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To cite this article: Simon Marginson (2018) Public/private in higher education: a synthesis of economic and political approaches, *Studies in Higher Education*, 43:2, 322-337, DOI: [10.1080/03075079.2016.1168797](https://doi.org/10.1080/03075079.2016.1168797)

To link to this article: <https://doi.org/10.1080/03075079.2016.1168797>



Published online: 13 Apr 2016.



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Public/private in higher education: a synthesis of economic and political approaches

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The public/private distinction is central to higher education but there is no consensus on ‘public’. In neo-classical economic theory, Samuelson distinguishes non-market goods (public) that cannot be produced for profit, from market-based activity (private). This provides a basis for identifying the minimum necessary public expenditure, but does not effectively encompass collective goods, or normative elements. In political theory ‘public’ is often understood as state ownership and/or control. Dewey regards social transactions as ‘public’ when they have relational consequences for persons other than those directly engaged, and so become matters of state concern. This is more inclusive than Samuelson but without limit on costs. Neither definition is wholly satisfactory, each offers something, and each can be used to critically interrogate the other. The article synthesises the two approaches, applying the resulting analytical framework with four quadrants (civil society, social democracy, state quasi-market and commercial market) to higher education and research.

Keywords: role of higher education; equality; neoliberalism; public policy; education market

Introduction

It is widely agreed that higher education contributes to the relational or public dimension of human society but there is little clarity on what this means and how it relates to the private benefits for students and graduates. Many claims are made by university leaders and ministers of education about the contributions of higher education institutions (HEIs) to the ‘common good’, ‘public interest’, ‘public good’ or ‘public goods’. HEIs are said to provide an opportunity for all on the basis of merit; widen the scope for upward social mobility; enhance the careers and lives of those they educate; contribute to productivity and prosperity by preparing graduates for occupations, and supplying innovations for industry; provide employment for cities and regions; create and distribute knowledge and ideas, and advance free expression; foster scientific literacy, and sustain intellectual conversations and artistic work; contribute to policy and government, and prepare citizens for democratic decision-making. HEIs are said to sustain a cosmopolitan outlook and growing cross-border traffic. They encourage ecological awareness, and find solutions to global problems. However, statements about the public benefits of higher education lack intellectual cut-through. They tend to read as solely normative and assumption-driven. In contrast

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with private rates of return and employment, public benefits are rarely associated with plausible measures (Marginson 2013a). Nor is the public dimension understood as a unified field with one definition of ‘public’ across the range of identified activities and effects.

Obstacles to clarification of ‘public’ higher education

There are at least four reasons for the lack of clarity about the public/private distinction in higher education and elsewhere. First, public/private terminology is variously applied to the location of activity (state sector versus outside), the source of funding (government versus household or private organisation) and the nature of the activity. Though the present article will distinguish public/private in terms of the social nature of educational activity, understandings of ‘public’ as state sector or government are encompassed in the approach. Funding is seen as secondary to nature and location.

Second, the public/private distinction varies across the world according to political culture. Consider the differing understandings and practices of ‘public’, ‘private’, ‘society’ and ‘state’ in the Nordic realms, the German social market, Anglo-American societies with their limited liberal states and the Chinese civilisational tradition with its strong family and comprehensive practice of state order. The public/private balance of costs differs in national systems often similar in other respects (OECD 2014, 260–76), reflecting varied assumptions about the responsibilities of governments, families and students. Differences between national jurisdictions are not explored in the article, but it develops a framework that can be tested in differing contexts. The conclusion will return to this point.

Third, public/private is understood variously in social science, from economics to differing strands in political and communications theory (Marginson 2007, 2011, 2013a).

Fourth, in the last half century in Anglo-American social science, there has been a sustained and influential assault on notions of the public good or public interest, which has partly obscured the public dimension in higher education and other sectors. The origins of this critique of the public good lie in the Cold War-era argument developed by Arrow (1951) and the public choice theorists (Buchanan and Tullock 1962) that it is impossible to have a common public interest that transcends individual preferences. Buchanan pitched his work against what he called the ‘normative delusion, stemming from Hegelian idealism: the state was, somehow, a benevolent entity and those who made decisions on behalf of the state were guided by considerations of the general or “public interest”’ (133). As he saw it individuals used politics to seek forms of justice and social organisation that upheld their personal interests. Political leaders might claim to be responsible to persons or causes other than themselves, but were not. Politics was essentially another market, and group decisions were the sum of individual decisions combined through a decision-making rule (Buchanan and Tullock 1962, 12, 35, 95, 132, 284, 305–6, 314–15). While this position is by no means universally shared in social science, it has left its mark in the neo-liberal reduction of state policy agendas (Marginson *forthcoming b*). Thus in higher education, Anglo-American policy focuses on the private benefits for students/graduates, principally higher earnings, and on their individual choices and customer satisfaction. The emphasis on private benefits, consistent with the marketing ethos that has gripped many HEIs, is used to justify tuition regimes. The public dimension is defined narrowly in terms of a market economy in which individual benefits are paramount. Thus the master

