergraduate students. In addition, miscellaneous fees such as laboratory and library fees were also increased. This move transfers to the students in increasing amounts the failure of the government to adequately support state universities and colleges. State subsidy per student was drastically slashed from the previous 78% per student to 47% or even as low as 23% . Based on the P1,531.00 cost of instruction per unit as pegged by a university committee which proposed the increase, full tuition subsidy is P27,558 for 18 units which UP undergraduate students usually take.

The following table illustrates the decline of state subsidy to UP students' tuition (miscellaneous fees are not included) as a proportion of the cost of instruction after the implementation of the tuition increase.

	Previous Rate P300/unit	New P700/unit	TF P1,000/unit	TFI P1,500/unit
Total cost for 18 units	P6,015	P14,600	P21,240	P27,000
Government Subsidy	P21,543	P12,958	P6,318	558.00
% of government subsidy to total cost	78%	47%	23%	2%

Adapted from the 2006 primer of STAND-UP, a student organization of the university

Opening the University to Big Business

Prior to the passage of the 2008 UP Charter, the university had already planned to open 129.5 hectares of its 493 hectares campus in Quezon City for so-called joint ventures with big business and has actually implemented a number of these. As early as 2004, a science and technology park was established and was proclaimed a special economic zone by the Philippine President. Two Japanese companies and six local start-up companies occupied this park.

The biggest of the joint ventures entered into by the university is the lease of prime UP property to one of the biggest land developers in the country, the Ayala conglomerate. Under the guise of advancing science and technology, a "techno park" is being built on 38.6 hectares of prime land. While ostensibly promoting academe-business partnership to advance the academic agenda of the university, the "techno park" is now the location of several call centers or business processing outsourcing (BPO) companies, such as the Hongkong Shanghai Banking Corporation (HSBC) and IBM, and a restaurant and fast food complex. Also in the pipeline is the construction of hotels and residential complex.

Big business continues to be welcomed with open arms by the university administration. Recently several projects involving joint ventures or providing additional incentives to big business have been approved. Others are due for approval by the university's highest governing body. ¹

A **Centennial Dormitory** was approved last December 2008. This is a project intended to provide a solution to the perennial lack of student housing in the major campus of the university. Four five-storey buildings are intended to be built on 2,500 square meters of UP land. Two of these buildings will be built using university funds while the other two will be constructed by the Philippine Investment Management (PHINMA) Inc., which will provide the funds and will have naming rights over the two buildings. The management and operation of the dormitory will be given to **“a private management group”** which shall be under the supervision of an Oversight Committee. The Oversight Committee shall be composed of the Chancellor of UP Diliman as chair, the Vice Chancellor for Student Affairs of UP Diliman, the Dean of the College of Business Administration, the Dean of the College of Engineering, a representative from the foundation of the College of Engineering which helped raise the fund, a representative to be named by the Dean of the College of Business Administration and a representative to be named by the Dean of the College of Engineering.

Students of the College of Engineering shall have first priority over 50% of the total number of slots in the PHINMA constructed buildings at any time. Traditionally, dormitory slots have been allocated on the basis of students' enrolment status (first years, upper class, graduate students) and on the basis of residence, with priority given to students coming from the provinces. The project is precedent-setting in two ways.

This is the first time in the history of the university that dormitory slots are reserved for students of the college which helped generate the funds for the building and the first time that a private management team will oversee a UP dormitory. In effect, the project initiates prioritizing access to student housing on the ability to generate funds and the entry of private entities in building and running university dormitories.

Another proposal from the UP Administration which was presented to the BOR in the July 31 meeting is a revision on the existing “Guidelines

for Naming Buildings, Structures, Streets, Parks and Other Places in the University” approved by the UP President on 27 July 2004 and noted by the BOR at its 1185th meeting on 26 of August 2004. The present policy regarding naming of buildings, structures, streets, parks and other places in the university allows naming after living persons or juridical persons only when it is made a condition in a donation in favor of the university **and** for meritorious considerations. The proposed revision (among others) is the replacement of *and* to *or*:

Buildings: A proposal for naming a building (or significant and identifiable section of a building) in honor of a person or organization may be considered when that person or organization:

