

VI International Summer School on Higher Education Research
Higher School of Economics, 9-15 June 2018, St Petersburg

Public and private in higher education and the notion of common goods

Simon Marginson

University College London [University of Oxford from 17.09.18]
National Research University Higher School of Economics

Q. Name some 'private' goods in higher education

[Examples?]

Q. Name some '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 public goods 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)

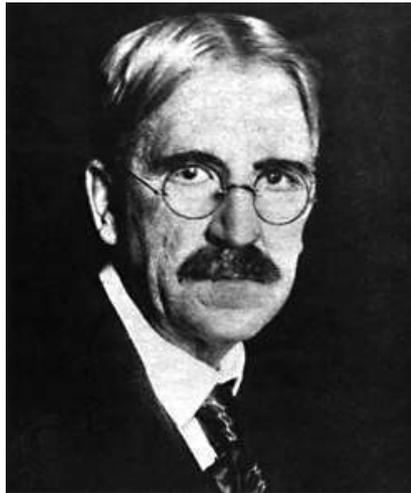
Net private earnings benefits p.a.	31,174
Non-market private benefits p.a.	38,080
Direct social benefits (direct externalities) p.a.	27,726
Total p.a.	96,980

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 (nation-state) 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. These matters need to be addressed by politics

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

Political line between public and private

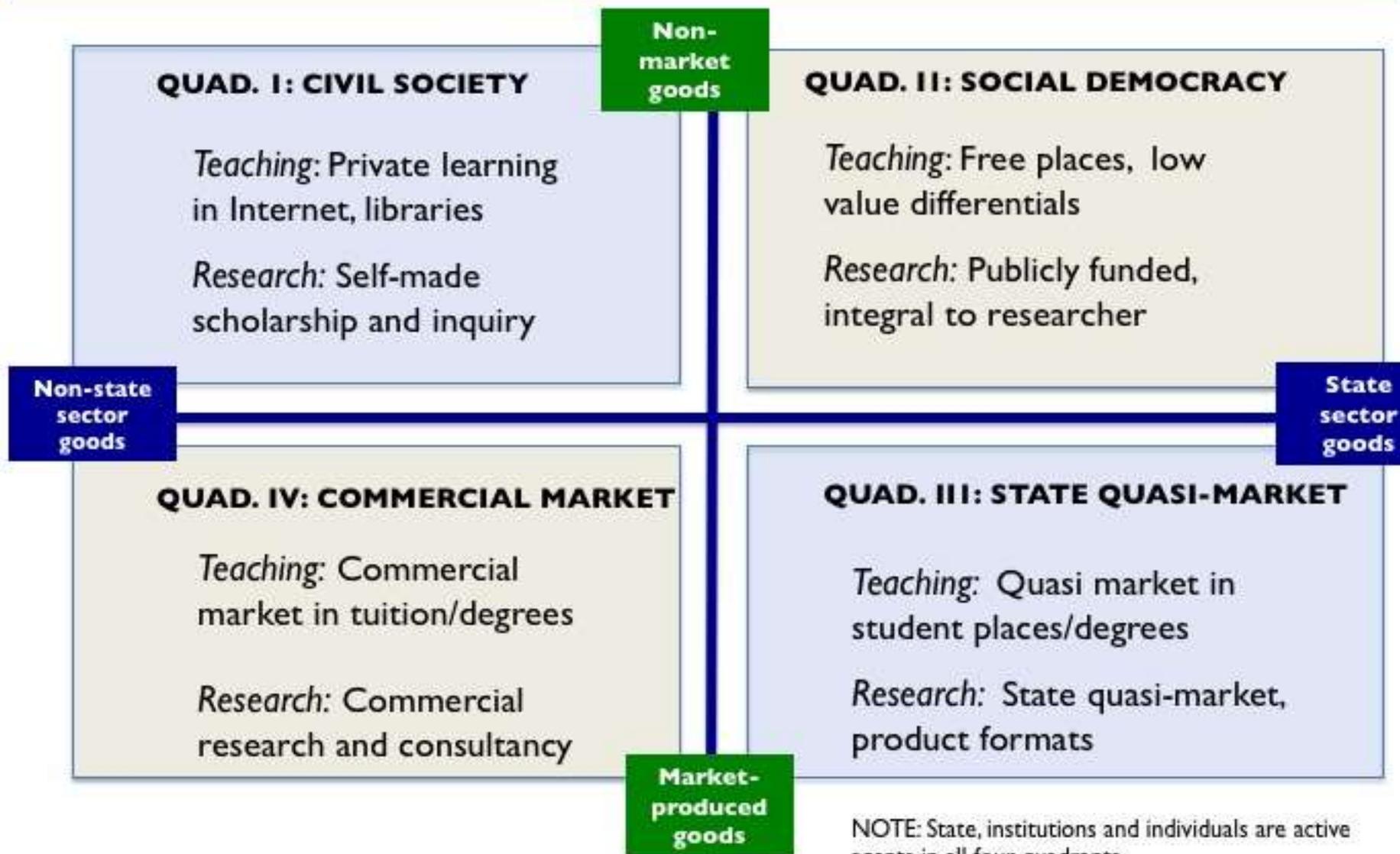
- ‘The line between public and private is to be drawn on the basis of the extent and scope of the consequences of acts which are so important as to need control, whether by inhibition or by promotion... The public consists of all those who are affected by the indirect consequences of transactions to 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*