public role of HEIs is seen as their contribution to profitability, industry innovation and economic growth – even though government, more than industry, shapes notions of economic utility in higher education (Geiger and Sa 2009, 209). Neo-liberal governments have little appetite for defining, monitoring, measuring (where possible) and regulating jointly consumed collective outcomes of education such as social literacy. Such outcomes are under-recognised, under-funded and under-produced, reproducing their marginalisation.

In the policy mainstream, just one collective social goal is widely maintained (albeit highly variable in application): the contribution of HEIs to social equity. Other public contributions are often seen as incidental spillovers from the provision of benefits for graduates rather than as policy objectives, part of higher education's case for support, perhaps, but its own responsibility. This reduces the fiscal burdens of government. However, it reduces the scope for public agency and enhances the risk of non-provision of public goods. With the public role of higher education thus partly devolved downwards from system to institution, some HEIs maintain surprisingly strong public missions. In California in 2012–2013, the University of California (UC) campuses at Berkeley and Los Angeles between them enrolled over 20,000 Pell grant students from families with incomes of less than \$50,000 per year – more Pell grant students than the top 16 US private universities combined (Dirks 2015). In more than a quarter of those families neither parent had attended higher education (Rothblatt 2012, 272). But not all universities can do this. They cannot substitute for states. They must look to their own sustainability, and unlike states cannot reorder whole systems to enhance joint benefits. They are less transparent and are not joined to the full public through democratic mechanisms.

Sequence of argument

How then can social science bring the public dimension more effectively into view? This article focuses on two widely used disciplinary approaches to the public/private distinction, drawn from foundational economic theory and political theory, respectively. The economic definition, exemplified here by Samuelson (1954), distinguishes between non-market and market activities. The political definition, exemplified here by Dewey (1927), distinguishes between activities that are owned and/or controlled by states, and activities that are not so owned and/or controlled.

After outlining both approaches to the public/private distinction, the article combines them into an analytical framework for research and policy analysis in relation to higher education. It briefly reviews examples and applications, including global public goods.

Samuelson's non-market/market distinction in economics

In 'The pure theory of public expenditure', Samuelson (1954) established the notion of public/private now dominant in economic policy. Public goods are defined as one or both of 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 cannot be produced on a profitable basis, and require government funding or philanthropic support. They do not necessarily require full government financing, and can be produced in either state or private institutions.

Samuelson's notion of public/private goods has led to variations, including common-pool goods, rivalrous but non-excludable, such as a fishing zone; Buchanan's (1965) 'club goods', excludable but non-rivalrous until congestion occurs; and Ostrom's (2010) 'toll goods', whereby all but a specific population are excluded and the good is non-rivalrous within the group. Merit goods are goods produced in either the private or public sectors, that are rivalrous and excludable, but subsidised by government at point of use because it believes that otherwise the goods will under-consumed, for example, because the private benefits are diffuse and long term. All these concepts have potential applications in higher education but discussion here will focus on the core public/private goods distinction.

Though couched in generic terms, Samuelson's definition is not universal, applying to all human societies. It embodies the norms of a capitalist society, consistent with the idea of an 'institutional world' divided between 'private property exchanges in a market setting and government-owned property organized by a public hierarchy' (Ostrom 2010, 642). It is not applicable to a gift economy (Mauss 1990), or an economy wholly grounded in communal or state-administered property and production. Among capitalist societies, it is most appropriate to Anglo-American nations that nurture the John Locke/Adam Smith notion of limited liberal states and a zero-sum opposition between private and public. In these nations the economic departments of state, like Samuelson, see private business as the default producer, except in cases of market failure of essential goods. This policy approach maximises the scope for trade and capital accumulation, while providing a simple zero-sum basis for the private/public split in financing goods such as higher education and research. Government funds the good to the extent of market failure, at which point the market takes over. Using the Samuelson framework, McMahon's (2009) comprehensive survey of the research literature values the public contributions of universities at about 50% of the total expenditure.

