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‘Public’ and ‘private’ in higher education

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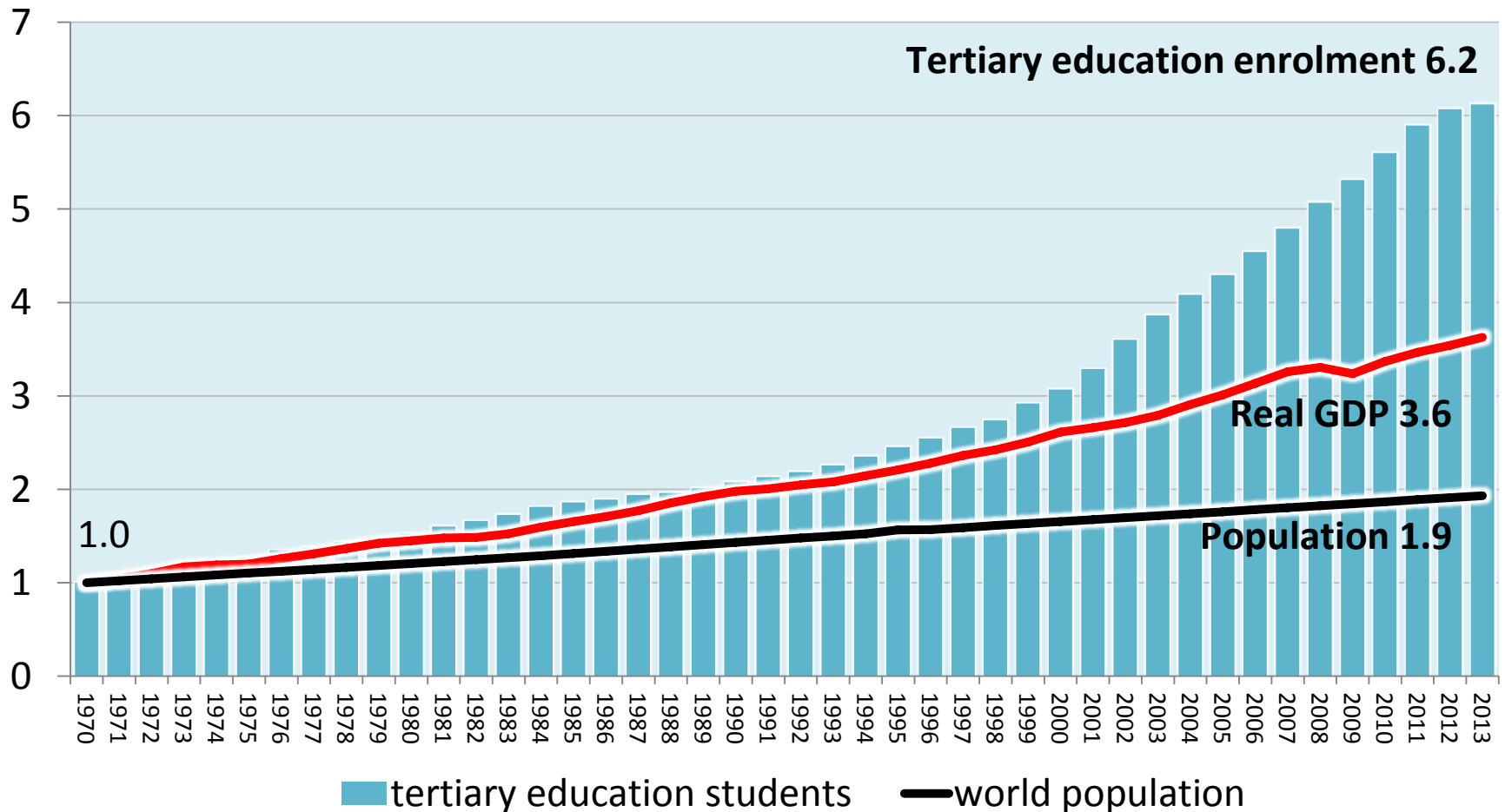
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- **What is the social role of higher education?**
- **The non-market/ market distinction**
- **The state/ non-state distinction**
- **Four different political economies of higher education and research**
- **Common goods and the common good**
- **Global and cross-cultural dimensions**

World GDP, population and tertiary enrolment, 1970-2013

1970 = 1.0. Constant price GDP. Data from World Bank, UNESCO Institute of Statistics



Regional Gross Tertiary Enrolment Ratios (%), 1970, 1990, 2010 and 2014

	1970	1990	2010	2014
World	10.0	13.6	29.3	34.5
North America/ W. Europe	30.6	48.6	76.9	76.4
Central and Eastern Europe	30.2	33.9	67.9	74.4
Latin America and Caribbean	6.9	16.9	40.9	44.7
East Asia and Pacific	2.9	7.3	27.3	39.1
Arab States	6.0	11.4	25.5	28.9
Central Asia	n.a.	25.3	26.7	25.7
South and West Asia	4.2	5.7	17.4	22.8
Sub-Saharan Africa	0.9	3.0	7.7	8.2

What is driving the near universal growth of tertiary and higher education?