Q. Which definition of public/private is right?
The economic definition (Samuelson), or the
political definition (Dewey)?

Life isn't always either/or. Let's put the definitions 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



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, in quadrant 2.
- Because of its capacity to (1) form self-altering agents, and engender critical intellectual reflexivity; (2) provide conditions for collective political action; 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 provides space for criticism, challenge, new forms of organised commonality, in quadrant 1

Common goods in and from 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 one kind of collective political public good. These are relational goods that people want. They are about the desired qualities of a shared community, for example social solidarity, equality, human rights, democratic self-determination, social and geographic mobility (freedom of movement), shared knowledge and conversations
- They can only be produced jointly, with some experienced by individuals (e.g. individual human rights) and some only by groups (e.g. laws, social justice)

‘The shared action is intrinsic, as well as instrumental, to the good itself and ... its benefits come in the course of that shared action. Goods of that kind are, therefore, inherently common in their “production” and in their benefits’

- Common goods arise in Quadrants 1 and 2 (i.e. non-market)
- There is a strong normative element in common goods
- Good public policy recognises the possibility of common goods and supports rather than undermines them
- The provision of higher education on the basis of equal social opportunity and potential mobility is a common good
- Different societies/cultures may have diverse notions of common goods in higher education (e.g. free tuition)
- Specific *conditions*, including *political processes*, are required creating common goods – for example in the public democratic sphere, within the party-state, or in civil society
- ‘The purity of public goods’ is limited by potential saturation, but common goods are threatened by ‘a kind of opposite, non participation’ (Deneulin and Townsend, 2007, p. 30). This includes global common goods

What of global public and common 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.’

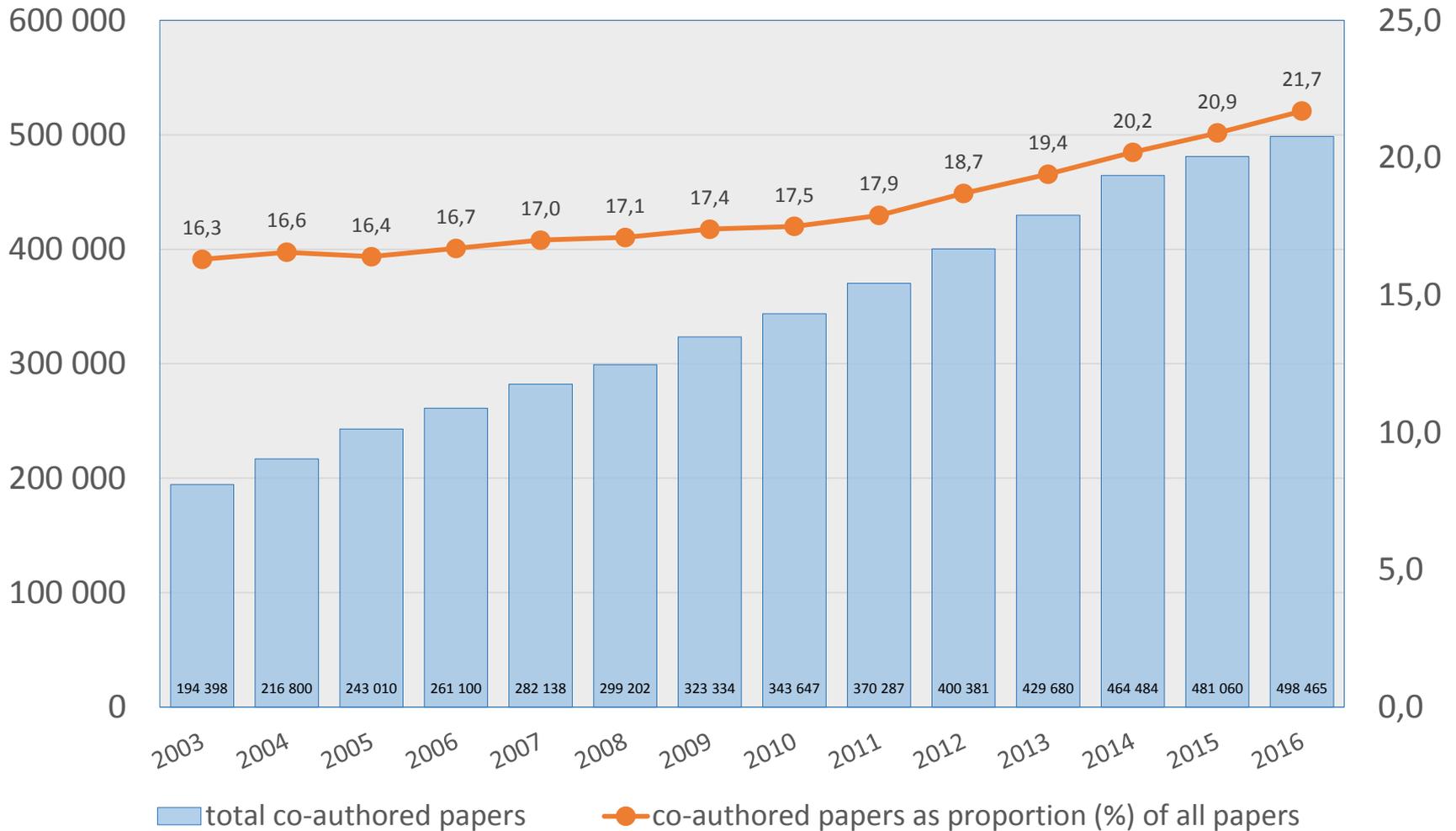
~ Inge Kaul, I. Grunberg and Marc Stern (Eds.), *Global Public Goods: International cooperation in the 21st century*, New York, Oxford University Press, 1999, pp. 2–3