Samuelson's definition of public/private correctly identifies market failure as the basis for fixing a minimum necessary level of public spending on education and research. However, his definition is a simplification that generates lacunae. First, the definition is ahistorical. It naturalises the definition of public/private. Whether a good is 'public' or 'private' is seen as intrinsic to the nature of that good, universal, unchanging and unrelated to context. This is sometimes but not always right. It is right in relation to sunlight which is always a public good. It is wrong when the character of the good is shaped by politics or social arrangements, and can be either public or private, as happens in higher education.

A second problem is the assumption of zero-sum, the idea that if a good is not public it must be private, and vice versa. Under some circumstances, public goods and private goods are not alternatives but additive. For example, basic research in universities, together with its connections to commercial and non-profit organisations, directly and indirectly generates both public and private goods in complex feedback loops (Hughes and Kitson 2012). Likewise, graduates in medicine augment both their own earnings and the public welfare, and both kinds of benefit expand together. Politics differ on whether they finance HEIs on the basis of the zero-sum split between public and private costs and benefits suggested by Samuelson's distinction, as in the

UK, or finance HEIs from taxation as a universal service, with private benefits seen as contained in the public benefit, as in Nordic systems. Whether zero-sum or positive-sum is a political choice.

A third problem is that Samuelson's definition is poorly equipped to deal with larger collective goods, which tend to fall outside economics, being difficult to border, observe, measure and value in terms of shadow prices. There is a strong element of the normative in many collective goods – for example, universities contribute to academic freedom because all believe it essential to universities. Samuelson's naturalist formula cannot explicitly deal with normative aspects. However, the normative questions do not disappear. Economic identification of Samuelson public goods differs according to the normative assumptions of the economist. Neo-liberal economists tend to downplay market failure and the scope for collective goods, or assume that private investment will generate the necessary public benefits as spillovers. Social democrats and endogenous growth theorists talk up the potentials of public goods and state investment (e.g. Romer 1990). With the normative differences implicit rather than explicit, the conclusions are presented as the outcome of dispassionate science. This is unhelpful. It is better to make the policy choices explicit.

The three problems are related. Despite Samuelson, market-produced goods and non-market goods are not two sides of the same coin. They do not have the same ontology. Market-based private goods must be viable in current market transactions. Non-market public goods must be politically viable, are generated by many factors in addition to market failure and often have a different temporality to market-based goods. Yet while Samuelson's definition is too minimalist – especially by excluding positive-sum relations between public and private – its narrow economic interest in scarcity and cost can be helpful. As well as establishing the minimum necessary public provision, it provides a reflexive formula for interrogating the cost of any public provision beyond that boundary. You can have a more 'public' approach than minimally necessary, Samuelson implies, but there are opportunity costs. The same scarce resources could be allocated elsewhere.

Economic public/private goods in higher education

What public/private goods are produced in HEIs, in Samuelson's terms?

The most important non-market public good is knowledge. Since Adam Smith most economists have treated knowledge as a form or function of capital (Prendergast 2010), but Stiglitz (1999) demonstrates that knowledge, as in the mathematical theorem, is a classic Samuelson public good. New knowledge is exclusive to its creator and provides a first mover advantage. Patents prolong that advantage. However, to be used knowledge must be communicated. Once communicated, essential knowledge retains its value no matter how often it is used. It is non-rivalrous and non-excludable. Thus basic research is subject to market failure and is everywhere funded by government or philanthropy. It is true that the excludability of particular embodiments of knowledge, such as texts or artefacts, can be artificially maintained by property-based devices such as journal pay-walls. However, privatisation is never fully successful because of ease of illegal reproduction.

Education is more ambiguous. 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 better health outcomes and higher financial acumen of graduates (McMahon 2009); and

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 HEIs with a surplus of applications over places, participation is excludable. A market in tuition becomes possible. The value of such private goods is maximised in programmes offering students positional opportunities to enter scarce careers of high value, such as elite preparation in Law and Medicine. These positional goods are zero-sum (Hirsch 1976). If one person occupies a place in Harvard Law, others cannot have it. Yet the Ivy League also creates public goods. For example MIT, Harvard and Stanford offer free public access to online course contents, without impairing the private vocational value of their face-to-face degrees and the associated status and networking benefits.

Much depends on how higher education is organised. In highly stratified systems with tuition barriers, as in the US, the private good element is strong. In more universal and less competitive Nordic-style education, most graduates have similar standing, and places are less rivalrous and excludable (Valimaa 2011). Nevertheless, all Nordic graduates still enjoy positional advantages over non-graduates, and there are scarce private goods of higher value in certain fields of training. The fact that their production is not formalised in a market reduces but does not wholly abolish value differentials.