The short answer is—
higher education, and the associated
research,
are increasingly seen to produce a range
of ***public goods*** and ***private goods***

***What are private goods in
higher education? Examples?***

***What are public goods in
higher education? Examples?***

The problem of 'public' in higher education

We can think we can measure private goods associated with higher education, such as augmented earnings

(though the extent to which they are really caused by the higher education....? that's another story)

but public good, or public goods, are more elusive, especially goods that are collectively consumed.

These tend to be under-recognised, and hence are probably under-funded and under-provided

Two approaches to public/private: 1
*Neo-classical economic definition of
'public' by Paul Samuelson*



Public goods are non-rivalrous and/or non excludable.
They are under-produced or unproduced in economic
markets

Public goods are non-rivalrous and non-excludable

- Goods are non-rivalrous when consumed by any number of people without being depleted, for example knowledge of a mathematical theorem, which sustains its use value everywhere, indefinitely, on the basis of free access
- Goods are non-excludable when benefits cannot be confined to individuals, eg clean air regulation, national defence
- Private goods are neither non-rivalrous nor non-excludable. Private goods can be produced, sold and bought as individualised commodities in economic markets
- ***Here the public/private distinction is a distinction between non-market production and market production***

**McMAHON'S ESTIMATE OF PRIVATE NON MARKET BENEFITS OF COLLEGE EDUCATION
(direct benefits, average college graduate, 4.5 years of education, 2007 US dollars)**

Own health benefits	16,800
Own longevity	2179
Spouse's health	1917
Child's health	4340
Child's education and cognitive development	7892
Management of fertility and lower family size	1551
Better consumption and saving patterns	3401
Total value of quantified private non-market benefits p.a.	38,080

Other positive non-market private effects (unquantified) related to job conditions and location amenities, better tastes, less obsolescence of skills due to better general education, greater well-being via enhanced income, etc. See McMahon 2009.

McMAHON'S ESTIMATE OF DIRECT SOCIAL EXTERNALITIES OF COLLEGE EDUCATION
(average college graduate, 4.5 years of education, 2007 US dollars)

Democratization and political institutions	1830
Human rights and civic institutions	2865
Political stability	5813
Community life expectancy	2308
Reduced inequality (greater opportunity, less poverty, etc.)	3110
Less crime	5647
Reduced health costs and prison costs	544
Environment (cleaner air and water, less deforestation)	5609
Total social benefits	27,726

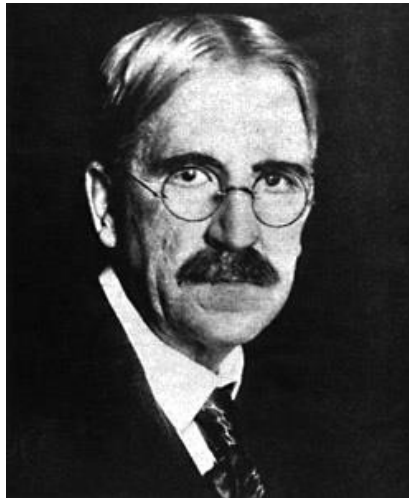
Other positive social benefits (unquantified here) related to higher tax receipts, social capital, the dissemination of the outcomes of R&D. See McMahon 2009.

McMAHON'S ESTIMATE OF TOTAL BENEFITS OF COLLEGE EDUCATION
(average college graduate, 4.5 years of education, 2007 US dollars)

Net private earnings benefits p.a.	31,174
Non-market private benefits p.a.	38,080
Direct social benefits (direct externalities) p.a.	27,726
Total p.a.	96,980

Direct social externalities constitute 29 per cent of the total benefits of higher education. However, total externalities include the indirect social benefits. These are the contributions of externalities to the value generated in private earnings and private non-market benefits. Once this indirect element is included, McMahon estimates that externalities total 52 per cent of the average value of higher education.