- ‘Global common good’ is ‘participation of all persons in a diverse and differentiated, yet solidaristic and collaborative, world society’ – Deneulin and Townsend (2007), p. 29

Common and private goods in the global

- Global public goods are goods whose provision cannot be left to the market or to any one national government.
- 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, as in Samuelson.
- The world research system and communicative ecologies provide great scope for global common goods in Quadrant 1, though note that in companies such as Google, Elsevier, open source common knowledge intersects with commercial goods in Quadrant 4.
- Cross-border mobility is a global common good that enables many private goods (but note it can augment social stratification and inequality), and national public goods

Growth in internationally co-authored papers, all countries: 2003-2016



Highest number of internationally co-authored papers by university: 2012-2015

University		Total number of co-authored papers in 2012-15	Proportion of all papers that were internationally co-authored in 2006-09	Proportion of all papers that were internationally co-authored in 2012-15
Harvard U	USA	66,180	36.2	47.3
U Toronto	CANADA	39,516	43.7	51.8
Johns Hopkins U	USA	35,295	33.3	40.4
U Michigan	USA	35,176	26.9	34.8
U Oxford	UK	31,744	54.4	63.9
U Washington Seattle	USA	31,618	28.3	37.4
Stanford U	USA	31,558	31.7	41.1
U College London	UK	31,460	50.3	60.0
U Tokyo	JAPAN	30,972	28.2	35.0
UC Los Angeles	USA	29,655	31.5	40.1
Shanghai Jiao Tong	CHINA	29,121	21.2	28.7
U Sao Paulo	BRAZIL	29,026	31.7	40.2

Internationally mobile/ foreign[*] doctoral students as % of all doctoral students, 2015

