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## **Doing Somersaults in Enschede:**

Rethinking and inverting public/private in higher education amid the winds of globalisation

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### **Introduction**

Public and private are longstanding concepts from liberal political philosophy, and make a famous and powerful distinction. But higher education is changing. Practices traditionally associated with 'public' and 'private' are unstable, ambiguous and unclear. We are often loose in the way we use public/private; and amid the changes that looseness is working against us. In the national dimension, where higher education is first of all understood as 'public' - aside from the USA, where the prior concept is that of a higher education market - the 'private' aspect of higher education is growing in importance. In the meta-regional and global dimensions, new private and public aspects are becoming apparent, that are impacting national systems and local institutions. Global, meta-regional, national and local transformations blend into each other in unfamiliar ways. The liquid metaphor 'global flows' captures a sense of this shifting environment, and the leaking of the traditional categories. But that is modernity (or if you prefer, post-modernity). It changes. 'All that is solid melts into air', as Marx said. It does not mean that we cannot identify the new public/private landscape, only that we have not done so conclusively yet.

As usual, we make our way forward with a combination of patient and imaginative empirical work, and conceptual leaps. This paper is conceptual (though the empirical is somewhere in the background). It suggests that if we are not to abandon 'public' and 'private', we may need to revise the way we use these terms in higher education.

**Content of the paper.** I begin with the method of the paper, critique traditional meanings of 'public' and 'private', and note the limitations of two of these: the neo-classical economic approach, and the statist approach. I then develop a working definition of public/private and apply it in three ways: to higher education in general, to the empirical terrain of national higher education systems, and the empirical terrain of global relations. I mentioned 'conceptual leaps' a moment ago. Perhaps a better acrobatic term is 'somersaults'. I suggest several times that to escape the old ways of thinking, we need to change our perspective (or viewpoint), or do somersaults, turn our assumptions - turn ourselves - upside down. Hence the title, 'Doing Somersaults in Enschede'. I will make *four* somersaults. I hope we are all right way up at the end!

## Method

Much depends on *how* we analyse public and private in higher education. I want to make eight points about method, points that shape the rest of the paper:

1. Our conceptual tools should be determined by the purpose of our inquiry, which is to understand higher education. We should shape our tools to the practical empirical terrain, not distort the inquiry to fit it into the tools.
2. In the first instance our purpose should be explanatory, not normative. The test of concepts is how useful they are in illuminating realities, not whether they confirm a theory or a pre-given teleological narrative. Theories and policy values are not the ultimate horizon. They are merely two inputs into the process of explanation. It is better to recognise policy values explicitly, not bury them in our methods so as to surreptitiously prejudice the explanation.
3. It is unhelpful to treat public and private as fixed or natural attributes. The work of higher education can be public and/or private; and manifest either as individual or collective benefits. Whether higher education is public or private is policy sensitive, nested in culture (Calhoun 1998), and varies in time and place. History shows that activities such as education are often shifted from private to public, and from public to private.
4. It is unhelpful to treat public and private as essential attributes, so that whole higher education systems, or institutions, are seen as universally 'public' or 'private'. This blinds us to complexities that can be empirically identified.
5. The public/private distinction is not necessarily the same template as the state/non state ownership distinction, the state/market distinction, or the non market/market distinction. Legal ownership can matter, e.g. by affecting the propensity to democratisation; but more significant is the question of the outcomes produced in higher education, whereby it constitutes its social meanings and relationships. Here 'public' and 'private' are distinguished on the basis of the political economy and sociology of the 'goods' produced in higher education: the effects of education engendered in teaching/learning, research, certification of graduates, community and national service. Note that whether higher education is produced in a market or not, has more effects on its social meanings than does its formal legal ownership. It is possible for state-owned institutions to produce private goods, and privately owned and even for profit institutions to produce public goods. (However, the distinctions between state institutions, private non-profit institutions, and private for-profit institutions, are other and useful distinctions to make).
6. The public goods produced in higher education (or its 'public good') are not reducible to the aggregation of all the private goods, as in a utilitarian calculus, as if the individual is prior to the social. Public goods include collective goods that cannot be individualised, such as the benefits of peaceful association. At one extreme private goods may be produced in a Hobbesian war of all against all which constitutes public bads rather than public goods.
7. Public and private are not necessarily zero sum. Like most categories, these terms are often used dualistically (Dow 1996). In a dualistic framework; it is a given that the more higher education is private the less it is public, and vice

