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## The public good created by higher education institutions in Russia

Simon Marginson

Professor of Higher Education  
UCL Institute of Education  
University College London, UK

Honorary Professorial Fellow  
Melbourne Centre for the Study of Higher Education  
University of Melbourne, Australia

### Contact details

UCL Institute of Education  
University College London  
20 Bedford Way  
London WC1H 0AL, United Kingdom

Phone: +44 (0) 7876323949  
Email: [s.marginson@ucl.ac.uk](mailto:s.marginson@ucl.ac.uk)

### Bio

Simon Marginson is Professor of International Higher Education at the UCL Institute of Education, University College London, UK, and Director of the ESRC/HEFCE Centre for Global Higher Education. He is Joint Editor-in-Chief of the journal *Higher Education*. His books include *The Dream is Over: The crisis of Clark Kerr's California Idea of higher education* (2016), University of California Press, Berkeley, download free at <http://doi.org/10.1525/luminos.17>, and *Higher Education and the Common Good* (2016), Melbourne University Publishing, Melbourne <<https://www.mup.com.au/items/199659>>

**Abstract**

The public/private distinction is central to higher education but there is no consensus on the meaning of 'public'. Two different meanings are in use. Economic theory 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. In political theory 'public' is often understood as state ownership and/or control. This is more inclusive than the economic definition, and recognizes the scope for norms and policies, but lacks clear boundaries. The first part of the article synthesizes these two approaches, developing an analytical framework with four quadrants (civil society, social democracy, state quasi-market, commercial market) that can be used to categories activities in higher education and research. The second part summarises the findings of 30 semi-structured interviews in Russian government and two universities, conducted in 2013, concerning perceptions of public goods produced in Russian higher education. While most interviewees saw research as a global public good, they were divided in relation to teaching and learning. Some understood the education function as a public good in both the economic and political sense and wanted government to take greater responsibility for improvement in higher education. Others saw higher education as a private good in the economic sense, and while they acknowledged the need for government because of market failure, wanted public intervention and regulation to be reduced. This division in thought about public/private paralleled the larger division between Soviet and neoliberal thinking in the Russian polity, and also the divided character of higher education, which is evenly split between free government administered places and a fee-paying student market.

**Keywords**

Higher education, Funding of education, Public good, Private benefit, University mission, Paul Samuelson, John Dewey, Russia

## **Introduction: Problems of public/private**

Ideas about ‘public’ and ‘private’ are central to thinking about higher education policy. But in the policy space these terms are used in a variety of ways to promote different and conflicting agendas. In the process meanings have become confused, if not distorted. It would be good if social science provided greater clarity, allowing the policy debate to be sorted, but it does not. Social science meanings of public/private in higher education also vary. There is little consensus or understanding about two aspects of public/private in higher education.

First, there is no agreement about where the public/private line falls. There are two main concepts of public/private. In one approach, which can be called the economic definition, public/private is understood as a distinction between non-market production in higher education, and market or commercial production of higher education. In the other approach, which can be called the political definition, public/private is understood as a distinction between state controlled higher education and not-state controlled higher education.

Each of these definitions is useful up to a point. Each contains something important. However, they are not the same. They overlap in relation to the role of government. Nevertheless they are distinct, the overlap is not complete. This is where misunderstandings occur. Some see the public/private distinction as an opposition between state and market. This takes ‘public’ from the political definition and ‘market’ from the economic definition, and divides the world between them. But this lead to an incoherent picture of reality. States use markets to achieve some policy goals—there can be state controlled market production. In those circumstances, state and market are not opposed to each other. Conversely, some higher education is both non-state and non-market in character, such as philanthropically financed education. That falls right outside a state/market division of the world.

Second, understandings of ‘public goods’ and the combined ‘public good’ in higher education are blurred. Most people understand private goods that are associated with higher education, such as the contribution of degrees to additional earnings and better employment rates. It is not always clear whether the rates of return to degrees are driven by the education, or by other factors such as family background or social networks, but there are commonly understood definitions and measures of these private goods. However, there is no common understanding of agreement about definitions and measures of the public goods contributed by higher education. Opinions differ from expert to expert and country to country. Mostly the scholarly work consists of opinions. Empirical studies of public goods in higher education are

under-developed. Even in studies where empirical observations are used (see the review of such studies by McMahon, 2009) findings tend to be shaped by scholars' prior assumptions.

