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The public good created by higher education institutions in Russia

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Introduction

Ideas about 'public' and 'private' are central to thinking about higher education policy thinking. But there is little consensus or even understanding about two things.

Two problems

First, there is no agreement about where the public/private line falls, and the implications for funding policy. There are two main concepts of public/private. In one approach, which I call the economic definition, public/private is understood as a distinction between non-market production and market production. In the other approach, the political definition, public/private is understood as a distinction between state controlled or non-state controlled higher education. Each of these definitions is useful, it says something important. They overlap but are distinct.

However, the economic and political definitions are often muddled up. There are those who claim that public/private is a distinction between state and market. This takes 'public' from the political definition and 'market' from the economic definition. But to define public/private as a state/market distinction is incoherent, it does not work. States use markets to achieve some of their policy goals, so there can be state controlled market production. Some higher education is both non-state and non-market in character, such as philanthropically financed education.

Second, there is no common understanding of the nature of 'public goods' or the combined 'public good' in higher education. We understand some of the private goods associated with higher education, such as the contribution of degrees to additional earnings and better employment rates. It is not always clear whether the rates of return to degrees are driven by the education, or by other factors such as

family background or social networks, but we do have definitions and measures of these private goods. We do not have agreement on definitions and measures of the public goods contributed by higher education. Opinions differ from expert to expert, and from country to country.

There are special difficulties in dealing with the collective aspect of public goods, those outcomes of higher education which do not consist of individual benefits but affect the quality of relational society—for example shared social and scientific literacy, combined productivity at work, the contribution of education to furthering tolerance or the combined capacity to deal with change and modernisation. Arguably, because a common understanding of public goods in higher education is lacking, these goods are under-provided and under-financed—including those public goods that are global not national in character, in that they flow across borders. We are also unclear on whether the public goods are alternatives to the private goods—so that higher education produces *either* private goods or public goods, the relationship between them is zero-sum—or the public and private goods are additive, positive-sum, produced together.

Through the wall . . .

The picture is unclear. At present we lack strong, coherent social science tools—definitions and empirical methods—that would enable us to explain and track public goods in higher education. But we know this is an important problem. We should not confine ourselves to research on matters that we readily understand, that tell us what we largely already know, and replicating many previous studies. We should push into the unknown. We should push through the wall of our ignorance, in social research.

Today's paper

This first half of today's paper will present a new generic analytical approach to the definition of public and private goods and apply it to higher education, and research in higher education. When I say 'new', the article was first published earlier this year.

But the question of public higher education is not simply a generic matter. It also varies by nation, by political culture and the character of the state. What is 'public' in higher education in some countries can be 'private' in others. We need to find out what is generic, and what varies by country. And this might lead to change in the generic definition. So I am conducting an eight-country study of approaches to 'public' and 'public goods' in higher education—concepts, definitions, measures. The national studies include interviews in government and two universities. Case studies have been conducted in Russia and Australia, in 2013. The next round of case studies will be UK, USA, France, Finland, China, Japan. It is also possible the work will be extended to Germany and Mexico. The UK case study begins in December and France, China and Japan take place next year. In the second half of the paper, I will present for the first time findings from the 30 interviews in Russia in 2013, half of them taking place at HSE.

Economic definition of public/private (non-market vs market production)

Let's now look at the economic definition of public/private. This can be traced to an influential article by Paul Samuelson in 1954, 'The pure theory of public expenditure'. Simplifying, Samuelson defined public goods as non-market goods. They are socially necessary but unprofitable for businesses to produce in a market. They cannot be produced in a market because they are non-rivalrous and/or non-excludable.

Public goods: non-rivalrous and non-excludable

Goods are non-rivalrous when they can be consumed by any number of people without being depleted, for example knowledge of a mathematical theorem, which sustains its use value 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 individualised commodities in markets. Public goods and part-public goods require government funding or philanthropic support. They do not necessarily require full government financing, and can be produced in either state or private institutions.

The economic definition is useful because it identifies the minimum necessary government action and financing. On the other hand, the notion is also ideologically loaded. Many would disagree that it is normal or desirable for goods to be produced in a market unless that is impossible. Markets can change the character of the product, and stratify value and distribution. They generate tendencies to concentration and monopoly, and the growth of consumption inequalities over time. The same bias is present in the otherwise useful notion of 'externalities'. Economists identify 'spillover' public goods, or 'externalities', additional to the private goods, such as the contribution of market-based educational courses to greater tolerance or collective literacy. The assumption here is that the core production is market production and the spillovers arise as unintended consequences of the production of private goods. They are 'external' to, outside of, the real transaction which is the market transaction. But the so-called 'externalities' might be a deliberate policy choice and thus really 'internalities'.