Political definitions of public/private

Some social goods, such as national defence, are intrinsically collective. They cannot be produced and consumed individually. Other collective goods, such as public health or elementary education, are collective because societies want them to be. Either way, collective goods often become matters for combined decision-making and government regulation. Potentially the ambit of political determination is still broader than this. Samuelson's naturalistic distinction does not adequately acknowledge the role of political norms, political processes and policy choices in deciding what is private, what is public, and the balance between them. This extends beyond the terrain of non-market goods to include all goods subject to a political logic rather than, or as well as, an economic logic. It includes the regulation and over-determination of economic markets.

There are many notions of 'public' in political theory and the larger field of political discourse. One strand models 'the public good' as comprehensive and universal, though it is difficult to make that work in empirical terms. Another concept is that of 'the commons', a resource shared by all and not subject to scarcity (Mansbridge 1998), though most open social resources are vulnerable to congestion. A third concept, the 'public sphere' adjacent to the state, is discussed below. However, the arguably central idea of public in political theory derives from the state/non-state distinction. Though this is subject to many readings, Dewey (1927) provides an influential definition of public/private as state/non-state.

Dewey's state/non-state distinction

In *The Public and its Problems* (1927) Dewey notes that while most social transactions fall within the private sphere, some relational matters are understood as 'public', matters of broad 'public interest', and addressed by a community of persons (a 'public'). A social transaction can become 'public' when it has indirect consequences for others, persons outside the group immediately involved in the transaction. 'The

public' is all persons indirectly or potentially affected (39), whether the consequences of the transaction are positive or negative. For example, if an epidemic breaks out in one city, persons across the country are potentially affected. It becomes a matter of public health and common action:

The line between public and private is ... 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. (Dewey 1927, 15–16)

Dewey's democratic idea of 'public', which was pitched against fascism and Stalinism, emerged from the American participatory civic tradition. His antidote for coercive authority was 'a social process of open-minded collective deliberation' and rational decision-making within a shared culture (Amadae 2003, 130), in which public opinion cohered in semi-participatory media, political parties and public meetings. The relational consequences of matters deemed 'public' then become 'cared for' by specific measures and agencies. This, he argues, is the basis for the state. However, a matter only becomes fully public, subject to government policy and regulation, if two successive decisions are made – (a) to treat it as a public relational matter, (b) to address it through government. Not all relational matters with consequences are regulated (e.g. growth of the Internet). Some identifiably public relational matters are managed by organisations other than state agencies (e.g. religious bodies, media firms and private universities). Dewey also notes that 'public' is not an unambiguous good. Not all matters sanctioned by public opinion and addressed by government contribute to sociability, or equity, or common benefits. Majorities are not always right. For example, states may wage aggressive wars with broad-based support (Dewey 1927, 14, 26 and 216). Public goods – and for that matter private goods – must still be judged in terms of their substantive contents.

How generic is Dewey's idea of 'public'? Is his notion of government plausible? In contrast with the public choice theory that followed, Dewey argued that while some state officials seek power or rewards, people in public life are not necessarily driven by individual self-interest, as they are in economic markets (Dewey 1927, 15, 21 and 30). In the US, Buchanan's idea of politics as just another market has legitimated the plutocratic capture of government (Stiglitz 2013). Politicians are owned by corporations who finance their campaigns, public servants exchange favours for cash and in the 'House of Cards' it all seems normal. But are these inevitable attributes of states? Worldwide observation of government suggests that Dewey rather than Buchanan is right. A range of behaviours are on show. Government is neither intrinsically high-minded nor intrinsically corrupted. Even in the US, the neo-liberal displacement should not be overstated. Government is at least intermittently accountable from below. With concerted effort, an organised public can make higher education a matter of common public interest and state intervention. The political form of 'public', regulated by the state/non-state distinction, still has power.

How well does Dewey's argument apply in states that are not formally contestable in political terms? Not all HEIs are nested in American/European electoral democracies. In China and Singapore public opinion does not develop in the open civic forums imagined by Dewey, but both states are sensitive to society, especially middle-class opinion, and tailor their educational and labour market opportunities

accordingly (Goodman 2014). In the 3000-year-old Chinese civilisational tradition, the state is responsible for social prosperity and order. When it falters in that task the state loses popular consent. More generally, Dewey's idea of public can be stretched to include the many cases, in all societies, when government anticipates the relational consequences of social phenomena, prior to being sensitivised by active popular politics and participatory forums. Dewey's idea wholly falls down only in regimes where government is chronically indifferent to popular opinion. Few political regimes survive long term on that basis.