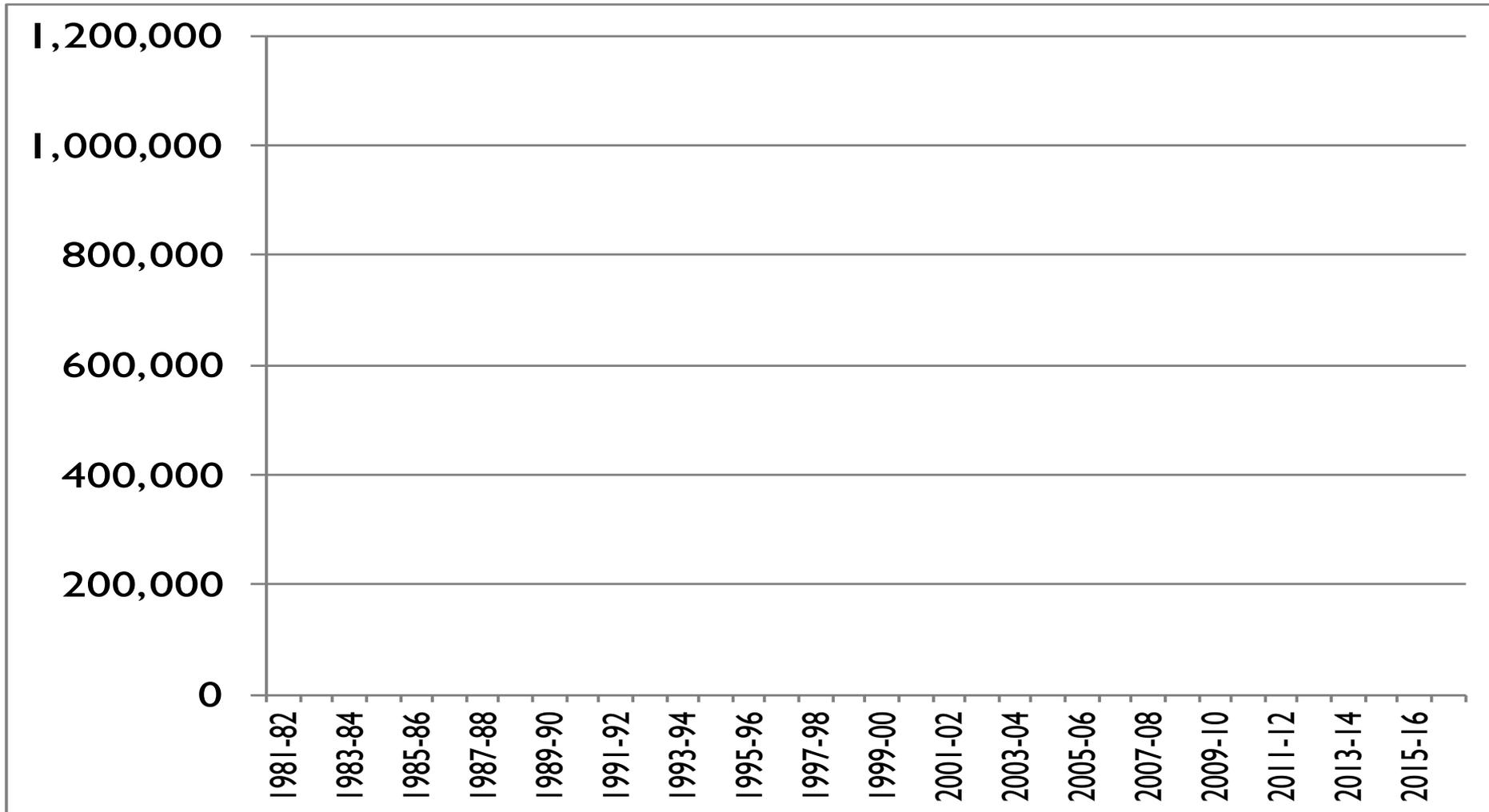
Numbers in brackets = number of top 500 universities, ARWU 2017

Luxembourg (0)	87.0%	Austria (6)	27.0%	Slovak Rep.* (0)	9.1%
Switzerland (7)	54.3%	OECD average	25.7%	Latvia (0)	8.8%
New Zealand (2)	46.2%	Ireland (3)	25.4%	South Korea* (12)	8.7%
UK (37)	42.9%	Canada (20)	24.4%	Slovenia (1)	8.5%
Belgium (7)	42.3%	Brazil* (6)	22.4%	Chile (2)	8.4%
France (22)	40.1%	Portugal (3)	21.2%	Hungary (2)	7.2%
USA (146)	37.8%	Norway (3)	20.5%	Turkey* (1)	6.5%
Netherlands (12)	36.2%	Finland (6)	19.9%	Israel* (6)	5.5%
Sweden (11)	34.0%	Japan (18)	18.2%	Russian Fed.* (2)	4.5%
Australia (20)	33.8%	Czech Rep.* (1)	14.8%	Mexico (1)	2.6%
Denmark (5)	32.1%	Estonia (0)	10.7%	Poland (2)	1.9%
Iceland (0)	31.6%	Germany (39)	9.1%		

Mobility as a global public (and private) good:

International students in US, 1981-82 to 2016-17

IIE Open Doors data 2016



Who decides what is a 'global good' or 'common good'? Whose global good is it?