Two approaches to public/private: 2
Political definition of 'public'
e.g. by John Dewey



Most social transactions/relations are in the private sphere. But some are relational matters of broad 'public' interest, when there are consequences for others not involved in direct transaction.

This is the basis for the role of the state, and taxation

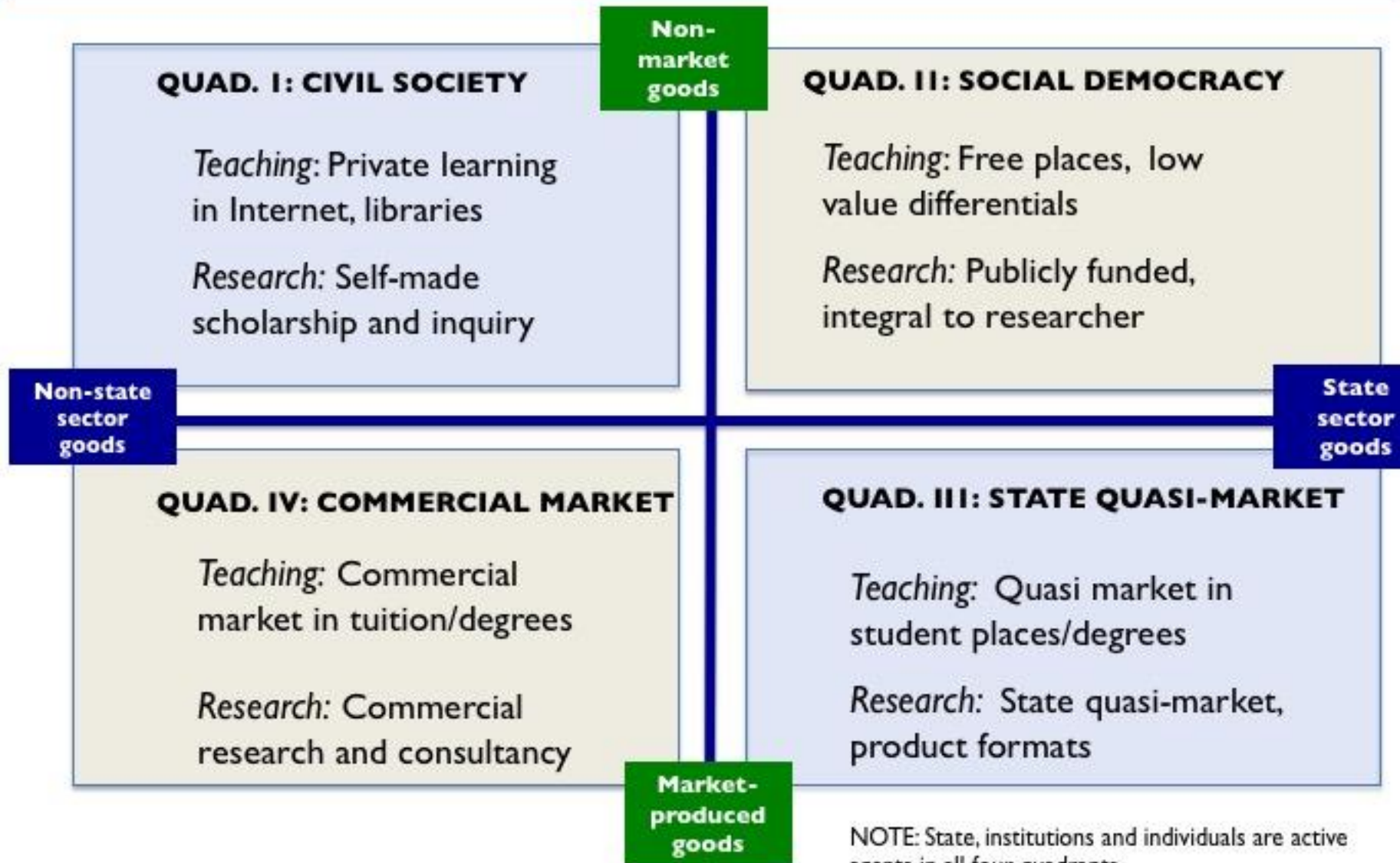
Political line between public and private

- ‘The line between public and private is to be drawn on the basis of the extent and scope of the consequences of acts which are so important as to need control, whether by inhibition or by promotion... The public consists of all those who are affected by the indirect consequences of transactions to such an extent that it is deemed necessary to have these consequences systematically cared for’ (John Dewey, *The Public and its Problems*, 1927, pp. 15-16)
- Matters that have ‘consequences’ for others can include market transactions, the organisation of whole systems, etc
- ***This public/private distinction is a distinction between state and non-state production***