While the economic distinction implies that public or private is determined by the nature of the goods—naturally rivalrous and excludable or not—this is often a matter of deliberate policy choice. For example, while research, with some caveats, is a natural public good (as in the case of the mathematical theorem), teaching can be either a public or a private good. Student places in higher education can constitute either Samuelson private or public goods. Mostly, they are a (variable) mix of both. The public goods include individualised non-market benefits such as the learned knowledge which is non-excludable and non-rivalrous. However, whenever university places confer value in comparison with non-participation, there is rivalry; and in universities with a surplus of applications over places, participation is excludable and a market in tuition can be created. The value of such private goods is maximized in programmes offering students valuable positional opportunities to enter high income high status careers as in Law and Medicine in elite universities. There is also a strong element of the normative in private and public goods. collective goods. Neoliberal

economists tend to downplay market failure and the scope for collective goods. Social democrats and endogenous growth theorists talk up the potentials of public goods and state investment.

Political definition of public/private (state/non-state)

The Samuelson definition treats the state as outside the market economy and only brought into the picture when absolutely necessary. However, arguably, this is not a good description of how any society or any higher education system actually works. The state is more important than that. This brings the political definition of public/private into the picture. This is the distinction between matters seen as public in the sense that they are ultimately shaped by government and the political and policy processes, and matters seen as private and confined to the commercial market, the family or civil society. John Dewey provides one explanation of the public/private boundary in the political sense, which is the distinction between matters of state, and other matters.

Here 'public' higher education is not confined only to institutions or activities that are directly government provided or financed. 'Public' in the political sense refers to any matter taken by the state as a deliberative actor with policy goals. Matters that are public in the economic sense are usually public in this political sense too, but so are many other matters. Governments often use private and semi-public agencies to achieve their goals. 'Public' includes the kind of state intervention to regulate economic markets and private firms that goes beyond simply providing a stable legal framework. Note here the state is closely involved in higher education, in many domains, in all countries. Higher education does not necessarily stop being 'public' in this political sense, when there is competition between institutions, and high tuition fees are charged, though some market production is fully deregulated and belongs in the private political sphere.

Public and private goods: the four variations

So we have two definitions of public/private with different meanings. Both tell us something important. The *economic* definition based on the non-market/market distinction, subjects politically-defined public goods to tests of limited resources and costs. 'How publicly generous should higher education provision be?' it asks. The *political* definition of public/private, based on the state/non-state distinction, subjects economically-defined public and private goods to tests of values, norms, social relations and system design. 'Public and collective forms of provision can change the nature of the goods, for example their social equity', it says. 'What kind of society do you want?' The response from the economic side is: 'To the extent your preferred social arrangement is subject to market failure, government finances it. Is it affordable?'

But two separate definitions creates ambiguity and confusion. How can we adopt a coherent approach to public/private? By combing the two public/private definitions in a matrix (see diagram). This replaces the ambiguous two-way distinction between public and private higher education, with four distinct zones, four different political

economies, in which higher education and research are practiced in contrasting ways.

Quadrant 1 (Civil society) is a non-market private zone in which free teaching and research are practiced as ends in themselves, at home or university, without government supervision or close institutional management. Much learning and discovery takes this form, more than is usually realized, precisely because it is unregulated. The state is not entirely absent in that it regulates civil conduct and the family in the legal sense.

In *Quadrant 2 (Social democracy)* production takes a non-market form—for example the free student places or low fee places in most of Europe—while also being regulated directly by government. Much research activity is concentrated in Quadrant 2.

In *Quadrant 3 (state quasi-market)* government still shapes what happens in higher education, but it uses market-like forms to achieve its objectives, and encourages universities to operate as corporations—with significant tuition fees, systems organised on the basis of students as ‘customers’ not learners, competition between universities for funds, product-style research formats. This is the higher education sector imagined by global rankings—higher education as managed market. Marketization reforms in many countries have pushed an increasing part of higher education activity into Quadrant 3, much more so than into the pure commercial market in Quadrant 4.