versa. It is more useful to understand public and private as heterogenous, and potentially either zero-sum or positive sum depending on the circumstances. For example, growth in the number of individual benefits produced in higher education may lead to more spill-overs and collective benefits (I discuss these terms below). Public and private goods are often inter-dependent, in that the production of one provides conditions necessary to the production of the other.

8. We are poorly served by a notion of public/private that means one thing in the national dimension, another at the global dimension, especially given that that the national and global dimensions are constantly flowing into each other. We need concepts of public/private that work consistently across the whole of higher education – the local, national, meta-national regional, and global.

### **Traditional meanings of public/private**

Traditional meanings of public/private are drawn on one hand from liberal economics, on the other from political economy and liberal political philosophy.

***The concept in economics.*** The classic economic definition of ‘public’ goods, outlined by Samuelson (1954). refers to goods (or services) that are non-rivalrous and non-excludable. These goods are non-rivalrous, because they can be consumed by any number of people without being depleted, for example knowledge of a mathematical theorem. They are non-excludable, because the benefits cannot be confined to individual buyers, such as social tolerance, or law and order. Few goods have both qualities in full. Many have one or the other quality in part. In Samuelson’s approach, ‘private’ goods are goods that are rivalrous and excludable. A good is *intrinsically* either public or private.

Samuelson assumes that the market is the norm. For reasons of allocative efficiency private goods should be produced in markets. But public or part-public goods tend to be under-provided in economic markets: for example it is unprofitable to pay for goods that could be acquired free as the result of someone else’s purchase. Hence there is a case for state financing and/or provision of those public goods.

Another concept from economics is that of ‘externalities’ or ‘spill-over’ effects. Externalities are benefits not fully captured by the individual producer or consumer who pays for the costs of education. For example, the training of a manager may render not only her or his work, but the work of others, more profitable and productive. The literacy of a consumer makes her or him receptive to the marketing of a range of products, provided by companies that did not pay for the education.

These notions from economics – excludability, rivalry, and the under-production of public goods in markets – are helpful to us. Less helpful is the notion used by economists that education is a ‘club good’, a good that is non-rivalrous in consumption but is excludable because its benefits can be confined to individuals. This concept of club goods does not do justice to the variable character of higher education, which has various aspects with differing public/private qualities. For example basic research is not excludable, or at least not for very long. Education is potentially rivalrous or non-rivalrous, excludable or non-excludable.

***The concept in political philosophy.*** Turning to political economy and liberal political philosophy, public/private takes on wider meanings. ‘Public’ can cover such factors as how the good is produced and by whom, who controls it, how and how

widely it is distributed, who benefits. 'Public' may refer to goods that are collectively produced or consumed, not individualised goods – to the literacy of the population in contrast with the degree certificates gained by individual members. In terms of democratic philosophy, public may refer to broadly accessible goods, and/or goods produced in transparent or participatory fashion. More simply, the term 'public' is often associated with government or state.

In these approaches, 'private' is mostly treated as the obverse of 'public'. Thus private is used variously to refer to any non-state production, legally alienated production i.e. subject to private ownership, the market, the home and family, etc. As this suggests, traditional usage is loose and eclectic. (It is as much designed for persuasion and symbolic politicking as for analysis and explanation). One useful move is to deploy more consistent definitions. I will outline mine in a moment.

***Problems in the traditional approaches to public/private.*** In the traditional approaches to public/private, two notions are dominant. Both are dualistic, in that they treat public and /private as mutually exclusive. One is the notion of public/private that derives from neo-classical economics, as I have outlined. The other is the statist notion of public/private, which associates 'public' necessarily with government or state. These two views reflect the respective political claims of economic liberalism, which are centred on the market, equated with the private side of the dual; and social democracy, which are centred on state institutions, equated with the public side of the dual. Both notions are flawed.