Let's see what happens when we put them together

- ***Samuelson gives us a non-market/market definition of public/private***
- ***Dewey gives us a state/non state definition of public/private***
- For Samuelson higher education is public unless it can be produced in a market outside the state. For Dewey any or all aspects of higher education can be public or as private
- The economic and political definitions each have virtues, but also lacunae. On its own each is ambiguous
- Putting them together creates four unambiguous categories which can be used to explain the different kinds of higher education and research (different in terms of political economy, that is)

Public and private goods: the four variations

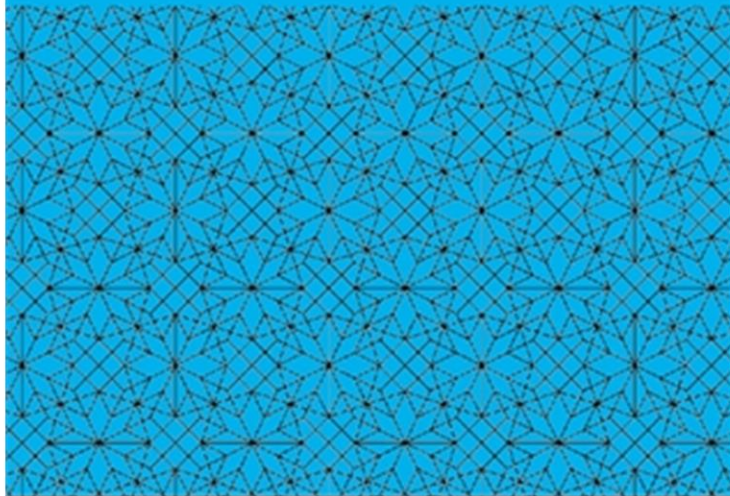


Common goods in and through higher education

- Note that not all public goods are progressive in distribution or intrinsically desirable (e.g. national military offensives are a 'public good' in both the economic and political senses...)
- *Common goods* are a one kind of collective political public good. These are relational goods providing such qualities as social solidarity, equity, human rights, democratic self-determination, social and geographic mobility (freedom of movement), and shared knowledge and conversations
- Common goods arise in Quadrants 1 and 2
- The provision of higher education on the basis of equal social opportunity and potential social mobility is a

HIGHER EDUCATION
AND THE
COMMON GOOD

SIMON MARGINSON



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Higher education as a 'public sphere'

- Jurgen Habermas's 'public sphere' in 17th century London—the network of semi-independent sites on the edge of the state (salons, coffee houses, newspapers etc) incubating criticisms and ideas for policy and state renewal
- Calhoun (2006) and Pusser (2011) apply this to the university. At best research and expert information help both government and 'the public' to reach considered opinions
- Because of its capacity to (1) form self-altering agents, and engender critical intellectual reflexivity; (2) provide conditions for complex collective political formations; and (3) move easily across traditional boundaries, at times higher education has incubated advanced democratic formations. One test of its public character is the extent it

Global and comparative caveats

Whose political public goods? Who decides? And what of global public goods?

- Is there a generic/worldwide ‘public good’ in higher education? Or is public good in the eye of the beholder...
- What about global public goods that spill over national borders?
- Which tradition of ‘state’ and ‘public’ should we use and which understanding of the public role of the university—Anglo-American, Nordic, German, Chinese, Latin American, etc?

Global public goods

- ‘Global public goods are goods that have a significant element of non-rivalry and/or non-excludability and made broadly available across populations on a global scale. They affect more than one group of countries, are broadly available within countries, and are inter-generational; that is, they meet needs in the present generation without jeopardizing future generations.’