In Quadrant 4, higher education becomes another commercial industry. Government regulates the market like it regulates all commerce, by providing a legal framework, but it does not intervene more closely. Courses in higher education that operate on the deregulated basis of full-price fees and an unlimited number of student places are in Quadrant 4, for example international education and professional training in some countries, and the fee-based programmes introduced in Russia in the 1990s. However, in most systems pure market forms in Quadrant 4 are overshadowed by the volume of activity in Quadrants 2 and 3.

You can see that teaching, research and other activities in higher education differ in character according to where they are on the diagram. Real life higher education systems mix activity in all four Quadrants but the balance varies. Nordic and Central European systems are strong in Quadrant 2. The competitive Anglo-American systems are pulling ever more activity into the quasi-markets in Quadrant 3. The four Quadrants show there is nothing inevitable about inherited arrangements. Governments and societies can order their systems as they want.

The diagram also shows that there is great scope for producing public goods in higher education, through government leadership in Quadrants 2 and 3, civil and community-based organisation in Quadrant 1, or the self-regulating activity of higher education institutions themselves in all three of Quadrants 1, 2 and 3. The ‘pure’ public good Quadrant is Quadrant 2 where production is public in both the sense of non-market and the sense of state control. The pure private Quadrant is Quadrant 4.

Common goods

The fact that higher education is 'public' does not mean that in some way it is better or more desirable. Both public in the economic sense, and public in the political sense, can be associated with a very wide range of normative projects. Public goods in the economic sense can become captured by the most influential families, as in some highly selective universities in countries where tuition is free. Some public goods in the political sense might benefit powerful interests able to influence the state, or a state may use its power to create public goods to establish a globally aggressive military that creates public bads for the population of other countries, downstream.

However, there are some public goods—in one or both senses—that benefit populations broadly, help to build relational society (sociability), and sustain inclusive and rights-based human relations. I call these goods 'common goods'. They include higher education to the extent that it fosters an equitable framework of social opportunity, offers good quality mass higher education, strengthens society in regions and provincial centres, and provides relational collective goods such as tolerance, cross-border international understanding and accessible knowledge. Equal social opportunity in and through higher education is the most important of such common goods.

Higher education and the common good

At the end of November, next month, I release a new book on Higher education and the common good, that discusses the different kinds of public goods, and argues for an increased focus on common goods to counterbalance highly unequal societies.

Global public goods

Now let's bring this theorisation of the public/private problem into the real higher education space, which is a worldwide space. And that forces us to acknowledge two realities. First, some public goods are produced in the absence of a state, in the global sphere of activity. Second, as I stated earlier, public goods vary in character by country.

In the global sphere only one public/private distinction can be relevant, the economic distinction. There is no formal political sphere, no global state. No doubt this leads to under-recognition of the contribution of higher education-in producing global public goods, and under-provision. According to the UNDP, global public goods are 'goods that have a significant element of non-rivalry and/or non-excludability and are made broadly available across populations on a global scale. They affect more than one group of countries'. One global public good is research knowledge. However, nations differ in the extent to which they contribute to and benefit from global public goods that are carried by cross-border flows of knowledge, ideas and people and generated in education and research. For example, the content of global knowledge flows is linguistically and culturally dominated by certain countries, especially the United States. This raises a question of 'whose public goods?' For faculty whose first

language is Russian, having English as the single common global language is a public good in the sense that it facilitates the relational environment, but a public bad (a negative global public good) to the extent that it marginalises knowledge in the Russian language at global level, and devalues Russian at home, for example in local science communities. Net brain drain of research personnel to other countries is another global public bad.

National variation: Russia

Countries vary in their political cultures, how broad is the reach of the state, whether its responsibilities are practised as comprehensive, or limited, and how egalitarian the higher education system is expected to be. These differences closely influence the political understanding of public, or private, in all sectors, and also affect the way the economic distinction between public and private is interpreted by policy makers. These differences affect the Quadrant locations of production in higher education.

Let me turn now to the case of Russia and public goods in higher education. how did the 30 interviewees see it? In 2013 I conducted five interviews in Moscow with government personnel responsible for higher education matters, eight interviews in MISIS, a high quality specialist engineering university specialising in metallurgy, and 17 interviews at HSE. The HSE interviews included a range of disciplines in social science, humanities, mathematics and engineering, and also university leaders. I will reflect on some of the findings from those often insightful interviews.