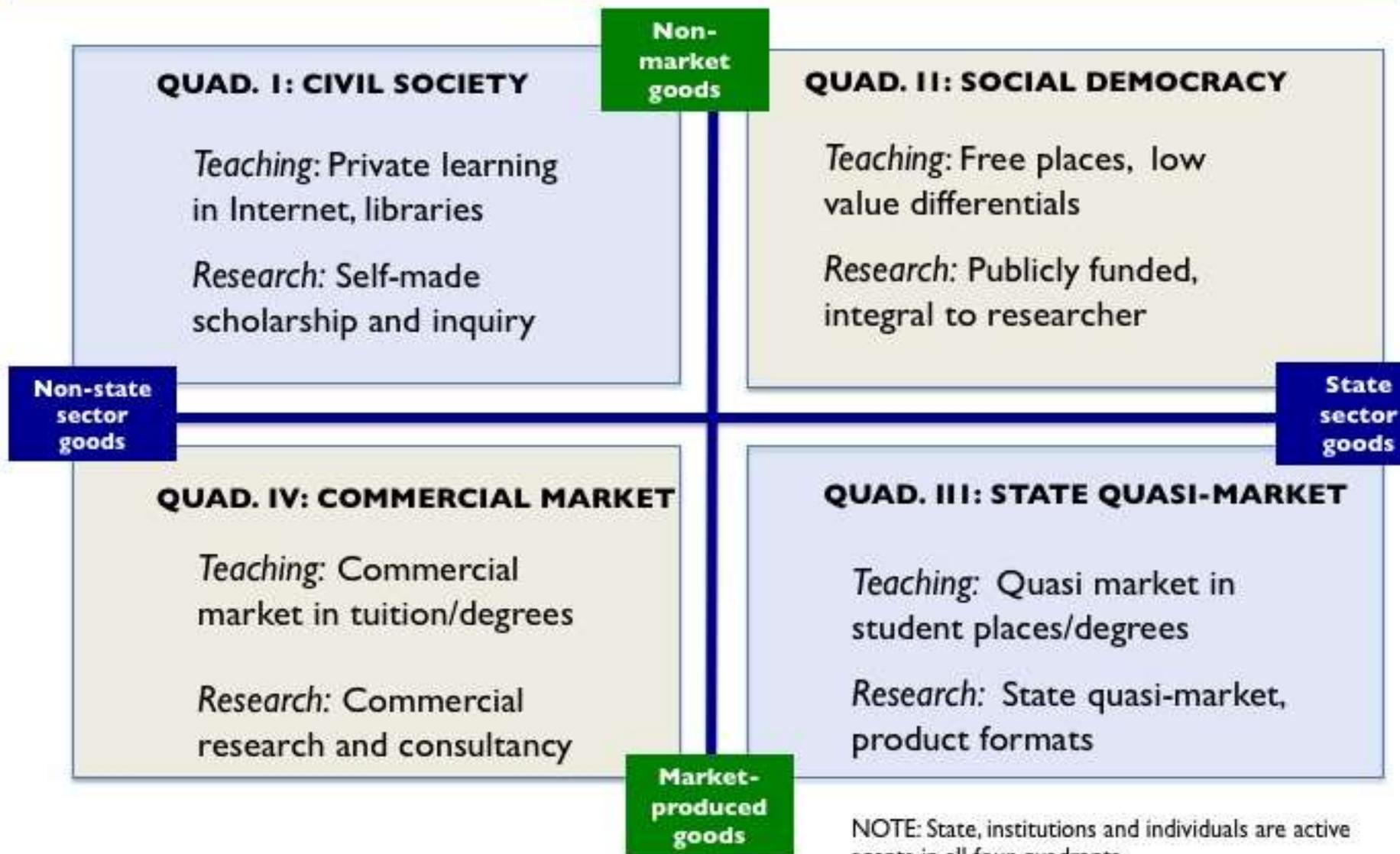
- Is there a generic/worldwide 'public good' or common good in higher education? Or is public good in the eye of the beholder...
- Which tradition of 'state' and 'public' should we use and which understanding of the public role of the university—the Anglo-American, Nordic, German, Chinese, Latin American, etc?

As scholar-researchers, should we go on ignoring this problem, and continue to impose our own national idea of what is global public good – or should we devise a *composite* idea of global public good, a more truly global idea?

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 diversity needs empirical investigation.
- *Common goods* are about normative social cooperation, arise in both civil society and social democracy, and are an especially significant part of the global dimension of higher education

Public and private goods: the four variations



NOTE: State, institutions and individuals are active agents in all four quadrants