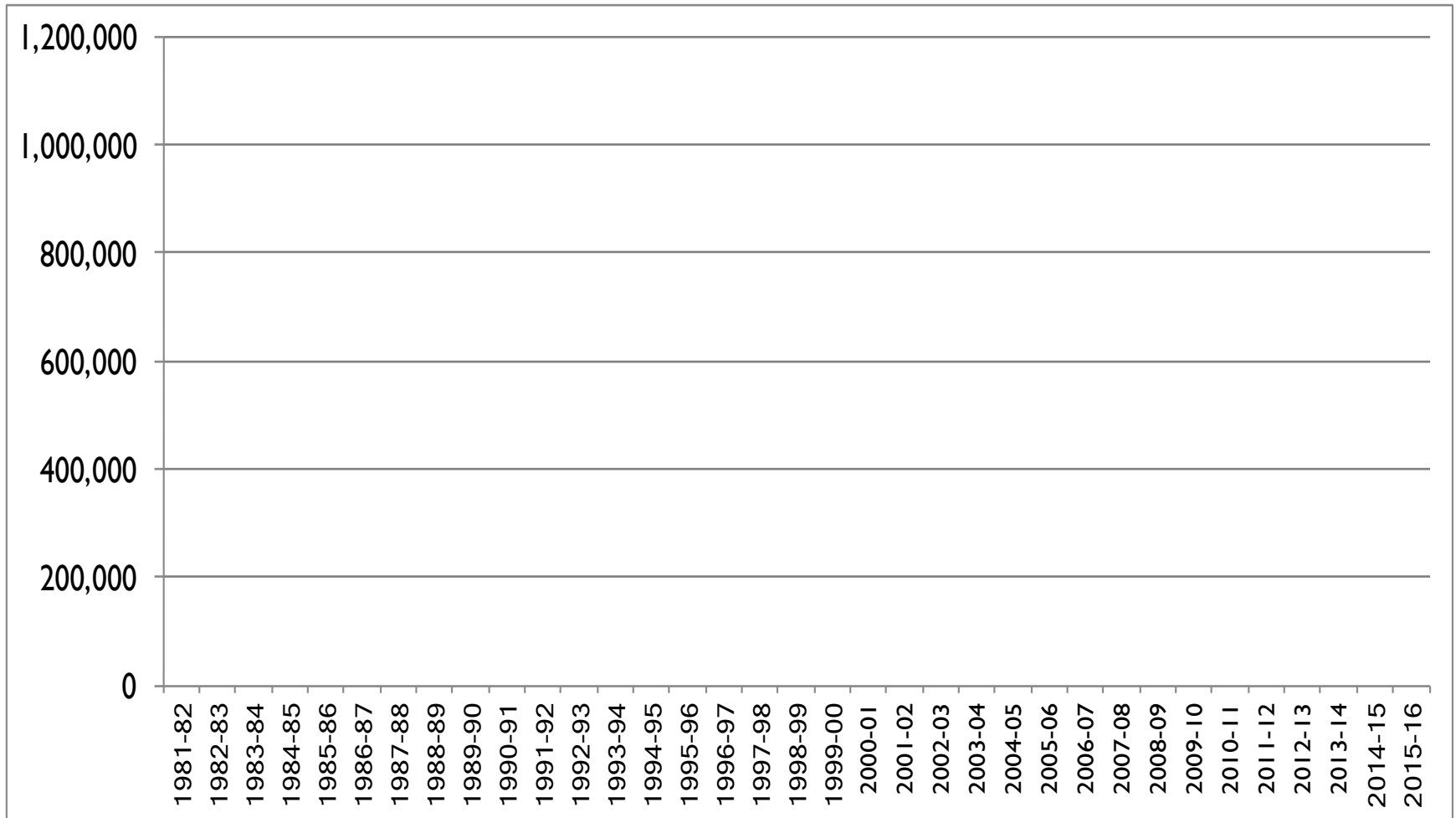
~ Inge Kaul, I. Grunberg and Marc Stern (Eds.), *Global Public Goods: International cooperation in the 21st century*, New York, Oxford University Press, 1999, pp. 2–3

Common and private goods in the global

- In the global sphere there is no state, though there are unstable multilateral forms and ‘state-like agencies’ such as United Nations and OECD. Here we are primarily talking about economic public goods
- The world research system and communicative ecologies provide great scope for common goods in Quadrant 1, though note that in companies such as Google open source common knowledge intersects with commercial goods in Quadrant 4. (The private goods/public goods relationship here is often, but not always, positive sum)
- Cross-border mobility is a global common good that enables many private goods (note it can augment social stratification and inequality!), and national public goods

Mobility as a global public (and private) good: International students in USA, 1981-82 to 2015-16

IIE Open Doors data 2016



Conclusions

- The **economic definition** is generic but covers higher education less completely than the political definition, and does not see civil society clearly. The **political definition** acknowledges political choice but leave markets and market failure unexplained.
- **Putting the two definitions together** provides a (rich) typology of four types of higher and research. Real life systems and institutions mix the four but in varying ways.
- Where we place much of higher education is a choice. Politics is in command. Dewey trumps Samuelson, in that respect.
- What's 'public' in the political sense **varies between nations**, and regional cultures. This needs empirical investigation.