- *is a major benefactor who makes a direct and substantial contribution to the capital cost of constructing the building (at least 50% of project cost) or*
- *has given extraordinarily distinguished service to the University that merits recognition in the University's history (on special recommendation by the President to, and subsequent approval by, the Board of Regents.*

The main criticism to this amendment is that it gives naming rights to UP buildings based solely on financial considerations, in effect institutionalizing another form of “UP for Sale”. Traditionally, UP buildings have been named after heroes, dead statesmen and women or deceased outstanding academic and administrative leaders of the university. Recognition of financial donations to the university has been in the form of commemorative plaques placed in a strategic location of the building (for major donors in the construction of buildings) and the naming of professorial and faculty chairs and rooms within a building.

Another proposal presented to the Board of Regents is the leasing, conversion and development of a building situated inside the Philippine

General Hospital (PGH), a component of the University of the Philippines in Manila, to a private entity, the Mercado General Hospital. To be known as the UP Manila-PGH Faculty Medical Arts Building, the terms of the contract do not only provide clinic space for UP faculty members of the College of Medicine to allow them to practice their profession instead of going to private hospitals (a provision not objected to by the Board) but also allows the Mercado General Hospital to put up a pharmacy, x-ray facilities and laboratories. These facilities are already found in PGH and setting these up inside the premises of the hospital is superfluous. The rental rate is P1,000,000 per month (net of all taxes) subject to a yearly increase or escalation at the rate of 10% per annum commencing on the 6th year of the term of the lease. This amount is way below the current rates of commercial spaces around the hospital. The period of lease is 25 years, exclusive of a rent-free period of 18 months from date of signing of contract within which the lessee must perform, comply with and complete all the works for the conversion, rehabilitation and development of FAB.

The above forms of privatization: transferring to the students a larger part of the cost of their education; joint ventures with big business; and, selling naming rights are only some examples of the accelerating and diversified ways of privatization of the University of the Philippines.

State Subsidies: The Carrot and the Stick to Further the Privatization of the University

Government allocation for the university has diminished or has barely increased through the past eight years while self generated income has reached the P1 billion peso mark. (Table 1). Government allocation is way below the proposed budget of the University (Table 2) giving the UP administration the justification for its various schemes to impose new fees and to enter into partnership ventures with big business.

Table 1. UP Budget 2001-2007 (in thousand pesos)

	GF	RLIP	RF	Internal Operating Budget
2001	3,576,893	255,377	868,564	4,700,834
2002	4,338,955	268,778	951,734	5,559,467
2003	4,340,000	287,000	967,291	5,594,291
2004	4,230,741	289,043	935,703	5,455,487
2005	4,162,794	289,046	951,024	5,402,864
2006	4,105,205	289,046	1,018,822	5,413,073
2007	4,783,529	291,283	1,194,072	6,268,884
2008	6,523,576	(included in GF amount)	1,113,706	7,637,282

GF=General Fund/fund from government; RF=Revolving Fund/fund raised by UP
 RLIP = Retirement Life Insurance Premium (automatic allocation for employees)
 Source: University of the Philippines System. "Comparative Report on UP Budget Proposal and Internal Operating Budget, CY 2001-CY 2008 (in thousand of pesos). July 17, 2009

Table 2. University Proposed Budget and Actual Approved Appropriation (in thousand pesos)

Year	Proposed Budget (A)	UP Appropriation (B)	Difference (A-B)
2001	6,840,153	3,576,893	3,263,260
2002	7,069,681	4,338,955	2,730,726
2003	7,327,993	4,627,000	2,700,993
2004	7,010,580	4,519,784	2,490,796
2005	6,261,654	4,451,840	1,809,814
2006	7,821,010	4,394,251	3,426,759
2007	8,375,753	5,074,812	3,300,941
2008	11,546,311	6,232,649	5,313,662

Source: University of the Philippines System. "Comparative Report on UP Budget Proposal and Internal Operating Budget, CY 2001-CY 2008 (in thousand of pesos). July 17, 2009