Public/private as defined by neo-liberal economics is ahistorical, in that it treats public and private as natural and universal qualities. It contains an implicit bias in favour of individualism and markets - efficiency is always primary and efficiency predisposes us to market solutions. Market liberal economics assumes that for the most part, higher education is a natural private good and should be marketised.

Further, because of its inbuilt bias in favour of the market, neo-classical economics tends to downplay or obscure the potential for externalities and collective goods in higher education (Pusser 2002). Methodologically, it downplays those outcomes of higher education that are not reducible to individualised benefits with a monetary value. In theory it acknowledges the existence of individualised externalities, but shows a very modest interest in the implications. It rarely attempts to measure collective benefits. In giving policy advice, it focuses our attention on policy options that extent or alter market competition, but tends to obscure from view those policy options that enhance the production in higher education of most kinds of public good.

Private/public as defined in statist terms is equally unhelpful. First, the conception of public as necessarily government or state underestimates the independent capacity of leading universities to shape their own economic and social personalities even in a non-market environment. Second, it neglects the potential for collective goods and externalities generated not in government but in civil association. Third, statism neglects the possibility of global public goods. 'In the international sphere, where there is no government, how are public goods produced?' (Kaul et al. 1999, p. 12).

Thus de facto, statism treats higher education within the nation as a public and state terrain, but cross-border higher education as a private and market terrain. The nation is public, the global is a market. National higher education is public, global higher education is private. Here statism's construction of the global environment agrees with neo-classical economics (though they disagree sharply about the national

environment). But as I shall argue, this is an impoverished view of the global, and unhelpful to understanding higher education.

### **A preferred approach to public/private**

In defining public/private, we need to draw what is useful from both economics and political philosophy. We need to incorporate scope for historical relativity and policy choice, without trying to incorporate a comprehensive democratic theory or economic model. We need a non-dualistic and non-formalistic approach. We need an approach which gives us purchase on the realities of our sector, by assisting our empirical investigations, and one that provides the potential for coherent policy thinking.

I define public goods in higher education as goods that have a significant element of non-rivalry and/or non-excludability *and* goods that are made broadly available across populations. Goods without these attributes are private goods.

In contrast with neo-classical economic perspective and the statist perspective, I suggest that higher education is intrinsically neither public nor private. It can go either way: it can be predominantly private or predominantly public in what it does, or it can achieve an (unstable) balance between them. In contrast with neo-classical economic perspective, I suggest that whether higher education is marketised, is not determined by its 'intrinsic nature', but is a prior policy decision. It is important that we keep in mind the capacity of policy makers to expand the elements of non-rivalry and non-excludability, for example through the broader distribution of the benefits of degree programs and the findings of research, if that is desired.

As noted, the public/private boundary is not the same as the boundary between non market production and market production. As I will discuss in a moment, it is possible for non market universities to produce private goods, not just public goods. And technically, it is possible to produce at least some public goods in education markets, as Milton Friedman (1962) pointed out, such as the spill-over benefits created by the literacy acquired in professional university degrees. Generally, however, public goods are not produced, or under-produced, in economic markets.

The question of public/private is usefully discussed in two collections prepared under the aegis of the UNDP: *Global Public Goods* (1999), and *Providing Global Public Goods* (2003), which are focused on the implications of globalisation for public/private (Kaul et al. 1999, pp. 2-19; (Kaul et al. 2003, pp. 22-23). The work of this group is particularly helpful in drawing attention to the distributive aspect of 'public' and in exploring the policy mechanisms for providing global public goods.

### **Public/ private in higher education**

I will now apply this approach to public/private, to the outcomes of higher education.

The ownership of higher education can be exclusively public, or mixed, or exclusively private. But almost everywhere in the world, what is produced is a variable mix of public and private goods. Free state-controlled universities produce private goods, while Ivy League private universities contribute to public goods, collective goods and externalities. Though the public goods and private goods are heterogenous to each

other, they are also produced at the same time in higher education institutions committed to all of teaching/learning, research, community and national service.