There are special difficulties in dealing with the collective aspect of public goods, those outcomes of higher education which do not consist of individual benefits but affect the quality of relational society—for example the shared social and scientific literacy enabled by higher education, the increase in combined productivity at work, the contributions of higher education to furthering social tolerance and international understanding, and the role of higher education in increasing the combined capacity of a society to deal with change and modernisation. Because a common understanding of collective public goods in higher education is lacking, these goods tend to be under-provided and under-financed, including those public goods that are global not national in character, in that they flow across borders.

There is also no clarity on whether the public goods produced by universities and other higher education institutions are alternatives to the private goods, so that higher education produces *either* private goods or public goods and the relationship between them is zero-sum, or the public goods and private goods are positive-sum and tend to increase together.

### ***Content of this article***

The article that follows will address these issues—the economic definition and the political definition, collective public goods, and whether public goods in higher education are zero sum (either/or) in relation to private goods, or positive sum. The first half of the article presents a new approach to public and private goods in higher education, first published a year ago, that combines the economic and political definitions (Marginson, 2016a).

However, ideas and practices of 'public' and 'private' in higher education are not the same everywhere in the world. The ideas and practices associated with 'public' in higher education vary between countries, on the basis of differences in political culture and in the conventions governing the relations between the nation-state and higher education. What is 'public' in higher education in some countries can be 'private' in others. It would be better if there was a common set of activities everywhere understood as 'public', a generic notion of 'public', but that does not really exist. The author is presently working on an eight-country study of concepts, definitions, measures of 'public' and 'public goods' in higher education that is aimed at finding what common ground if any might exist between the different national traditions and approaches to this problem. The eight countries in the study are Russia and Australia, where interviews were conducted in 2013, and UK, USA, France, Finland,

China, Japan where interviews will take place in 2017 and 2018. (It is possible that the research inquiry will be extended also to Chile or Mexico, and to Germany).

The second half of the article presents the first findings from 30 interviews in Russia in 2013, in government and in two contrasting higher education institutions. Interviewees had much to say about what in their opinion were public goods in higher education. Their ideas about public/private reflected two different and conflicting approaches to the problem

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

### *The economic definition*

As noted, the economic definition of public/private rests on the distinction between production for profit in a buyer/seller market (private goods) and all other production (public goods). This distinction can be traced to an influential article by Paul Samuelson (1954) on ‘The pure theory of public expenditure’. For Samuelson production and exchange in a market was the normal form of economic production, except for certain kinds of goods that were socially necessary but could not be produced on a profit-making basis. These goods could not be produced in a market because they are non-rivalrous and/or 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 (Stiglitz, 1999). Goods are non-excludable when the benefits cannot be confined to individual buyers, such as clean air regulation, or national defence. Private goods are neither non-rivalrous nor non-excludable. They can be produced, packaged and sold as individualised commodities in markets. Public goods and part-public goods require government funding or philanthropic support. They do not necessarily require full government financing, and can be produced in either state or private institutions.

Not all public goods are deliberately produced by government on a basis separate from markets. Economists identify ‘spill-over’ public goods, or ‘externalities’, additional to the private goods, such as the contribution of educational courses that create private benefits for individuals (such as positional advantage in the labour markets) to the creation of attributes in those same individuals that are of relational public benefit, such as tolerance or literacy. The individual capacity to use information and communications technologies can be measured—it

is an area where graduates do distinctly better than non-graduates (OECD, 2015, pp. 46-47)—but arguably, the benefit is not simply for the individual but for collective relations, as communications technologies sustain large active relational networks. The orthodox economic assumption here is that the core production is market production and the spill-overs arise as unintended consequences of the production of private goods. However, it is not quite that simple, because in some cases ‘externalities’ from the production of private goods in higher education might be deliberate objectives of government (for example, the capability of graduates in handling new technologies, or their international competences) and this might be one of the purposes of government funding of higher education. In that case, the ‘externalities’ might be part of the core purpose of both higher education, and the government organisation and funding of it, so they are more internal than external to the core activity.

