

The Value of Higher Education

Public or Private Good?

The rising cost of higher education to individuals and reduced graduate job prospects in many countries have renewed debate about the value of higher education. These have, however, focused on the private gain or rate of return of higher education to individuals, rather than on its broader public benefits. Even defenders of the intellectual, cultural and social value of higher education emphasize increasingly the economic and market function of the university.

The often narrow focus of this debate follows from the fact that the role of higher education and by extension of the univer-

sity is contested (Collini 2012). This may be seen as stemming from two different concepts of higher education – that where it fulfils a right to education as a public good and that where it is considered a commodity, tradable on the open, international market. We shall explore the relationship between these two concepts, beginning with a reflection on education as a right in and of itself. We will then turn to the concept of public goods and how higher education has characterized and shaped these over time. Finally, we consider the influence of neo-liberalism, with its drive for privatization and the consequent impact on higher education's public goods character.



Autoren |

Prof. Dr. Dr. W. John Morgan, UNESCO Chair of Political Economy and Education, School of Education, University of Nottingham, United Kingdom,

John.Morgan@nottingham.ac.uk

Ian White, International Affairs Officer at the World Bank

iwhite@worldbankgroup.org

Higher education and human rights

The Universal Declaration of Human Rights (UDHR) is considered the most authoritative statement of international human rights norms. It was adopted unanimously by the United Nations General Assembly in 1948, providing the basis for the international human rights standards, laws and institutions that followed. It was agreed as: "... a common standard of achievement for all peoples and nations" and, for the first time, spelled out the basic civil, political, economic, social and cultural rights that all human beings should enjoy. It helped codify the fundamental notion of human rights, which asserts that all persons have an equal right to the same treatment, regardless of differences in race,

ethnicity, language, religion, sex, politics, in physical capacity, or of social or economic status. Such differences are seen as irrelevant ethically and do not affect the essential nature and worth of a person.

Article 26 refers to education specifically, stating that: "...everyone has the right to education" and that: "...education shall be free, at least in the elementary and fundamental stages." In the case of further education, it says that: "...technical and professional education shall be made generally available and higher education shall be equally accessible on the basis of merit." As a resolution of the United Nations General Assembly it is not a treaty and is not binding in international law (Donnelly 1993, p. 10). However, given its pre-eminent status, arguments have been made for considering all or part of it as legally binding (Steiner/Alston/Goodman 2000, p. 143).

In the decades that followed the UDHR various international human rights treaties and other instruments were adopted, each addressing a particular area of human rights in greater detail. While the promotion and protection of economic and social rights are touched upon in most of these, the 1966 UN Covenant on Economic, Social and Cultural Rights is the most important treaty in this area. On higher education, it states that it: "... shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education" (UN 1966). It should be noted that rights bring with them correlative obligations for both individuals and society. In some cases, rights must be

respected, such as the right to freedom of expression. Other rights require action if they are to be realized, such as the right to education. These are referred to as negative and positive obligations respectively as both imply responsibilities on the part of society or of individuals. Through this relationship of rights and obligations, people are morally bound together in a commonly supportive society. That is these rights and obligations create a public good.

For our purposes here, it is useful to distinguish between human or natural rights, as elaborated in these instruments, and special rights. Unlike natural rights, special rights are not universal and inalienable and apply only when certain qualifying conditions are met. These rights may arise from a legal contract, a constitution or a particular relationship such as parenthood. Despite the universality of the UDHR and many other international human rights instruments, governments can and do interpret them in different ways. Consequently, debates and disputes continue to arise over the extension of human rights and how they are distinguished from special rights. While human rights are not granted for purely utilitarian ends, debates about the extension of natural rights and how they are distinguished from special rights necessarily bring in utilitarian considerations. For instance, is there a natural human right to education as distinct from a special right? If so, how much education, of what type, and how financed? These questions become particularly pertinent when we consider the role of higher education today, the changes in its perceived benefits and the obligations regarding its provision.

Higher education as a public good

According to early liberal theory, for instance J.S. Mill, a public good was something provided either because it was of benefit to the community as a whole (e.g. street lighting or drainage) or because it could or should not be provided privately (e.g. national defence). In the 1950s, a more precise definition prevailed following the work of American economist Paul Samuelson, who defined such goods as “non-excludable” and “non-rivalrous” – goods which cannot be provided exclusively to some and the consumption of which does not diminish other’s consumption of the same good. In the sixty years since Samuelson’s definition (Samuelson 1954),

our understanding of public goods has broadened, and we now recognize a larger array of public goods than it allowed (Desai 2003, p. 65). For instance, public goods can also be said to generate an array of externalities, simply known as social or public benefits.