***Private goods produced in higher education.*** Elsewhere I have discussed the dynamics of the production of private goods in higher education (Marginson 1997; Marginson 2004). The main private good produced in higher education is individualised status benefits or positional goods (Hirsch 1976). Higher education institutions allocate scarce places that provide students with opportunities to secure superior incomes and social standing. These opportunities are arranged in a hierarchy of value. Prestige universities allocate the highest value status goods. It is essential to recognise that higher education can play this role in social selection, distributing individual benefits of unequal value and not broadly available, even when it is entirely state-owned and free of tuition charges. (This again underlines the flaws in a statist definition, or non market definition, of 'public').

Few universities can resist the temptations of status production. Academics like knowledge even more than status (I think...), but for universities as institutions, and their leaders, the drive for status appears to be stronger even than the drive for revenues. At the same time, because the private goods provided in higher education institutions are subject to economic scarcity, and both production and consumption are subject to competition – students compete for access to status goods, universities compete with each other for the best students and for status leadership – the production of the private goods is readily turned into an economic market. This can be either a near-pure commercial market as in the education of foreign students in the UK and Australia, or a subsidised and politicised semi-market as in the USA.

Marketisation is attractive to governments because it defrays the fiscal cost. Both public spending on higher education, *and* reductions in public spending, can be seen as public goods – depending on whether public spending is defined as an investment or as a cost to taxpayers. (Note also the widespread existence of state-created and often controlled markets in the real world undermines the dualism of market versus state that is often equated with public/private in neo-classical economics).

***Public goods produced in higher education.*** At the same time, higher education continues to produce certain public goods whether this higher education has been marketised or not. The classic public goods are knowledge, collective literacy and common culture. As Stiglitz (1999, p. 308) notes, knowledge is almost as close as we can get to a natural public good. The mathematical theorem retains its value no matter how many times or how many people use it. Nor can its benefits long be confined to particular individuals. Knowledge become a temporary private good via intellectual property regimes, but does not stay so confined, especially in a networked environment. It is non-rivalrous and only temporarily excludable. It is more a collective than an individual good, and is always under-produced in markets.

Literacy and cultural formation are both individualised and collectivised. Like knowledge, they have many and unforeseeable externalities, both short-term and long-term. Aside from specialised idioms, literacy is non-rival and in large part non-excludable. Cultural formation can be rivalrous and exclusive – Bourdieu (1979) argues that cultural capital is deployed as a means of segmenting society in a vertical hierarchy and establishing exclusive networks. However cultural formation can also be democratised, and there is a universal bedrock of collective common culture acquired by all who pass through education. This is under-provided in markets.

**Implications of public ownership.** While juridical ownership does not determine the public/private mix of goods, state-owned institutions are more amenable to the broad distribution of public benefits, than are private institutions. Democratic values are more readily brought to bear on agencies normally subject to democratic accountability. Whether this happens is a matter of practical politics. There is no guarantee that state-controlled production will be accessible or available: all we can say is that all else being equal, public ownership is more conducive to public goods production than is private ownership.

**Implications of marketisation.** What is decisive in determining the character of the goods produced, is not ownership as such but the particular purposes of the institution or unit. Commercial research centres, in either state or private universities, want to maximise the length of time knowledge remains excludable, confined to private ownership and accessible to exploitation, before entering the public domain. Likewise, if the purpose of teaching is exclusivist – the reproduction of an elite profession, or the interpolation of cultural capital in the heads of a few – this enhances the private character of the goods.

Once set in train, marketisation tends to render private status goods more private in character. It may increase the value of superior status goods by driving up cost and exclusivity, and it may diminish access to the goods; that is, diminish equal educational opportunity to acquire those goods. Equal educational opportunity is a public good that is readily lost in the transition from state-run systems to markets.