The public interest in higher education

What then is the public/private character of higher education, using Dewey's political definition of 'public'? For Samuelson higher education is public in nature only if it cannot operate in a market. For Dewey any or all aspects of higher education can be public or private. Potentially, education or research are matters of public consequence when they affect enough people. Even private higher education operating on a commercial basis is a matter of public interest if people and government determine that it should be.

In nearly all higher education systems – the US and UK are partial exceptions – HEIs are seen as public agencies. The political definition creates open scope for policy norms and political choices. It is more effective than Samuelson's economic definition in identifying and regulating collective goods such as social equity in universities. This does not mean that all public aspects of higher education should be state-driven. In most higher education systems, government formally devolves many matters to HEIs themselves. As noted, what varies is the extent to which devolution is nested in system-level policy goals.

The university as public sphere

Habermas (1989) identifies a 'public sphere' located between civil society and the state. His example is late seventeenth-century London with its salons, coffee houses and broadsheets that together constituted public opinion and provided a critical reflexivity for the government of the day. Building on Habermas, Calhoun (1992) finds that universities operate in analogous fashion as semi-independent adjuncts of government, providing constructive criticism and strategic options, and expert information that helps state and public to reach considered opinions. Pusser (2006) models the university as a zone of reasoned argument and contending values, noting that US higher education has been a medium for successive political and socio-cultural transformations, such as the 1960s civil rights movement. These notions of public, that rest on the state/non-state distinction while complexifying 'state', have resonance in China. There the leading national universities perform a corresponding role inside the party-state, as a space of criticism connected to power (Yang 2009; Zha 2011). Peking University was the starting point for most twentieth-century Chinese political movements, including Tiananmen in 1989.

Because of its advanced capacity to form self-altering agents and engender critical intellectual reflexivities (Castoriadis 1987, 372); and also because of the way it facilitates movement across boundaries; at times, in both East and West, higher education has incubated advanced democratic forms. This suggests that one test of a 'public'

university is the extent to which it provides space for criticism, challenge and new public formations.

Habermas's public sphere is communication based; and some theorists define 'public' as a network of public and private organisations that constitute a common communicative space (e.g. Castells 2000; Drache 2008; Cunningham 2012). Like Dewey's democratic public, or Habermas's public sphere, such 'quasi-publics' are mediums for identifiable communities in which opinion is exchanged – higher education and especially research nurture many such networked communities – but unlike the Dewey and Habermas notions the 'quasi-publics' not defined by reference to a state. This overlaps with the more diffuse and ambiguous notion of civil society (Alexander 2006), where the public/private boundary dissolves and the market is sometimes included, sometimes not.

Combining the economic and political approaches

Each of the principal definitions of public/private has virtues and also lacunae. The economic approach to 'public', focusing on the non-market/market distinction, is stronger with individual-level goods than collective goods. The political approach, focusing on the state/non-state distinction, is stronger in handling collective public goods, normative aspects and the public good (singular). The economic definition identifies the minimum necessary public goods, but posits a zero-sum relation between public and private, and constrains the policy choices. The political definition makes the public/private relation a political choice, not a natural event, enabling zero-sumness to be set aside. It is more comfortable in the normative domain – the public is what the public says it is. But it tends to lack precision and has no limits. Dewey's understanding of public is usefully subjected to the discipline of the economic approach based on scarcity and costs.

The non-market/market dual and the state/non-state dual are heterogeneous. Hitherto they have been seen as separated (or in the imperial imagining of master-disciplines, one approach has been seen as superstructure of the other). Arguably, however, the two notions of public/private are intertwined in the practice; and each contributes to understanding the dynamics of public and private, each fills a gap in the other, and each provides a critical reflexivity for interrogating the other. All of this suggests that the public dimension of higher education is clarified by drawing the two definitions together, while giving each definition equal weight, and maintaining the distinction between them. [Figure 1](#) does this.