The economic definition is useful because it identifies the minimum necessary government action and financing. On the other hand, the notion is also ideologically loaded. Many would disagree that it is normal or desirable for goods to be produced in a market unless that is impossible. Markets can change the character of the product, and stratify value and distribution. They generate tendencies to concentration and monopoly and over time are associated with growing inequalities in incomes and consumption unless there is state intervention to correct the tendency to inequality. On the other hand, state modification of market production to enhance externalities has the potential to reduce these negative effects. Hence there are two ways to expand public goods in higher education by state action—direct non-market production, and public regulation and subsidy of production in the market.

While Samuelson’s economic distinction is naturalistic, in that it implies that public or private is determined by the nature of the goods—naturally rivalrous and excludable or not—public/private in higher education can also be a matter of deliberate policy choice. On one hand, there are natural public goods in this sector. Research is a natural public good, as in the case of the mathematical theorem. Even though newly discovered research can be rendered a temporary private good through patents of copyrights, enabling its creator to secure a financial advantage, once the knowledge is made public it can be freely accessed, copied and used. On the other hand, teaching/learning is both a private and a public good and can be produced in a wide variety of ways with differing public/private balances. The public goods arising in teaching and learning include learned knowledge, which is non-excludable and non-rivalrous. Private goods arise in all teaching/learning that privates the graduate with an individual advantage when compared to non-graduates. If the degree provides labour market

advantages, and places in the teaching program was subject to scarcity, there is rivalry. In universities with a surplus of applications over places, participation is excludable.

When there is potential private good production, a market in tuition can be created, though not all nations choose to do so. The potential value of such private goods, even in public, state-owned universities, is maximized where students can enter valuable positional opportunities in elite universities that lead to high income high status careers in, say, Law.

### ***The political definition***

The Samuelson definition treats the state as essentially outside the market economy and only brought into the picture when absolutely necessary. This is not a good description of how any society, or higher education system, actually works. The state is more important than such a minimalist approach would suggest. This brings the political definition of public/private into the picture. This is the distinction between matters that are seen as public in the sense that they are ultimately shaped by government and the political and policy processes, and matters that are seen as private and confined to the commercial market, the family or civil society.

John Dewey (1927) provides one explanation of the public/private boundary in the political sense. His public/private is the distinction between matters of state, and other matters. In this definition, 'public' higher education is not confined only to institutions or activities that are directly government provided or financed. 'Public' in the political sense refers to any matter taken by the state as a deliberative actor with policy goals. Matters that are public in the economic sense are usually public in this political sense too, but so are many other matters. Governments often use private and semi-public agencies to achieve their goals.

'Public' includes the kind of state intervention to regulate economic markets and private firms that goes beyond simply providing a stable legal framework for markets. Note here the state is closely involved in higher education, in many domains, in all countries. Higher education does not necessarily stop being 'public' in this political sense, when there is competition between institutions, and high tuition fees are charged. It is true that some market production is fully deregulated and belongs in the private political sphere, even in higher education, such as certain for-profit colleges, and commercial research and consultancy. But most production that involves competition and perhaps tuition fees occurs in the public sector or takes place in private institutions subject to close regulation.

### ***Public and private goods in higher education: The four variations***

How then can the economic definition of public/private be reconciled with the political definition of public/private? It is worth trying to reconcile them, rather than doing what most social scientists do, and that is choosing one or the other. This is because both definitions can contribute to better policy and practice. For example, each can be used to test practices arising from the other. The economic definition, based on the non-market/market distinction, can be used to subject politically-defined public goods to tests of limited resources and costs. ‘How publicly generous should higher education provision be?’ asks the economist. Conversely, the political definition of public/private, based on the state/non-state distinction, can subject 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 to that from the economic side is: ‘To the extent your preferred social arrangement is subject to market failure, government finances it. Is it affordable?’

*[Figure 1 about here]*

But nevertheless, having two separate definitions without resolution creates ambiguity and confusion. How then can we adopt a coherent approach to public/private? This can be done by combining the two public/private definitions in a matrix (see Figure 1). This replaces what is an ambiguous two-way distinction between public and private elements in higher education and research, with four distinct zones, four different political economies of higher education, in which higher education and research are practiced in clearly contrasting ways.

The economic and political definitions derive from philosophically distinct standpoints. The economic definition is procedural. Matters are defined as private or public according to assumptions about the proper conduct of, and a division of labour between, market and public activity. The more eclectic, open and variable political definition is consequential. Matters are defined as private or public according to their outcomes and effects, including the effects of making them public. Arguably, neither a procedural nor a consequential strategy is sufficient in itself; both, when singly relied on, lead to errors and excesses; and each serves as a check on the other. Arguably, in social institutions such as higher education, combining the two distinctive definitions into a hybrid form provides conditions for optimality.