**In sum.** Higher education is potentially rivalrous or non-rivalrous, excludable or non-excludable. It produces a complex and variable mix of public and private goods. Though public and private are not necessarily zero sum, the move to markets is associated with enhancement of the role of private goods, relative to public goods. Market forces tend to augment rivalry and exclusion, and under-provide goods characterised by non-rivalry and non-exclusion. Pro-market ideologies and policies tend to conceal public goods and the possibility of public goods from view. But under-recognition and under-production do not eliminate public goods altogether.

## **Public/private in national higher education**

I will now turn to the changing character of public/private in both national and global higher education, and make the five conceptual somersaults.

**Putting private goods into the nation.** Within national systems, the worldwide, though not quite universal trend in higher education is to enhance the production of private goods; especially through the installation of market mechanisms. This historical tendency, much discussed, has several aspects – increase in the incidence and size of tuition charges, sale of other services as private goods, re-organisation of national systems as competitive quasi-markets, increase in the number and role of private institutions, etc. In many nations state administration has become less pastoral and more reliant on mechanisms for steering from a distance. In some nations universities are becoming treated as semi-independent corporations. Tendencies to corporate independence and revenue-raising via private goods are enhanced by globalisation. International linkages, including fee-based places, cut across national policies on equitable distribution.

These various tendencies, which are readily investigated empirically, have different manifestations depending on which national system we are in. The empirical and conceptual starting points are different; so that the global trend to marketisation has varying meanings. In Western European nations, traditional analysis is statist. Reading off the formal juridical structure of higher education, it sees the goods produced as necessarily public. This (1) obscures the role of private institutions, and (2) neglects the character of the actual goods produced. It is important that we fully grasp the character of these private goods, whatever is our policy purpose - whether we want to expand the number of these private goods or enhance their value, whether we want to distribute them more equitably, whether we want to narrow the value differentials, etc. So, Somersault 1:

**Somersault 1.** In national higher education systems, higher education is not overwhelmingly public in character. Regardless of formal ownership or fee systems, a substantial part of the goods it produces are private goods

**Putting the public goods back into the nation.** In the English-speaking countries, especially the UK, Australia and New Zealand, the starting position is different. The concept (in fact ideology) of higher education as a producer of private benefits is entrenched in policy and in economic studies of higher education. Somersault 1 took place some time ago. In those nations the conceptual weakness is the opposite one. Instead of private goods being downplayed, all the emphasis is placed on the private benefits of higher education – partly to provide rhetorical support for a shift from taxpayer financing to student fees, and a shift from state-funded basic research to industry-funded commercial research, so that the claim about predominantly private benefits becomes self-fulfilling. This approach neglects public goods, especially collective benefits and externalities, such as the long term contributions of basic research infrastructure and advanced literacy. Following Friedman (1962) on public/private this focuses on the cost to the taxpayer without acknowledging the benefits to the taxpayer. So, having made Somersault 1 we now need to invert it and make Somersault 2:

**Somersault 2.** In national higher education systems, higher education is not overwhelmingly private in character. Regardless of formal ownership or fee systems, a substantial part of the goods it produces are public goods

**In sum.** National produces a mix of public and private goods, regardless of fees or ownership. The mix is highly variable and policy sensitive. In some nations private goods are under-recognised; in other nations public goods are under-recognised.

### **Public/private in global higher education**

I will now shift to global higher education. Globalisation is expanding the potential for both global private goods and global public goods. By globalisation I mean 'the widening, deepening and speeding up of world wide interconnectedness' (Held et al. 1999, 2). Globalisation is often associated with the production of increased private goods, through cross-border production and trade liberalisation within the global financial system. But globalisation also has great potential to produce public goods. Our growing inter-dependence increases the extent of cross-border externalities. Actions in one nation create benefits or costs for the people in another.

**Global private goods in higher education.** In higher education, the main global private goods are foreign degrees. These are individualised status goods, produced by higher education institutions in the exporter nations - the principal exporters are the English-language providers, Germany and France - and obtained by foreign students that cross borders into those nations. Most of these foreign students pay tuition fees. Foreign education is largely self-financed (OECD 2004). Educational capitalism plays a larger role in the markets in global mobility in and through education, than in the national markets in status goods. The UK and Australia lead the commercial vanguard (Marginson 2004).

