

FOREWORD: THE PARTIAL SHIFT FROM PUBLIC TO PRIVATE GOODS IN UK HIGHER EDUCATION

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This fine collection of papers, which has been variously sourced from Greenwich, Hull, King's College London, Leeds Beckett, Oxford, Sheffield, and the UCL Institute of Education, embodies the well-distributed strengths of UK scholarship on higher education.

One of the longstanding strengths of what we might call the British school is historical method, where the work of the scholar is often in sharp contrast to those policy documents, apparently emanating from the end-of-history engine room, in which short-term political objectives are everything and there is nothing to be learned from the past. We find history at the core of the opening paper by Ourania Filippakou and Ted Tapper on the 1960s universities; and in Gareth Parry's on college higher education. It is also part of the framing of the argument in several other papers. Another strength of the British school is the contextualized method of studying sub-sectors in higher education, which digs deep without losing sight of the larger systemic context, as in the grounded work of Brian Slater, Ourania Filippakou, and Ted Tapper on English medical schools; and Carol Azumah Dennis, who like Gareth Parry also writes on further education. A third, more recently emerging strength is the cross-border method, as in the respective papers by Vivienne Caruana and Catherine Montgomery on transnational education, with the latter focused specifically on China.

All of these papers make significant empirical contributions. A fourth strength is the capacity for critical overview of the national system of higher education as a whole. This has always been a powerful tool of the British school, for whom the nation, both as living fact and as an ideal goal to be achieved, stands strongly in the foreground. For UK scholars the moderate size and firm central framing of the higher education system – which is not as far-flung as, say, the more disparate federal and quasi-federal American, Russian, or Chinese systems; not as determinedly local and diverse as German higher education; and regulated with a tightness that is quite exceptional by international standards – has proven especially amenable to measured stratification and structured analysis on the basis of a single grid of HEIs. The system overview method, which opens the way to both extensive and varied empirical work and normative policy critique, is applied here in: Patrick Ainley's paper on the 2012 reforms as a transition from education to training without education; David Palfreyman and Ted Tapper's argument that the present system of loans-based tuition should be reformed rather than abolished; and the study by Paul Temple, Claire Callender, Lyn Grove, and Natasha Kersh of varied institutional responses to the post-2012 environment. The last finds that HEIs whose status and resource position within the market is weaker are forced to make larger strategic and administrative adjustments within narrower margins of risk.

Public or private goods?

The final system overview, by Gareth Williams, returns to a meta-question that has preoccupied academic analysts, journalists, national higher education organizations and policymakers

themselves since at least the early 1980s: is higher education a public or a private good? Or if it is a mixed good, which parts tend to more private, and which parts tend to be more public? What is the ideal mix, or at least the more desirable mix than we have? Is the balance changing, and what have been the outcomes of the 2012 reform in that respect? Gareth Williams notes that the issue is in part a normative one, though it is also accessible to empirical analysis. Of course the outcomes of any empirical analyses, too, are partly determined by starting assumptions, including the analytical system that is used.

Gareth Williams invokes the definition of public goods as one or both of non-rivalrous and non-excludable. This derives from Paul Samuelson (1954) and is influential in economics and economic policy. 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 the benefits cannot be confined to individual buyers, such as clean air regulation. Private goods are neither non-rivalrous nor non-excludable. They can be produced, packaged, and sold as individualized commodities in economic markets. Public goods and part-public goods tend to be unproduced or under-produced in economic markets, however useful they might be. Thus public goods normally require government funding or philanthropic support to be produced; though this does not necessarily mean that they require full government financing, or state sector forms of provision.

Essentially Samuelson splits the private and the public on the basis of the practical distinction between economic market production, and non-market production. This is different from understandings of the public/private boundary that rest on the distinction between state production, and non-state production. Using the latter approach, 'public' goods are those produced (or perhaps just closely regulated) by governments, and 'public' is whatever government says is public. This is a more openly normative and politically driven approach than the economic definition used by Samuelson. Nevertheless, it must be said that both approaches use political assumptions. Samuelson's method has a *prima facie* bias in favour of market-style production, which is a political assumption; and in relation to activities such as university teaching, which can take either form (though it changes its nature when it shifts from public to private, or back again), the Samuelson definition is associated with arbitrary decisions about what can or cannot be market-produced.