*Quadrant 1 (Civil society)* is a non-market private zone in which free teaching and research are practiced as end in themselves, at home or university, without government



supervision or close institutional management. Much learning and discovery takes this form, more than is usually realized, precisely because it is unregulated. The state is not entirely absent in that it regulates civil conduct and the family in the legal sense.

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

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

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

Real life higher education systems mix activity in all four Quadrants but the balance varies. Nordic and Central European systems are strong in Quadrant 2. The competitive Anglo-American systems are pulling ever more activity into the quasi-markets in Quadrant 3. The four Quadrant show there is nothing inevitable about inherited arrangements. Governments and societies can order their systems as they want. The diagram also shows that there is great scope for producing public goods in higher education, through government leadership in Quadrants 2 and 3, civil and community-based organisation in Quadrant 1, or self-regulating higher education institutions themselves in all three of Quadrants 1, 2 and 3. The ‘pure’ public good Quadrant is Quadrant 2 where production is public in both the sense of non-market and the sense of state control. The pure private Quadrant is Quadrant 4.

### ***Common goods in higher education***

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

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

### ***Global public goods***

There is one other kind of public good in higher education and research that also deserves specific mention. Some public goods are produced in the absence of a state, in the global sphere of activity. For example, research knowledge is subject to extensive cross-border teamwork and exchange and much of it is produced beyond the effective supervision of any national government. Technically, in the global sphere only one public/private distinction can be relevant, the economic distinction as outlined by Samuelson (1954). No doubt the absence of the political factor leads to under-recognition of the contribution of higher education-in-producing global public goods, and hence their under funding and under-provision.

According to the UNDP, global public goods are ‘goods that have a significant element of non-rivalry and/or non-excludability and are made broadly available across populations on a global scale. They affect more than one group of countries’. One global public good is research knowledge. However, nations differ in the extent to which they contribute to and benefit from global public goods that are carried by cross-border flows of knowledge, ideas and people and generated in education and research. For example, the content of global

knowledge flows is linguistically and culturally dominated by certain countries, especially the United States. This raises a question of ‘*whose* public goods?’ For faculty whose first language is Russian, having English as the single common global language is a public good in the sense that it facilitates global communication and sharing, but a ‘public bad’ (a negative global public good) to the extent that it marginalises knowledge in Russian language at global level, and devalues Russian at home, for example in local science communities. Net brain drain of research personnel to other countries is another kind of global public bad.

### **Public goods in higher education in Russia**

As noted, countries vary in political culture. For example, there are differences between them in how broad is the reach of the state—whether its responsibilities are seen as comprehensive to the whole society, or limited (Marginson, 2016b, pp. 119-125). The Anglo-American or English-speaking country tradition is that of a limited liberal state, with separation and division of powers between elected government, bureaucracy, judiciary, private markets and civil society. In Anglo-American polities, there is always tension on the boundary between government and other sectors. The legitimacy of government actions is constantly scrutinised. Higher education is not seen as part of the state, it is positioned somewhere between government and civil society. In contrast, in both the Nordic countries and East Asia, while certain sectors exercise partial autonomy, the role and responsibilities of the state are understood as across society. Some argue that ‘state’ and ‘society’ are identical. Higher education is normally seen as part of the state, though HEIs have partial autonomy. This might be called the comprehensive state. Nordic and East Asian practices differ in certain ways—for example Nordic countries take a more state-centred approach to welfare and health care while in East Asia the family has a larger role in these domains. Likewise, while in East Asia families share the costs of providing education with government, in Nordic countries there is a strong tradition of tuition-free higher education (Valimaa, 2011). Countries also vary in how egalitarian the higher education system is expected to be, with the Nordic countries perhaps more determined than others to establish equality of opportunity in higher education. Russia has another kind of comprehensive state tradition, in which the state maintains control and reserves the right to intervene, but is not itself a Nordic-style provider.

These differences influence political understandings of public, or private, in all sectors, and the way the economic distinction between public and private is interpreted by policy makers. Such differences can affect the quadrant locations of production in higher education.

