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# **The state, the market and civil society**

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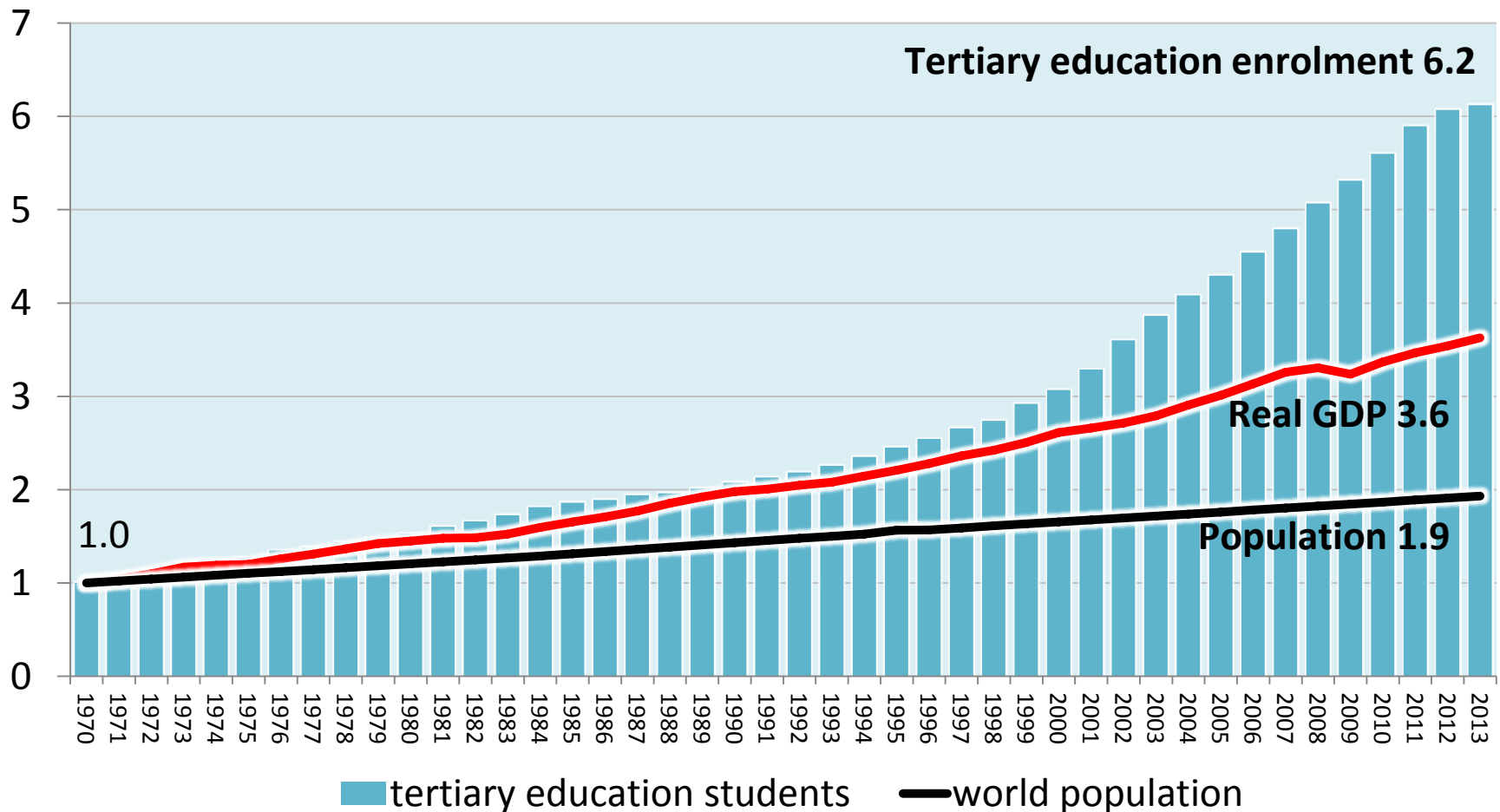
- **How can we track the social role of higher education?**
- **The non-market/ market distinction**
- **The state/ non-state distinction**
- **Four different political economies of higher education**
- **Caveats: Global and cross-cultural dimensions**

There seems no end to the ballooning  
social role of higher education,  
in terms of size and range of activity



# World GDP, population and tertiary enrolment, 1970-2012

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



***Of course nothing is forever,  
not even 'the university'***

University College London, today and tomorrow



In the interim  
(before higher education  
peaks and declines) ...