While the chronic shortfall in government allocation to UP vis-a-vis UP's actual needs is usually given as the reason for the various income-generating activities of the university, it cannot be denied that the UP administration has also embraced the ideological justification for the need for public higher education institutions to generate their own income, particularly in imposing higher student fees. The UP ad-hoc committee which recommended the proposal for the 2006 tuition increase was emphatic about the fact that "the idea of students paying their way through higher education (though possibly through state-financed loans) has gained ground even in developed countries not facing budget constraints demonstrates on the other hand that this is not merely a response to the exigency of a budget-

shortfall but a general principle to be affirmed” (Final Report, 2006, p. 2). Further, the same committee averred that “virtually all the benefits of an undergraduate education are in fact appropriable by the private individual himself, who should therefore be willing to pay for its cost” (Final Report, 2006, p. 2).

These arguments send a strong message that higher education is not a public good as it is the individual who benefits most from such. These deny the contribution of education, particularly public higher education, to the country’s development and provide the justification for transforming education from its service orientation to a profit-generating one.

Resistance to Privatization within the University

The University of the Philippines has a long tradition of resistance against threats to the integrity of the university as a public higher education institution with accountability to the people. In the past, some of these resistances were directed against attacks to academic freedom enjoyed by the university.

The ongoing privatization of the university has been met by resistance from a section of the university’s students, faculty and staff. Through various university and multi-sectoral alliances, this section of the university opposed cuts to the university budget, lobbied for an alternative UP charter, launched struggles against tuition and other student fees’ increases and the closure of vital service units, such as the University Press and the University Food Service.

Through the formation of alliances, lobbying in Congress and collective actions, the progressive sector of the university resisting privatization launched struggles against various manifestations of the state abandonment of its responsibility to provide quality and accessible higher education services. The *Kilusan Laban sa Budget Cut* (movement against budget cut) formed in 2000, held a rally near the Philippine President’s official residence to protest cuts in the UP budget. That action helped reduce the cut by about P100 million. The UP-Wide Democratization Movement (UP-Widem) opposed the UP

administration's charter proposals during deliberations in Congress in 2005 and 2007. While the final charter institutionalized many of the income generating schemes of the university, the lobby of UP-Widem successfully prevented the inclusion of a provision allowing UP to sell its lands and removed the provision giving the UP president a second six year term.² Through the efforts of the UP community, a provision on democratic governance spelling out the need for transparency, participation and accountability was included as one of the purposes of the university. The anti-tuition and other fee increases (TOFI) struggle in 2006 was unable to prevent the UP administration from adopting and implementing the tuition increase. The highest policy making body of the university, the Board of Regents, approved the proposal on the eve of Christmas break in 2006 in a meeting held in an undisclosed location and in the absence of the student and faculty representatives to the Board. Even then, the struggle launched by the anti-TOFI alliance brought to the public the debate over the nature of public higher education and the need to struggle against the embrace of market values and market criteria in running a state university.

Reclaiming the Public Character of the University of the Philippines

In the first decade of the second century of the University, the erosion of the public character of UP continues through various forms of privatization which include charging higher student fees, increasing partnerships with big businesses, putting in place various schemes to generate revenues and even in adopting corporate practices in the administration of the university.

However, the opposition to these privatization schemes would continue so long as the section of the university which refuses to embrace the neo-liberal dictum of the primacy of the market and profit as the best gauge of efficiency remains organized and assertive. As importantly, this resistance should link itself with the broad national and international resistance against the havoc of neo-liberalism on social services badly needed by the marginalized section of the population of the nation and of the worlds' peoples.

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Endnotes

¹ As Faculty Regent, the representative of the faculty to the Board of Regents (BOR), the author has access to the proposals presented to the BOR.

² The original provision of Section 14 of Senate Bill 1964 on the term of office of the President was this: "The President of the University shall be appointed by the Board of Regents. He or She shall serve for a term of six years without prejudice to one reappointment after a determination of outstanding performance by a committee created by the Board of Regents: Provided, That the President of the University sought to be reappointed shall not vote or participate in the creation of such committee." RA 9500 explicitly sets a single term of office for the University President: "The President of the University shall be appointed by the Board and shall serve for a single term of six (6) years."