A framework for analysing higher education and research

[Figure 1](#) is arranged on two axes, based on the state/non-state distinction (vertical axis) and the non-market/market distinction (horizontal axis). This naturally produces four quadrants, which represent four different political economies of higher education. Educational or research activity can be positioned on this diagram, according to the extent it is public (non-market) in Samuelson's economic sense and thus positioned in Quadrants 1 or 2; and the extent it is public in Dewey's political sense (recognised as a matter of common interest and state control) and thus positioned in Quadrants 2 or 3. Education and research that is publicly funded (an economic public good) may be closely state controlled in Quadrant 2, or government funded activity in civil society in Quadrant 1. Activity that is state controlled (a political public good) may be produced

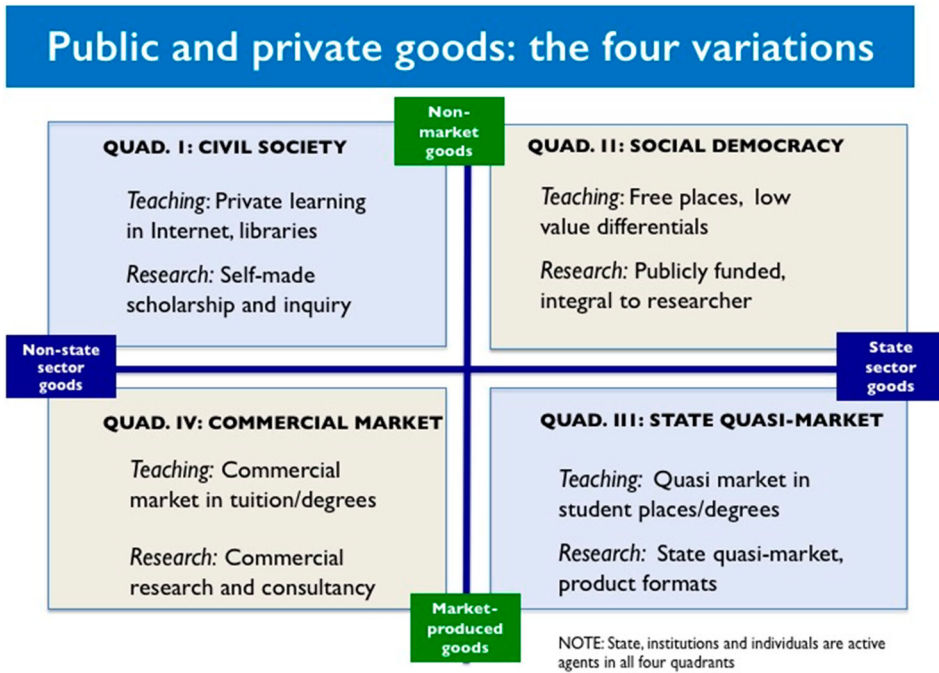


Figure 1. Combining the economic and political definitions of public/private goods in higher education: Four Quadrants, four political economies of higher education. Source: Simon Marginson.

on a non-market basis in Quadrant 2 or run on a market basis with competition and mixed funding in Quadrant 3. The ‘pure’ public quadrant, combining the economic and political approaches, is Quadrant 2.

Two ambiguous categories of public and private have now been replaced by four unambiguous categories. In both research and policy, the four distinctive political economies allow the comparison and contrast between different kinds of education and research to emerge clearly, facilitating identification of the relevant political economic dynamics, and empirical observation and measurement. Figure 1 makes explicit the political choices associated with economic provision, for example, whether to produce and distribute higher education as a universal non-market good; or on a competitive market basis, and if the latter, whether to use state-controlled quasi-markets, the most common approach, in Quadrant 3 or fully commercial markets in Quadrant 4. 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.

Each quadrant includes examples of educational and research activity typical of that quadrant. If the test of an analytical framework is the extent to which it brings real-world activity into view, Figure 1 does well. It provides comprehensive coverage of higher education. Inevitably, however, some activities are positioned on boundaries between quadrants, moving between quadrants over time, or located in more than one quadrant.

Real-life higher education systems, and individual HEIs, are not solely located in one quadrant. Some have activity in all four quadrants. The balance varies. For example much Nordic system activity falls in the social democratic Quadrant 2, combining non-market and state-organised approaches, though there are some competitive mechanisms of Quadrant 3 type. The more marketised American system is strong in Quadrants 3 and 4, but mixes this with economic and political public goods in Quadrant 2, and like other systems includes some production in Quadrant 1. Habermasian public sphere activity is in Quadrants 1 and 2. This includes collective student activism in Quadrant 1.

Quadrant 1 (civil society)

Quadrant 1 identifies non-market goods produced outside state control. As also in Quadrant 2, research and education are non-rivalrous and non-excludable, Samuelson public goods. The naming of this quadrant is controversial because in contrast with some other analyses, here ‘civil society’ is demarcated from both state and economic market. However, while Quadrant 1 is a private domain it is not an individual or family domain separate from society. It is a relational and communicative domain that includes social networks (social capital) sustained through universities (Bourdieu 1986). The distinction between private and public is not equivalent to the distinction between individual and society (Dewey 1927, 69, 186). Any relationship between two or more people is ‘social’. Most social association is in the private realm.