How might we understand  
its growing social role?

One way to understand the social role of higher education is through notions of public 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

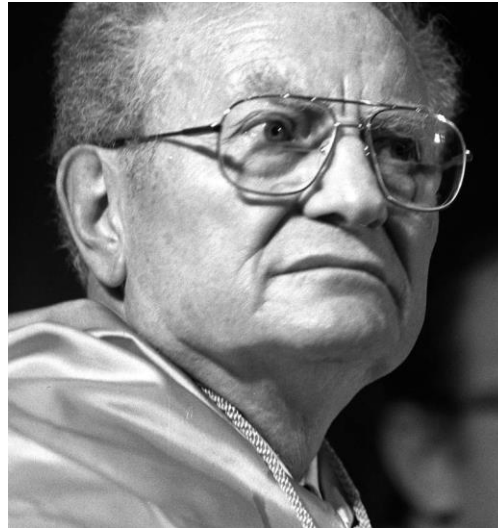
*(though were they really “caused” by the higher education....? that’s another story)*

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

These tend to be under-recognised and under-provided

## Take 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.

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**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

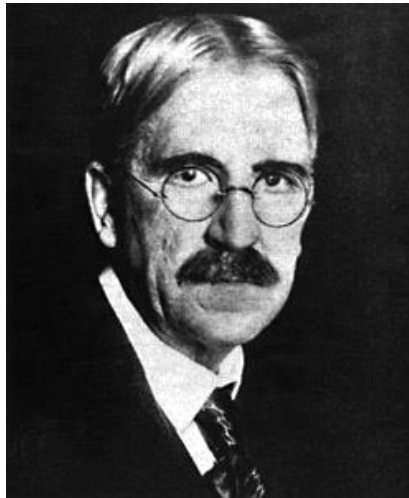
Direct social externalities constitute 29 per cent of the total benefits of higher education. However, total externalities include the indirect social benefits. These are the contributions of externalities to the value generated in private earnings and private non-market benefits. Once this indirect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

# ***Ideas of 'public' from political theory include***

- The communicative 'public' (often crossing borders)
- Habermas's public sphere, readily applied to the university
- The association between 'public' and state owned or controlled production