This change of concept has occurred as states and societies have become more complex in terms of regulation and welfare provision. Rising incomes and higher public revenues in the mid-20th century saw provision extended to new levels and areas covering health, housing and higher education (Desai 2003, p. 68). These and similar policies were justified as claims upon public wealth either because of the specific benefits provided to recipients identified as being in need of state support or because of the general benefits perceived for society as a whole. Conventionally, education has been considered to meet the criteria for a public good. It has also been viewed as a producer of other public goods, such as health improvements among the population and the strengthening of democracy and good governance (Tilak 2004, p. 344-5). For instance, Stiglitz has argued that knowledge, one of the main products of education and of the research of educational institutions, also satisfies public good conditions (Stiglitz 1999).

The basic social functions of the contemporary university align closely with this understanding. These include contributing to human and social development in all its forms; developing knowledge and learning societies; and promoting economic development and employment. These functions relate to the declaration of UNESCO’s first World Conference on Higher Education in 1998, which provides a useful, globally agreed, account of the role of the contemporary university. In turn, the economics of universities relate to these functions, based on the theory that a higher education enhances an individual’s human capital through developing knowledge and skills beyond embodied capacities. This economic benefit is essentially why students enrol and give of their time and resources.

A university education also enables graduates to build personal cultural and social capital which may be of employment benefit subsequently. This considers university education as a private investment good rather than as a private consumption good, though this is not to deny the considerable consumption benefits to individuals. Taken collectively, such benefits to indi-

References |

- Bergan, S.: Higher education as a „public good and public responsibility“: what does it mean? In: Weber/Sjur (eds.): The Public Responsibility for Higher Education. P. 13-28. Council of Europe Publishing 2005
- Besley, T. and Ghatak, M.: Public Goods and Economic Development. London School of Economics and Political Science, 27 July 2004.
<http://econ.lse.ac.uk/staff/mghatak/public.pdf>
- Collini, S.: What are Universities For? Penguin Press London 2012
- Desai, M.: Public Goods: A Historical Perspective. In: Kaul et al.: Providing Global Public Goods. Managing Globalization. Oxford University Press 2003. P. 63-77
- Donnelly, J.: International Human Rights. Westview Press 1993
- Steiner, H. J./Alston, P./Goodman, R.: International human rights in context. Oxford University Press 1996
- Hebel, S.: From Public Good to Private Good: How Higher Education Got to a Tipping Point, The Chronicle of Higher Education blog. 3 March 2014.
<http://chronicle.com/article/From-Public-Good-to-Private/145061>
- Holcombe, R. G.: A Theory of the Theory of Public Goods. In: Review of Austrian Economics, 10 (1), 1997, p. 1-22
- Morgan, W. J.: Ethics, Economics and Higher Education: A comment. In: Citizenship, Social and Economics Education, 12 (2) 2013, p. 129-135
- Morgan W. J./White, I.: Reconciling Society, State, and Market. In: Weiterbildung – Zeitschrift für Grundlagen, Praxis und Trends, (1) 2014, p. 38-41

viduals represent a direct economic benefit to society, including raising the productivity and incomes of all employees through knowledge transfer; promoting technical change through research and development; increasing allocative efficiency, labour flexibility and mobility; and cultivating social cohesion, community values and stability. Such benefits have broad economic, fiscal and labour market effects which can result in collective improvements in the national economy (Tilak 2009, p. 454).

They also justify, at least in part, public subsidies to individual students and to the providers of higher education. The public expects a return on its investment in terms of the contribution of the university to economic and social development generally. This is the social return or the public good of higher education. However, much of this return is found in indirect and intangible social benefits and externalities which are difficult to calculate. As we will now consider, neo-liberalism and new concepts of the role of government in the provision of public goods are having a profound bearing on how we view and measure such benefits.

Neo-liberalism and higher education

As academic research and debate on the concept of public goods was growing in the 1950's, economists largely favoured an active role for the state in the economy. Thus it was logical to presume a major role for the state in the provision of public goods (Desai 2003, p. 65). When Samuelson defined public goods, he suggested that they were inherently government-produced (Holcombe 2004, p. 3). State intervention was necessary to provide such goods as the responsibility for doing so could or should not be left to the markets. This was the then dominant public policy paradigm that paralleled the growth of the modern university. Neo-liberalism has challenged this logic by arguing that, economically, private investment and provision produce outcomes which are more effective than those of public investment and provision. In areas such as health and education, the neo-liberal perspective also presents a moral argument that individuals and communities should have the choice that this alternative provides. On these grounds, neo-liberal policies advocate the withdrawal of the state and the market liberalization of various social and economic sectors, inclu-

ding higher education (Tilak 2008, p. 457). Its effect on economic, political, and ethical thinking, particularly from the 1970s onwards, has been dramatic.

Under the influence of neo-liberalism, educational institutions have been undergoing re-organization, with the private sector assuming an increasingly important role. This trend has also been driven by pressures on public finances and an accompanying economic austerity. This has been accentuated by the 2008 global financial crisis, through the rising costs of public goods to the state, while the tendency towards lower tax regimes has been a long-term trend. As Morgan points out, this raises: "...problems of social choice, such as how to sustain a comprehensive and high quality university system, which is only one of many possible public choices" (Morgan 2013, p. 133). As a consequence we find that there is now no single organizational model for universities, with the state providing higher education directly, subsidizing it through a hybrid model, regulating it, or contracting it out to a third party. This means that higher education is viewed increasingly not as a public good, but as something that is bought and paid for as a private one. For example, in the United States students will soon pay a larger share of the costs of a public higher education than the government. This is a significant change from a decade ago, when students covered just a third the costs on average (Hebel 2014). Higher education has now been opened to the marketplace, making it a tradable commodity.