Faculty and students pursue unpaid and unregulated activities in Quadrant 1 between more formal agendas elsewhere. Open research knowledge has multiple relational consequences, it flows like water across all four quadrants, and is not politically public unless it is specifically publicly funded, and/or regulated, for example, research evaluation.

Quadrant 2 (social democracy)

In Quadrant 2, the social democratic quadrant, Samuelson’s framework aligns with Dewey – public in the sense of state or government coincides with public in the sense of non-market. Quadrant 2 combines non-market economic public goods with political public goods, shaped and largely financed by public processes and government. Government manages teaching/learning on the basis of universal quality rather than market-induced stratification of quality as in Quadrants 3 and 4. In the most egalitarian version of Quadrant 2, tuition is free, all quality high, all degrees have significant value, and selectivity has a modest role. Quadrant 2 research is supported from general university funding. Projects are determined by curiosity and merit, not competitive acumen or university status. In non-market production in universities there is no natural limit to the volume and quality of output except absolute labour time. There are merely opportunity costs, when one action is chosen over another. However, governments may direct or influence production.

The border between Quadrants 1 and 2 is active. Some educational functions are ‘public’ in the sense of public consensus (Quadrant 2) but carried out by civil organisations (Quadrant 1) rather than public agencies. For example, German vocational education is a ‘system of semipublic self-government’ in which the ‘social partners’, business and labour unions, ‘assign public responsibilities to private training firms’ (Hansen 2011, 34).

Quadrant 3 (state quasi-market)

In the neo-liberal policy era a growing proportion of higher education activity is moved from Quadrants 1 and 2 to Quadrant 3. Quasi-markets combine market goods characterised by excludability and some rivalry, with the public functions of government. The common element across all Quadrant 3 is government-driven competition. However, very few quasi-markets are fully profit-driven (Marginson 2013b). Education is subject to tuition fees, policy-makers emphasise the private benefits, but student places are partly subsidised. Research projects follow commodity-like product formats yet they remain government funded as well as controlled. Research grant programmes often sit on the border of Quadrants 2 and 3. At its highest tuition rates state education moves close to Quadrant 4.

In the neo-liberal era economic and political definitions of public/private have diverged because of the shift to quasi-markets in Quadrant 3, economically private but politically public. Thus there is a permanent state of tension in Quadrant 3. Under government control, it never fully satisfies the advocates of full-blown market reform, yet the expectations created by its politically public character (its proximity to Quadrant 2) are continually undermined by the market dynamic. If HEIs were fully commercialised they would be in Quadrant 4 and Samuelson and Dewey would again align, evaporating the tension. However, 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 higher education go (Marginson 2013b).

Quadrant 4 (commercial market)

In Quadrant 4 private market goods are also non-state controlled. The state is not entirely absent, as commercial transactions are regulated by commercial law, just as civil society in Quadrant 1 is regulated by civil and criminal law. Quadrant 4 houses commercial research and consultancy, and for-profit degrees including international education in non-profit UK and Australian universities. Some commercial activity is closely regulated or subsidised, falling on the Quadrant 3/4 border. For example, US for-profit colleges are more than 80% subsidised by federal student loans (Mettler 2014).

Social equality as public good

The policy focus on equity in higher education, which is heterogeneous to economic policy, indicates the continuing importance of the democratic political notion of a common 'public interest' in which all are seen to have a stake. Much rests on how equity is understood and practiced. In the English-speaking nations, educational equity in universities is mostly seen in terms of individual access to private economic benefits within stratified systems. However, equity also goes to questions of system organisation, which affect how socially inclusive are HEIs, how socially stratified, entry and patterns of completion by social group, and the extent to which HEIs facilitate upward social mobility (Corak 2012). Social equity in higher education is a keystone collective benefit of Quadrant 2 type that underpins the potential for many other public and private goods.

All else being equal, a move from Quadrants 2 to 3 enhances institutional stratification, financial barriers and social inequality in patterns of use, unless government compensates for the unequalising effects of starting disadvantage and its reproduction through systemic and financial stratification (Marginson *forthcoming a*). Across all countries, places that offer significant positional advantage tend to be captured by students from affluent families best able to compete (Shavit, Arum, and Gamoran 2007). HEIs can reinforce starting social inequalities through a process of ‘cumulative advantage’ (DiPrete and Eirich 2006). Note, however, that economic public goods in Quadrant 2 can be captured by privileged social groups, just like economic private goods in Quadrants 3 or 4. Even in systems where tuition is free and the ethos is inclusive and egalitarian, leading families with the best cultural resources for academic competition may dominate access to high-demand programmes. It is always necessary to ask the question ‘*whose* public goods?’ Democratic political processes should optimise the egalitarian distribution of economic public goods, but there are no guarantees.