Foreign degrees are private goods are global goods in two senses: the degrees are obtained in border-crossing, and the degree credentials can be utilised in more than one nation. The main growth of these global private goods is in globalised fields such as Business Studies, Information Technology and scientific research in which the degrees can open opportunities in many nations. Note that foreign student education, including commercial education, can also constitute global public goods in those importer nations where offshore places constitute a significant extension of capacity and choice (though high private costs reduce the distributional 'publicness').

**Global public goods.** 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, they are broadly available within countries, and they are inter-generational; that is, they meet needs in the present generation without jeopardising future generations (Kaul et al. 1999, pp. 2-3).

Global externalities are not just public goods, they also include negative externalities, 'public bads' such as cross-border pollution, or brain drain. Global public goods are under-provided in markets, while global public bads are over-provided. Global externalities arise both in cross border relationships and flows between nations; and in meta-national regional and worldwide regulation, systems and protocols; e.g. the Washington Accords in engineering, and the Bologna Declaration. Multilateral forums have the potential to directly create global public goods, particularly collective goods.

**Global public goods in higher education.** The potential for both global public goods and 'bads' is enhanced in sectors such as higher education that are extensively and intensively networked on an international scale. In higher education there are many cross-border externalities and collective goods. There is knowledge in its different fields, and the consequences flowing from the passage of academic ideas and knowledge, and cross-border research collaborations. There is cross-cultural exchange, and the augmentation of international understanding and tolerance. There are the systems and processes for facilitating cross-border recognition of universities, qualifications and individuals, etc. Higher education is a particularly fecund site for global association in that like business transactions, it creates linkages not just with kinship and affinity groups but with erstwhile strangers.

It is useful to distinguish between intermediate global public goods and final global public goods (Kaul et al. 1999, p. 13). In higher education, final global public goods include such outcomes as the spread of knowledge; cultural exchange and understanding; and the expansion of national capacity in higher education via foreign education. Intermediate global public goods are mechanisms making these outcomes possible. These mechanisms include the systems for transmission, publication and codification of academic ideas and knowledge - along with finance and

communications, the knowledge system is one of the primary global systems; though like communications it is culturally asymmetrical, over-dominated by work in English. Other intermediate mechanisms are the practices sustaining people mobility such as protocols for cross-border recognition of qualifications and institutions.

***Inter-dependancy of public and private goods.*** Final global public goods can be produced by intermediate goods, both public and private. For example, the global commercial market in degrees rests on private goods, but contributes to international understanding. Likewise intermediate global public goods can facilitate the production of global private goods. For example, recognition protocols, transport systems and the global financial system are essential to global markets in higher education; underlining the point that far from being always zero sum, public and private goods are often inter-dependent.

***Under-recognition of global public goods (actual and potential).*** Externalities are becoming more international in reach. Most universities are now transparent to global knowledge and recognition systems. American higher education is a powerful global model of policy and practices. Global 'brain flows' at doctoral level are having an increasing impact in individual nations. However, global public goods in higher education and elsewhere are not well understood, and are under-recognised.

We have seen that public goods involve non-rivalry, non-exclusivity and democratic distribution, and are under-provided by markets. Public goods can only be effectively considered and regulated in a policy space. But there is no global policy space in higher education. We live in an inter-dependent world, but also a Hobbesian world of autarkic and contesting nation-states that are defined by a zero-sum geographical alignment. Governmental and policy practices are mostly confined to separated national units. With the important but limited exception of Europeanisation, international agencies and protocols play a minor role. The problem has been defined as a 'jurisdictional gap'. There is a 'discrepancy between a globalised world and national, separate units of policy-making' (Kaul et al. 1999, p. xxvi).

***WTO/GATS.*** In the absence of a global policy space where global public goods can be considered, international higher education becomes treated as predominantly as a trading and market environment, in which only the production of global private goods is recognised. It becomes treated exactly as both neo-liberalism and statism imply. The principal global forum in higher education is WTO/GATS, focused on higher education as a tradeable good. In the WTO/GATS process there is little consideration of the value of free flows of knowledge, or of the need to align national recognition protocols except to the extent these structures may augment or inhibit global trade. There is no consideration of such 'public bads' as the gross unevenness between national education systems, in capacity, resources, cultural power and opportunities for individual citizens; and how these global inequalities inhibit human development.