## Take 2

# *Political definition of 'public'* *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



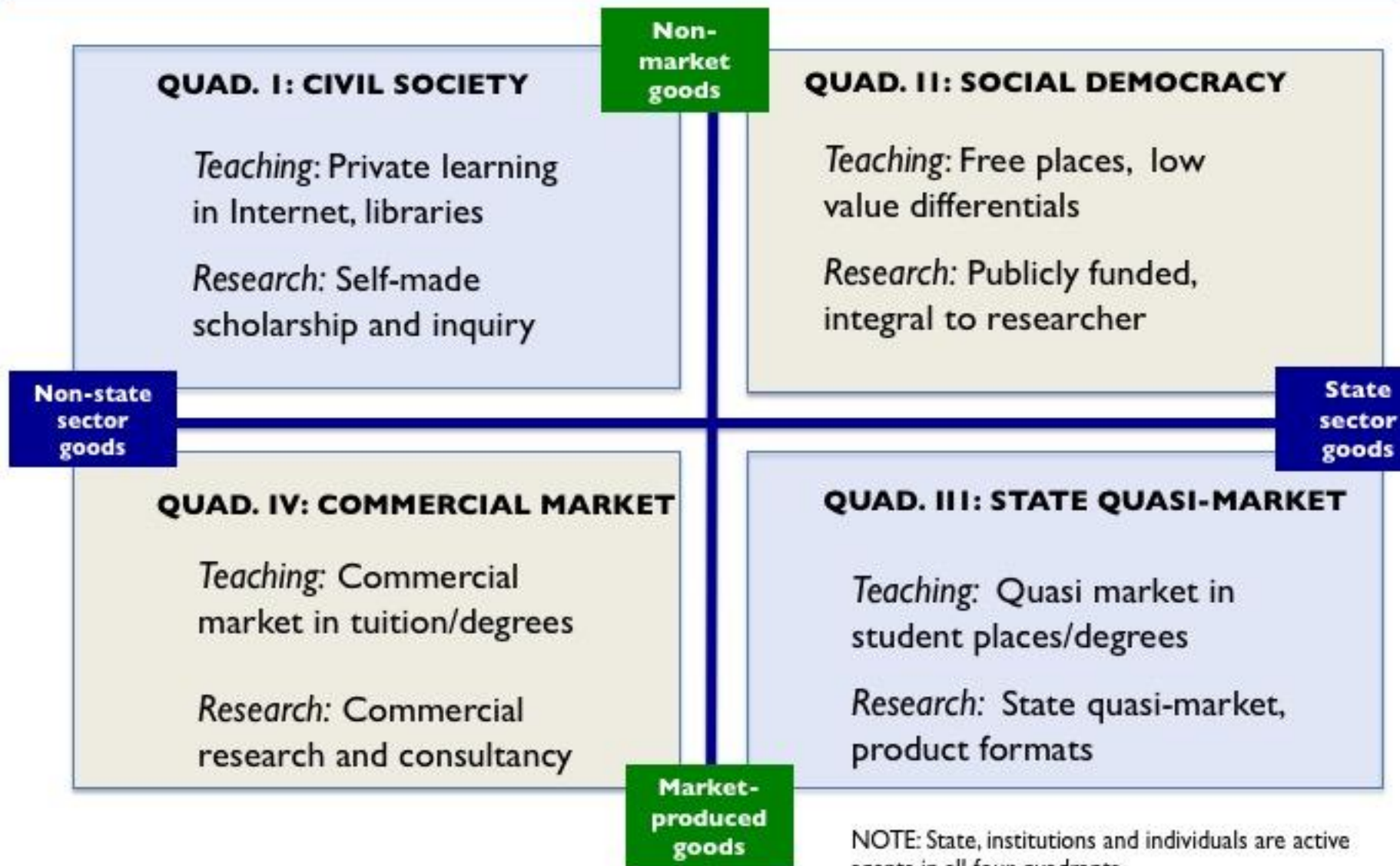
# ***Political line between public and private***

- ‘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 on-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 higher education and research

# Public and private goods: the four variations



## 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'—Anglo-American, Nordic, German social market, Chinese, Latin American, etc?

# *Three kinds of state/ higher education*

	United States	Nordic	Post-Confucian (East Asia and Singapore)
<b>Nation-state</b>	Limited liberal state, separate from economy and civil order, constrained in intervention. Federal	Comprehensive Nordic welfare state, equated with society, fosters cooperative institutions. Unitary	Comprehensive Sinic state, politics commands economy. Unitary. High status (eg top graduates enter state service)
<b>Educational culture</b>	Meritocratic and competitive. Highly stratified, but education seen as common road to wealth/status within advancing prosperity	Egalitarian, free of charge, cooperative, universal. Low stratification of HEIs. State guaranteed medium for equal opportunity	Confucian commitment to self-cultivation at home. Education for filial duty and social status via exam competition in stratified system
<b>State role in higher education</b>	Frames hierarchical market and steps back. Autonomous university leaders and strategy	Supervises high quality egalitarian provision. Grants autonomy to HEIs	Supervises, shapes and drives the sector. Managed devolution and autonomy

# ***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 21<sup>st</sup> century*, New York, Oxford University Press, 1999, pp. 2–3

# *Conclusions*

- Main point: where we place much of higher education is a choice. Dewey trumps Samuelson, in that respect
- The economic definition is generic and useful but covers the higher education terrain less completely than the political definition, does not apply in the same way to all political cultures, and does not see civil society clearly
- What's 'public' in the political sense varies between nations, and between regional cultural traditions. This needs empirical investigation