Gareth Williams, and most other commentators, also find that with the introduction of the 2012 tuition loans financing system, which is associated with the ideology of student as consumer, there has been a fundamental shift towards the provision of higher education as a comprehensive market with a greater emphasis on private goods. Here tuition-based places are seen as private goods purchased by individual students, probably in both senses of private. First, these student places are seen to be produced in non-state sector HEIs. In other words, higher education has been reimagined, moving from a set of public agencies to a set of HEIs as private corporations competing with each other in a market. Second, these student places are seen as commercial-like goods that are exclusive and rivalrous in character. And most commentators also assume, as did Samuelson, that this rise in private goods means that fewer public goods are produced by higher education, especially collective social benefits such as education's contribution to common literacy and democracy. All of these assumptions – which are essentially the mainstream policy assumptions – are open to both empirical (Marginson, 2013) and also normative challenge. Nevertheless, these assumptions are shared by many (though not all) academic commentators, some broadly supportive of the reforms, some seeing them as inevitable, and some opposed.

Complicating this picture of a fundamental shift from public goods to the private goods of the market is the public subsidization of higher education through low interest loans, and the fact that some student debt will never be repaid; and the fact that after 2012 total public funding

went up sharply – though it must be said that nearly all the increase was snaffed by the Russell Group (Wolf, 2015), consistent with the workings of the market, and also that the relatively high public funding of the last half decade may not be sustained.

The various arguments in this volume about public and private good (or goods) in higher education point to the conceptual and empirical ambiguity of these concepts. This is quite a problem for us, as a clear definition of ‘public’ and ‘private’, and thus the clear distinction between the two, are central to our political culture. While we are all used to working with ambiguous, open-ended container concepts like ‘democracy’ and ‘freedom’, within which everyone in the political culture can happily play, assumptions about those ambiguous concepts are not used to make precise fiscal allocations to large and important social sectors! But notions of public/private goods, benefits and rates of return (remember they are assumption-shaped) *are* so used to make judgements about the funding of higher education. Sorting out the conceptual and empirical confusion about public/private in higher education might be one necessary condition of establishing a better platform for policy, financing, and regulation (even though the temptation to bend ‘public’ or ‘private’ to one or another interest will always be there).

In the ESRC/HEFCE Centre for Global Higher Education we are tackling this issue on a comparative basis, in a four-year research project over 2016–20. Notions of the ‘public’ dimension of society and of higher education vary, according to political culture. For example, there are differences in understanding of the respective role of government, family, and higher education (and of concepts like ‘public’, ‘social’, ‘common good’, ‘university autonomy’) between Anglo-American systems, Nordic systems, German and French higher education, Latin America, Arabic-speaking systems, Russian higher education, and systems in the Chinese civilizational tradition. No tradition has a monopoly on wisdom. Each tradition has partial insights into this problem. The research will examine existing approaches to the definition and measurement of public good(s) in higher education in the contrasting country cases of the UK, the United States, France, Finland, China, and Japan. Interviews in Russia and Australia have already been completed. If more funding is raised the work will be extended to Germany and Latin America.

Although this is empirical research, the core purpose of the project is theoretical: to build a new generic framework for observing, and where possible measuring, the public and private outcomes of higher education

An analytical framework for public/private higher education

Nevertheless, we do not have to wait until the end of a four-year research project on comparative higher education to start to tackle the ambiguity of public/private in higher education. Perhaps we can make some tentative forward moves now.

This difference between the state/non-state approach, and the non-market/market approach, runs through the public/private debate. Both kinds of distinction are important, and arguably both affect ‘publicness’ or ‘privateness’ in higher education. Academic commentators and public policy players slip from one distinction to the other almost without noticing, or freely mix them up together. Sorting this out is an important step forward in clarifying the public/private distinction in higher education and other sectors.

So let’s look at what happens when instead of choosing between them, we combine those two different distinctions. This enables us to see them clearly together for the first time, while providing us with an effective map across the whole terrain of activity in higher education. The device that does this is the 2×2 matrix, or quadrant form of display. Figure 1 provides the matrix.