Ideas about role of the state in higher education (1): Soviet style

After the biographical preliminary, the interviews normally began with the role of government in higher education. Here there were two distinct strands of discussion, often associated with two different understandings of public good in higher education. Sometimes individuals moved between the two strands during the interview.

In the first strand, which was especially strong at MISIS but also evident at HSE, people discussed the role of government in terms resembling the Soviet model. In Soviet times government planned the economy and education in short-term and long-term, worked out how many specialists would be required in each category, allocated student places accordingly, funded and controlled higher education closely, and later allocated graduates to jobs. When thinking in terms of the Soviet style of government in higher education, interviewees called up all of this picture. They said that government should provide stable conditions of work for faculty and researchers, and several recalled with nostalgia the modest but adequate salaries of scientists and the respect they had in Soviet time. Of course government no longer directly allocates graduates to jobs; so here, some interviewees called on government to take action that would bring universities together with employers. However, the problem with the retro model, is that while government officials see themselves as powerful, responsible, funding and controlling, they are also short-term in their thinking, happy to devolve labour market responsibilities to higher education, and unable to fund adequate salaries

Ideas about role of the state in higher education (2): Post-Soviet style

A post-Soviet strand was also evident. In these answers interviewees wanted deregulation, a lesser role of government, in some cases even if it meant less money. Some talked about government as being just another stakeholder. There was criticism of government financial controls, selection of rectors and concerns about interventions in curriculum and teaching. These interviewees tended to talk in terms of market models. They favoured an economic rather than political definition of public good, arguing that government should fund higher education only in those areas clearly subject to market failure. They were inclined to talk about 'externalities', 'spill-overs' flowing from market transactions, not public goods which as they saw it had a more limited role. Still, some of the same interviewees also acknowledged that the private sector was unwilling to finance higher education at scale, and universally high tuition fees in higher education would reduce participation among students from poor families.

A split history, split tuition, a split higher education system

These two different strands of thought neatly sum up the continuing fracture in the political culture, between the 1980s Soviet view of the world and the market liberal Post-Soviet view of the world which emerged rapidly in the 1990s, but was unable to either fully transform the political culture or constitute a stable society and economy. Both strands run through Russian society and are installed side by side in higher education, neatly symbolized by the split tuition system and the opposite idea of public goods that is entailed. On the one hand there is publicly supported places, mostly in STEM and positioning students for the old military-industrial economy—associated with a broad-based comprehensive and political idea of the public good. On the other hand there are the market-driven places, mostly preparing students for the post-Soviet new capitalist economy business, law, communications and so on, associated with a more limited and specifically economic idea of the public good with lesser demands on government and its funding.

Hybrid thinking (combining old and new)

Some MISIS graduates combine engineering with economics, so being prepared for both kinds of Russia. It was also interesting that sometimes interviewees combined both strands, in hybrid thinking—in the case of the quote, starting from the post-Soviet model but also suggesting that the broader idea of the public good, and perhaps also a larger scope for government, might have a point. Hybrid thinking is an important resource. Until the respective political cultures of the 1980s and 1990s are absorbed into something that transcends both, there can be no clear consensus on the public good role of higher education in Russia, or even on the kind of private goods produced.

Collective goods produced in and through higher education: many and hard to delineate

Interviewees had many ideas about public goods in higher education. I cannot do full justice to those ideas here. It was pointed out that the possible public goods varied by time and place, and also varied by discipline, and by the size of the institution and whether it had large-scale research, and that there was possibly greater potential for public goods in the regions—or at least the contribution of individual institutions to society and local economy was more obvious in regions than in Moscow. Several HSE interviewees discussed the role of HSE in government policy making and consultancy advice, though it was noted that this role was not open to all universities.

Interviewees made the point that some public goods such as museums were not free, higher education has never been free—either the student or the taxpayer pays—and many public goods in higher education are created whether or not tuition fees are charged, though some public goods are affected by fees. These comments had the effects of weakening the nexus between the public/private distinction in economic theory, and the financing arrangements, though two economists firmly maintained the Samuelson definitions. The discussion of collective goods also weakened that nexus.