Positional goods are never solely private goods in the political sense, especially high value places that are limited relative to demand – even if they are private goods in the economic sense, and also provided in private universities. When one person gains access to these goods and others are denied access, this shapes the pattern of social power and economic rewards, affecting all students and families. Intense economic competition for status goods with a ceiling on distribution also generates waste (Cooper, Garcia-Penalosa, and Funk 2001). These matters of relational public ‘consequences’, in Dewey’s sense, lend themselves to politicisation and state regulation. Ironically, the same relational qualities that enable high value education to be produced as Samuelson private goods also open it to public political intervention. This is one of the reasons why educational politics are perpetually contested and unstable.

Global public goods

A range of multilateral political processes operate in the global space, and global policy organisations such as the World Bank, OECD and agencies of the United Nations can affect many nations. These organisations respond to groups and interests from many countries. However, global public production is limited by the absence of a global state capable of a Dewey type resolution of cross-border matters with relational consequences. No doubt this leads to under-recognition of the contribution of higher education-produced global public goods, and under-provision (Marginson, Murphy, and Peters 2010).

In the global sphere only one public/private distinction is relevant, Samuelson’s economic distinction. In this respect 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’ (Kaul, Grunberg, and Stern 1999, 2–3). 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 US. This again raises a question of ‘*whose* public goods?’ For faculty who speak, say, Spanish, then 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 externality) to the extent that it marginalises knowledge in the Spanish language at global level. It can devalue that knowledge even in Spanish

speaking settings, for example in local science communities. Developing countries may experience net brain drain of research personnel to the global metropolis, another global public bad.

At the same time there are many informal global communicative publics that span borders, including a plethora of such relations in the university sector. Global 'quasi-publics' include the communicative networks of Google and Facebook and others, sitting on the border between Quadrants 1 and 4 but with nascent political potential. However, inclusions in global community are relatively weak – ties are not as strong as in a national polity – and 'public' matters in this sense do not necessarily translate into concerted action. A communications company is not a state. It is not obliged to respond to opinion, though it will be commercially sensitive to it. Yet these non-state publics, which freely cross the borders between national polities, also influence nation-states. Likewise, cross-border relations between universities have moved out ahead of nation-to-nation relations. It is not clear whether and how that the political shaping of global public goods will catch up.

Conclusions and next steps

The economic definition of public/private in higher education, 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 in higher education, 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 is: 'To the extent your preferred social arrangement is subject to market failure, government finances it. Is it affordable?' Public and private goods are heterogeneous in use values, yet can be combined within one system of monetary value. Together, the economic and political modes constitute a more explanatory and more instrumental framework for operationalising the public/private distinction in higher education, than either the economic or political mode can provide alone.

In sum, the political economic nature of higher education and research are determined by whether market competition is used for coordination, *and/or* whether activity is located or closely controlled in the state sector. Here the 'state sector' includes both legally owned state agencies and those nominally private agencies that are so controlled by the state as to be equivalent to state-owned agencies. The latter include regulated and government-funded private higher education sectors or institutions in some countries, such as the UK universities, now nominally private in the legal sense but in continuity with their erstwhile public forebears. The question of funding is secondary to public/private character. High fee-charging is symptomatic of market relationships (Quadrants 3 or 4) but low fees that do not signify competition or access barriers are compatible with lower Quadrant 2. While government funding is essential in Quadrant 2, it is normally present, on a variable basis, in Quadrant 3, and there can be public subsidies for commercial activity in Quadrant 4.

At the same time, these issues look different from country to country. Systems vary in the extent to which they produce education or research as private goods in the economic sense of market goods. Nations also vary in which aspects of higher education receive political attention and state regulation; in the collective goods they expect

from HEIs; and in their philosophical understanding of the relational ‘public’. By comparing different approaches to both non-market and politically public activity in higher education, on an empirical basis, it may be possible to develop a multi-positional (Sen 1992) generic language of public/private that is grounded in unity-in-diversity. This in turn could facilitate recognition of, and production of, not just national but global public goods in university education and research. These are the next steps in the present inquiry.

Disclosure statement

No potential conflict of interest was reported by the author.

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