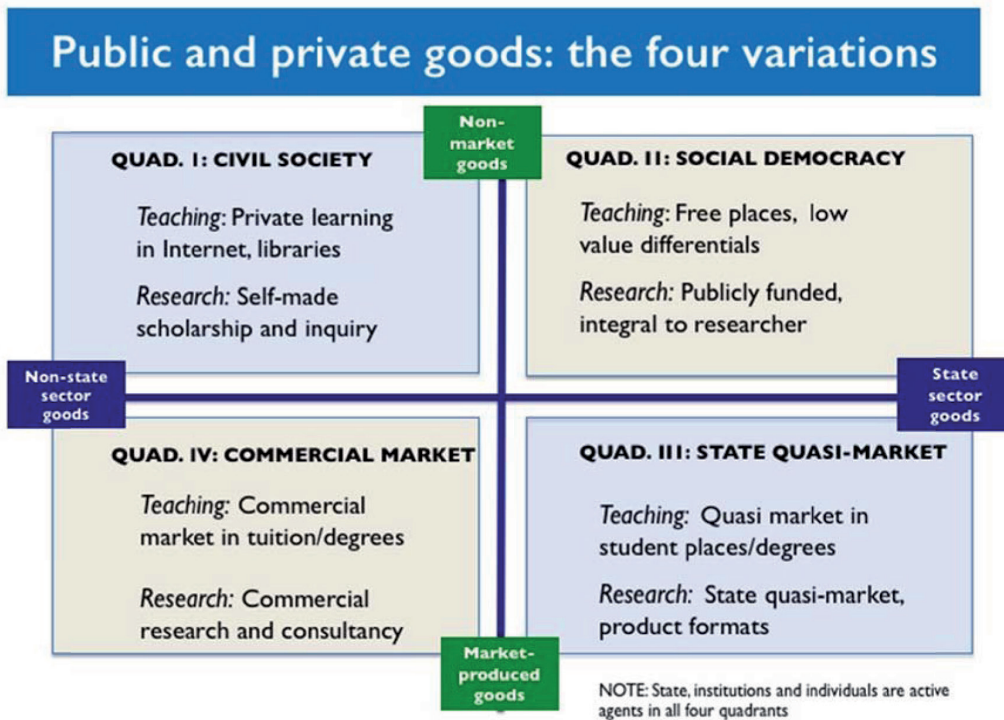


Figure 1: Public and private goods in higher education

Source: author

The quadrants in Figure 1 represent four different political economies of higher education that each have distinctive dynamics. Each quadrant includes typical examples of educational (teaching) activity and research activity. Actual higher education systems, and individual universities, are not solely located in one quadrant, but have activity in all four. However, the balance can vary substantially. For example, much Nordic-system activity falls in the social democratic Quadrant 2, which combines non-market and state-organized approaches, though there is some use of competitive mechanisms of Quadrant 3 type. The American higher education system has much activity in the market production Quadrants 3 and 4, but mixes this with state sector public goods in Quadrant 2, as noted, and like all systems has some production in Quadrant 1. The activities of higher education in the civilizational ‘public sphere’ (Habermas, 1989) are located in Quadrants 1 and 2. This can include collective student activism in Quadrant 1.

Educational or research activity in higher education can be positioned on this diagram, according to the extent that it is ‘public’ in Samuelson’s sense of non-market production; and to the extent that it is ‘public’ in the sense of state-sector – that is, seen as a matter of common interest and state regulation. Figure 1 also helps us to think about the political choices associated with economic provision, for example whether or not to produce higher education on a non-market basis. It also highlights the question of who should pay, whether the state through taxation or the individual beneficiaries. In matters defined as public in the political sense, it poses the question ‘how public can we afford to be?’ in economic terms.

Quadrant 1 combines economically public goods with politically private goods. As also in Quadrant 2, research and education are non-rivalrous and non-excludable – public goods in

Samuelson's sense. Unlike Quadrant 2, these activities take place in the non-state private domain, outside politics and regulation. Academic staff and students pursue unpaid and unregulated activities between more formal agendas. Open research knowledge is not politically public unless it is publicly funded and/or regulated.

Quadrant 2 combines non-market public goods with state sector political public goods, shaped and largely financed by government. This is social democracy. Government manages teaching/learning on the basis of universal quality, not market-induced stratification of quality as in Quadrants 3 and 4. In the egalitarian version of Quadrant 2, tuition is free, quality is high, all degrees have real value, and highly selective places have a modest role. Quadrant 2 research is supported from general university funding. Projects are driven by curiosity and merit, not competitive acumen or university status.