Public goods and private commodities

We have discussed how the contemporary university has developed under the prevailing view that the state plays the central role in the provision of public goods. While universities have developed and diversified considerably since neo-liberalism gained prominence, universities and the societies they serve are still grappling with what these changes mean for the fundamental nature of higher education. One way of doing this is to consider, how higher education might act as both a special human right and as a tradable investment commodity? In other words, can the modern university deliver the crucial social and cultural benefits of higher education to the necessary standard, quality and level of access within an environment of privatization and liberalization?

It has been argued that treating higher education as a tradable commodity jeopardizes existing human rights agreements, making their realization not just difficult but impossible (Tilak 2008, p. 461). The commoditization of higher education poses real challenges to our understanding of how these rights can be fulfilled, the notion that the two are irreconcilable is too stark a comparison. When it comes to public goods provision, traditional boundaries between the state and the private sector no longer provide a very useful analytical basis (Besley/Ghatak 2004, p. 3). The theory of public goods assumes the dominant role of the state, yet its functions have changed considerably in recent decades, as have the goods and services provided (Desai 2003, p. 63).

In maintaining the public goods nature of higher education however, the state retains an essential role. This does not, automatically mean its direct involvement in economic activity and could entail an indirect role (Besley/Ghatak 2004, P. 3). This alludes to the various university models mentioned earlier. Nevertheless, and regardless of the model, the state has a role in ensuring that higher education maintains certain qualities and fulfils specific obligations, including inclusiveness, quality and relevance. In many ways: "...the issue is not whether higher education institutions are public or private, but whether they are of good quality, are subject to quality assessment, offer programs leading to recognized qualifications, offer equal access and ensure academic freedom for staff and students" (Bergan 2005, p. 19).

Conclusion

As we have argued elsewhere, there is a necessity to reconcile society, state and market to achieve both efficiency and social justice in economic and social development. This includes the role, organization and provision of higher education (Morgan/White 2013). For instance, higher education institutions need to communicate more coherently and cogently their broader purpose, to both policy makers and to society more generally. The public debate on the value of higher education institutions needs to include a more holistic consideration of the economic and social benefits that they produce; and how these are affected by the changes witnessed in recent decades. There should

also be reflection about purpose and the appropriate structures for achieving it among policy makers and higher education institutions themselves. Mala Singh summarizes the dilemma well when saying: "...the challenge confronting policy and decision makers at system and institutional levels is negotiating a conscious and continuous balance between the diverse purposes of higher education and [...] ensuring that higher education transformation does not become captive to the imperatives of narrow economic responsiveness alone" (Singh 2001, p. 14).

That the opportunity of higher education is still today considered a right is rooted in the development of education more generally as a public good. Although the model of its provision moves increasingly towards that of a tradable commodity, its full value, to both individuals and to society, rests on this. If it is to retain the quality, relevance and social importance which underpin it, higher education must continue to prepare graduates for employment that is both economically rewarding and socially useful. This was recognized by UNESCO at the 2009 World Conference on Higher Education, which concluded that the strategic role of higher education in human sustainable development remained as crucial as ever. It was concluded that: "...as a public good and a strategic imperative for all levels of education and as the basis for research, innovation and creativity, higher education must be a matter of responsibility and economic support of all governments" (UNESCO 2009: 2).

References |

- Singh, M.:** Re-inserting the 'Public Good' into Higher Education Transformation. Paper presented to the Dialogue on the Conference on Globalization and Higher Education: Views from the South. 2001
- Samuelson, P.:** The pure theory of public expenditure. In: Review of Economics and Statistics, 36(4), 1954, p. 387–389
- Stiglitz, J. E.:** Knowledge as a global public good. In: Global Public Goods, 1(9), (July) 1999, p. 308–326
- Tilak, J. B. G.:** Public Subsidies in Education in India. In: Economic and Political Weekly, January 24, 2004, p. 343–359
- Tilak, J. B. G.:** Higher education: a public good or a commodity for trade? In: Prospects, vol.38, April 2008, p. 449–466
- UNESCO:** Communiqué: 2009 World Conference on Higher Education, UNESCO, Paris, 8 July 2009. Accessed 14 July 2014. http://www.unesco.org/file-admin/MULTIMEDIA/HQ/ED/ED/pdf/WCHE_2009/FINAL%20COMMUNIQUE%20WCH E%202009.pdf
- United Nations:** Universal Declaration of Human Rights. UN General Assembly, 10 December 1948. <http://www.un.org/en/documents/udhr/>
- United Nations:** International Covenant on Economic, Social and Cultural Rights. UN General Assembly, 16 December 1966. <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CE SCR.aspx>