In WTO/GATS terms, universities that operate as public non-profit institutions at the national level become categorised as private providers - and often seen as indistinguishable from for-profit providers - in another nation's space. (It is true that these foreign universities will often operate via a private university-controlled company; but that is a symptom of the discursive construction of global higher education as global trade, rather than the cause. Even when foreign universities operate in their normal guise they are treated as private providers, and mostly their contribution to public goods in the nation of operation is ignored).

***Putting the nation-state into the (private) global.*** In compensation for this impoverished framework of analysis and policy-making, we need to factor back in the global role of the nation-state. There are two reasons for this. First, whereas the notion of the global environment as fundamentally a trading environment suggests that the market constitute the main development path for emerging national systems, governmental provision remains a viable strategic alternative. In some respects non-market state provision is superior. We provide higher education as public goods either because there is market failure, markets cannot do the job; or we opt for public rather than private goods to increase the elements of non-rivalry and non-excludability; and/or to evade the opportunity costs and direct costs of the baggage that comes with marketing and competition. As Pusser notes:

The fundamental arguments for public supply [i.e. non-market production by government agencies] are that it offers the most direct utilisation of public subsidies, and that it is the organisational type best suited to the rapid expansion of higher education... there is no diversion of the public subsidy to profit, hence more of the subsidy goes to the production of preferred goods' (Pusser 2002).

This argument is stronger if the 'preferred goods' are externalities or collective goods.

Second, 'governments must assume full responsibility for the cross-border effects that their citizens generate' (Kaul et al 1999, p. xxvii), including their higher education institutions. Global externalities affect national systems; and global collective goods have a substantial potential to facilitate both global flows, and local/national higher education. We need an inter-governmental global space that is focused specifically on higher education, where (1) the costs and benefits of externalities can be defined and managed, enabling national governments to incorporate consideration of cross-border externalities into their routine national decision-making; (2) collective goods can be negotiated and developed, e.g. cross-country recognition and quality assurance systems; and the removal of barriers to people movement.

This suggests the need for Somersault 3, which puts the nation-state sector and public goods into this marketised private goods producing global sphere:

***Somersault 3.*** In the global environment, higher education involves not just production of private goods in a trading environment, but the production of significant public goods. We need an inter-governmental space in which global educational goods are recognised and facilitated.

***Putting the private sector into the (public) global.*** At the same time, higher education is not solely state-bound. We live in a world of plural identities, and many non-government associations have claims on our loyalties. These associations are often meta-national and global in form. We also live in a world of institutions, and many of these operate across borders (Sen 1999, pp. 116-125). Higher education institutions are increasingly important global actors in their own right, particularly research-intensive universities. Research is the quintessentially global aspect of university life; and the free flow of knowledge and communications depends crucially on the exercise of self-restraint by governments. As we have seen, like higher education, public goods are not state bound. Governments are not the only source of public goods; and they should not block other sources of public goods.

Given that Inter-governmental cooperation is not the only global cooperation and exchange, having made Somersault 3 we now need to make another public/private inversion, Somersault 4. This puts the private sector into global public goods:

**Somersault 4.** In addition to national governments and international agencies, global negotiations concerning global public goods in higher education should also take in civil agents, including autonomous higher education institutions, disciplinary communities, and professions, and also the relevant market actors given that their production of private goods can also create public goods.

**In sum.** In the global dimension higher education produces a mix of private and public goods. Globalisation enhances both kinds of goods. The mix is policy sensitive, but there are no adequate forums for global policy making. Global private goods are broadly understood. Global public goods - and the potential contribution of inter-governmental forums, and non-government agents, to those goods – are not.