In the neoliberal policy era a growing proportion of higher education activity has been moved from Quadrants 1 and 2 to Quadrant 3. Quasi-markets combine economic private goods characterized by excludability and some rivalry, with the public functions of government. The common element across all Quadrant 3 is government-driven competition. However, quasi-markets are mostly not fully commercial in the sense of profit-driven (Marginson, 2013). Education is regulated by tuition fees and policymakers emphasize the private benefits, but they are partly subsidized. Research projects follow commodity-like product formats but are controlled via government funding. Research grant programmes often sit on the border of Quadrants 2 and 3. At the top-end of tuition prices, this quasi-market state-controlled higher education activity moves close to Quadrant 4.

In the neoliberal era also, economic (non-market/market) and political (state/non-state) definitions of public/private have diverged because of the partial shift to quasi-markets in Quadrant 3. This contradiction partly explains the unstable and contested nature of policy in Quadrant 3, where higher education remains state driven and is often highly politicized, yet market relationships (including the contrary idea of freedom from state control!) have been factored into the centre of the picture.

In Quadrant 2, the social democratic quadrant, public in the sense of 'government' coincides with public in the sense of 'non-market'. If universities were fully commercialized they would be in Quadrant 4 and the two definitions of public/private would again align. Strictly, this is impossible, because of the natural public-good character of knowledge. It is also impossible politically. Too much is at stake for public and government, including social equity, to let universities go (Marginson, 2013).

In Quadrant 4 commercially produced market goods are also understood as private goods in the sense of non-state production. Direct government regulation is much reduced, compared to Quadrant 3, though commercial law provides some indirect regulation in Quadrant 4, just as Quadrant 1 is regulated by civil and criminal law. Quadrant 4 houses commercial research and for-profit degrees, including some international education in non-profit universities. Certain commercial activity is closely regulated or subsidized, falling on the Quadrant 3/4 border; for example, for-profit colleges in the United States, which are more than 80 per cent subsidized by federal student loans (Mettler, 2014).

The four quadrants also show how it is possible for public/private to be both mutually exclusive (one or the other), and also additive (both together). Some activities sit in more than one quadrant and both kinds of benefit, public and private, may grow at the same time. Other activities involve zero-sum movement from one quadrant to another.

This analytical framework, especially Figure 1, may assist in sorting through the data and arguments provided in the interesting and informative papers in this volume.

Notes on the contributor

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Related articles in *London Review of Education*

This paper was published in a special issue entitled 'Higher education policy-making in an era of increasing marketization', edited by Ourania Filippakou. The other articles in that issue are as follows (links unavailable at time of publication):

- Ainley, P. (2016) 'The Business Studies University: Turning higher education into further education'. *London Review of Education*, 14 (1).
- Caruana, V. (2016) 'Researching the transnational higher education policy landscape: Exploring network power and dissensus in a globalizing system'. *London Review of Education*, 14 (1).
- Dennis, C.A. (2016) 'Further education colleges and leadership: Checking the ethical pulse'. *London Review of Education*, 14 (1).
- Filippakou, O., and Tapper, T. (2016) 'Policy-making and the politics of change in higher education: The new 1960s universities in the UK, then and now'. *London Review of Education*, 14 (1).
- Montgomery, C. (2016) 'Transnational partnerships in higher education in China: The diversity and complexity of elite strategic alliances'. *London Review of Education*, 14 (1).
- Palfreyman, D., and Tapper, T. (2016) 'The marketization of English higher education and the financing of tuition fees'. *London Review of Education*, 14 (1).
- Parry, G. (2016) 'College higher education in England 1944–1966 and 1997–2010'. *London Review of Education*, 14 (1).

- Salter, B., Filippakou, O., and Tapper, T. (2016) 'Expanding the English medical schools: The politics of knowledge control'. *London Review of Education*, 14 (1).
- Temple, P., Callender, C., Grove, L., and Kersh, N. (2016) 'Managing the student experience in English higher education: Differing responses to market pressures'. *London Review of Education*, 14 (1).
- Temple, P., and colleagues (2016) 'David Watson 1949–2015: A life in higher education'. *London Review of Education*, 14 (1).
- Williams, G. (2016) 'Higher education: Public good or private commodity?' *London Review of Education*, 14 (1).