The many references to collective public goods stood out. Interviewees noted the role of higher education institutions in providing publicly available expertise in all disciplines, and as an open source of information and ideas, and improvements in cultural life, a resource almost akin to a society-wide library or museum. One interviewee talked about ‘the sociability of knowledge’. In many interviews this public role of higher education in knowledge and communications, which appeared to be another idea from the Soviet time, was explicitly grounded in the public good nature of knowledge. One interviewee discussed the higher education as fostering intellectually critical thought, which was said to improve cross-cultural skills; and several discussed the contribution of higher education institutions in building greater tolerance between people from different backgrounds or regions. “We must live together as brothers or perish together as fools”, said one. Interviewees also referred to social and economic modernisation. There was not much discussion of either the role of higher education in fostering national economic competitiveness—though that role is a public good in both the economic and the political sense—or in providing for economic prosperity, except indirectly, in terms of the preparation of graduates for work. The contribution of higher education to capital and profit was seen as separate from the public goods agenda.

High participation, students learn little, too many graduates?

People in both strands argued that government should guarantee human rights as a common good, and that one of the essential roles of government was to ensure that students from all backgrounds had opportunities to enter higher education. There was some discussion of higher education’s role in fostering social mobility. However, the emphasis on higher education’s role in providing for inclusive participation and equal opportunity received less discussion than expected. These are often dominant perspectives in national higher education policy but not in Russia.

The reason, I assume, is that Russia has had high participation since the 1990s and it is firmly associated with poor quality mass higher education, credentialism and low levels of learning. These issues were frequently discussed by interviewees, and were deeply felt. Though there was no question specifically on the topic it arose during the majority of interviews. Some suggested that it should be a mandatory responsibility of government to monitor, improve and manage standards of curriculum and student learning, though two HSE interviewees placed the emphasis on regulation by professional associations. The negatives about the outcomes of massification, and the comparative indifference to equality issues, suggest that in this respect, there has been a break with the 'affirmative action empire', as the Soviet era was called in one book.

Global public goods

Given that Russian higher education is not as internationalized as are most European and East Asian systems, there was surprising emphasis its role in creating global public goods, primarily centred on knowledge exchange. Only one interviewee discussed teaching and learning, preparation for 'global citizenship'. One HSE sociologist developed a critique of globalization as Americanization. Several interviewees stated that Russia contributed to higher education in other countries through brain drain, which was both a public good (for other countries) and a public bad (for Russia).

Internationalisation: still partly closed

In this respect, global public goods and national public goods are in tension. However, Russian government and higher education tend to sidestep the national/global tensions that are an inevitable part of global engagement, by minimizing global engagement. HSE is more internationalized than other Russian institutions. This allowed its interviewees to generalize freely about the semi-closed nature of Russian higher education. The government officials made the same point, though they had no constructive suggestions on how to open up the sector. The view of the academic interviewees was that government might say it is committed to internationalization but it doesn't do anything about it. For its part, government flicked the responsibility back to higher education.

Measures of public good(s) in higher education

One would not expect interviewees to come up with firm and cogent proposals for the measurement of public goods in higher education. The MISIS interviewees were not greatly interested in this question but several HSE interviewees had ideas, mostly centred on tracking and measuring the purported impact of higher education on graduate skills, personality, values and career successes.

The main challenge is the tracking of the larger collective goods discussed in the interviews. Qualities such as knowledge flows, tolerance and social equity in higher

education can be tracked and measured only in part, using single indicators, never in full. However, the many references to collective goods underline the point I made earlier, that there is a large hole in existing definitions and measures of the outcomes of higher education. There is much more in Quadrants 1 and 2 than most economists say. This collective activity cannot be confined to spill-overs from private transactions.

Colleagues, I've reached the end of my speaking time. I sincerely thank you for your patience with the English-language speaker. I look forward to the discussion. Let me briefly reiterate the two main points made this morning:

1. When planning and observing the public and social-relational dimension of higher education we need to take both the market/non-market distinction, and the non-state/state distinction, into account. Both are relevant but they need to be arranged in coherent fashion. The Russian understanding of public/private is split between them. This is a good example of the need for coherent combination.
2. The definition of the state role in higher education is specific to national history and national political cultures. This shapes national variation in recognition of and understandings of public goods and also frames their practices. Inevitably public goods in Russian higher education are to some extent different to those that are possible and actual in Germany, US or China. The extent to which we can devise a generic aspect to public goods in higher education is something than only be assessed on the basis of a larger number of national case studies.