## Conclusions

We become all too easily trapped in understanding higher education in narrow terms – ‘public’ versus marketised ‘private’, global/local versus national/local etc. – the result of our inheritance: dualistic public/private ideology, and a policy horizon still bounded by the nation-state even though the global winds are now sweeping through. We need analytical tools and policy sets that keep all of the balls – the national and global, and the public and private - in the air at once. And we need analytical balls that are too weighty to be blown away by global winds!

The main points suggested by this paper are

- I suggest that in one respect we follow the neo-liberal economists, who apply the categories of public/private to the outcomes of higher education (public/private goods), rather than ownership (state sector/non state sector).
- In another respect I suggest we *not* follow the neo-liberal economists who fetishise commodity production, privilege higher education markets at the national level, and fail to grasp public goods at the global level.
- I suggest that we not follow the statist, who ignore the potential for private goods and the role of markets in higher education, confine policy to the national sphere, and fail to grasp public goods at the global level.
- I agree that ownership matters, but I argue that it is the nature of the goods that really encapsulates higher education. In determining the nature of the goods, whether or not the goods are market-produced is much more important than whether or not they are state or non-state sector produced. Though state institutions are – arguably - more open to policy making than are privately owned institutions, both state and private sector institutions produce public and private goods, and both sectors are accessible to policy. Ownership and policy are only two of the inputs that determine higher education. (Other relevant inputs include legal structures and regulation, economic and financial flows and systems, democratic relations with localities and nations, knowledge economy relations with business and industry, disciplinary networks, interface with the learned professions, internal cultures organisation and management; its technologies, and last but not least, international networks).

- Public and private goods are particular rather than universal attributes. A lot of activity in higher education produces both public and private goods.
- Public and private goods are not dualistically aligned in any permanent sense. Goods produced in higher education can shift from public to private and vice versa, but their location is historically determined and policy sensitive.
- Public and private goods are heterogeneous. Their dynamics are different, and an increase in the volume of one kind of good in itself has no necessary implications for the volume of the other. In certain circumstances they can augment each other, while in other circumstances the relationship is either/or.
- Given globalisation, from both analytical and policy viewpoints, we need tools that enable us to grasp private and public goods at the global level, and relate this to national systems and local higher education. Global public goods in higher education are *the* key to a more balanced, globally friendly, 'win-win' worldwide higher education environment, in which the contribution of higher education to the developing world is enhanced.
- From an analytical viewpoint, we need to develop tools for logging cross-border externalities, such as 'brain circulation'. We need a combination of quantitative tools for measuring that which can be measured, and qualitative tools that enable complex synthetic judgments to be made.
- From an analytical viewpoint, we need to define more precisely the potential of global collective goods in higher education, such as an integrated world-wide system for recognition of institutions and qualifications, and the dovetailing of national and meta-national quality assurance programs.
- From a policy viewpoint, at the national level we need units within government focused specifically on global externalities (Kaul et al. 1999, p., 473). Such units could develop financial techniques enabling the internalisation of externalities, identifying national optimal cross-border knowledge flows, etc.
- From a policy viewpoint, at the global level, we need an inter-governmental global space or spaces focused on higher education. When the benefits of global public goods are identified we can talk seriously about costs, cost-sharing, and the negotiation of inter-governmental agreements. International agencies have a pivotal role, providing they have the confidence of the sector across both developed and developing nations.
- We need to enhance access to the global public goods already available, particularly research. Building national capacity in higher education in the developing world (an intermediate global public good) is a condition for the broader circulation, reception and production of knowledge (an intermediate and final good), which in turn establishes better global balance (a final good).
- The democratisation of both planning and production, of national and global public goods, renders them more transparent and encourages a broader distribution. It enhances their 'publicness' (Kaul et al. 2003, p. 73). Democratisation is achieved by making public goods explicit, encouraging policy discussion, and involving the range of non-state agencies and actors.

'Whether – and how - global public goods are provided determines whether globalisation is an opportunity or a threat' (Kaul et al. 2003, p. 2), especially in smaller nations and emerging higher education systems.

I hope that our somersaults help us achieve new perspectives and visions, so we can move beyond slogans to broaden and deepen our sensibility of public/private.

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