The article will now consider how Russian interviewees saw the public/private distinction, and the roles and responsibilities of government, in higher education. The data were gathered in 2013 with assistance from the Institute of Education at the National Research University, Higher School of Economics, whose personnel arranged most of the research interviews and in some of the interviews assisted with interpreting. The interviews were all conducted in Moscow. Interviewees included five government personnel responsible for higher education matters; eight interviews in the National University of Science and Technology, MISIS (2017), an engineering university specialising in metallurgy; and 17 interviews at HSE (2017). The HSE interviews included faculty from social science, humanities, mathematics and engineering, and university leaders and administrators.

### ***Economic public goods in higher education: Individualised***

During the interviews, most interviewees stated that higher education contributed to a broad range of non-market goods, ‘public goods’ in terms of a Samuelson economic definition. This discussion centred on the two kinds of non-market public goods in the economic sense—(a) individualised public goods, attributes of graduates not specifically rewarded in the labour markets, in the form of personal qualities that students acquired in the course of their education; and (b) collective goods, outcomes of higher education not manifest in individual attributes (logically akin to, say, national defence), that contributed to a better society. The standard economic paradigm has difficulty in modelling collective goods, and tends to rely solely on the notion of aggregated spill-overs from private goods. But that misses the relational dimension, those social forms which arise not from one autarkic individual or another in a methodologically individual universe (Lukes, 1973) but arise from people’s relationships. One HSE executive pushed towards the limits of orthodox economics:

‘... is there a direct public good that goes not through individuals? The idea of university as a public good is that individuals get knowledge and become more productive and then, in addition to the individual rate of return, there is a social rate of return. They pay higher taxes, they live longer. Fine. But the interesting question is, do

the universities do something directly for the public, not through this social rate of return through the taxes and productivity?’ (HSE executive)

These two categories (a) and (b) shaded into each other when the formation of individual students/graduates in HEIs was being discussed. Hence when students learnt to become more tolerant or more technologically competent, together they generated a more tolerant society, and a society more sophisticated in communications and technically competent at work. One interviewee emphasised the role of higher education in fostering intellectually critical thought. This was said to improve capability understanding of oneself and one’s own culture, and that in turn could lead to the development of better cross-cultural skills. Several interviewees, especially at MISIS, discussed the contribution of higher education institutions in building greater tolerance between people from different backgrounds or regions. “We must live together as brothers or perish together as fools”, as one put it.

### ***Economic public goods in higher education: Collective***

There was a wide-ranging and often detailed discussion by many interviewees of the role of higher education in creating collective characteristics of society. Some emphasised that this role was holistic and impossible to fully and satisfactorily measure in terms of specific outcomes. ‘You cannot divide an ocean by parts’ said an HSE historian. Much of this kind of discussion was about higher education’s contributions to knowledge and intellectual culture. Some of this discussion referred to long-standing notions of public culture from the Soviet period, in which knowledge generated in universities was seen as a communal resource. Several interviewees noted the role of HEIs in providing publicly available expertise in all disciplines, and as an open source of information and ideas, and improvements in cultural life, a resource almost akin to a society-wide library or museum. An officer in HSE international programs stated ‘I think the university, it’s like a fjord inside of society’. In many interviews this public role of higher education in knowledge and communications was explicitly grounded in the public good nature of knowledge. For example, the same HSE historian referred to ‘knowledge, which is certainly public’. Another interviewee reflected on ‘the sociability of knowledge’. For some lifting the common literacy was a vital function of educational institutions, especially outside the major cities.

Interviewees also referred to the contribution of higher education to social and economic modernisation. However, it was striking that there was not much discussion of either the role

of higher education in fostering national economic competitiveness—though that role is a public good in both the economic and the political sense—or in providing for economic prosperity, except indirectly, in terms of the preparation of graduates for work. The economic contribution of higher education to capital, profit and aggregated national product was seen as separate from the public goods agenda, as a kind of outgrowth of the role of higher education in generating private economic goods for graduates, but not a public property.

Several people argued that government should guarantee human rights as a common good and that one of the essential roles of government was to ensure that students from all backgrounds had opportunities to enter higher education. There was also some discussion of higher education's role in fostering social mobility, for example by providing opportunities for students from poorer families, though not as much discussion as might be expected, and occurs in other national contexts. It is likely that this was because in the minds of the majority of interviewees, the broad extension of access had become associated with negative 'public bads' in the form of debasement of the quality of mass higher education.

### *Collective 'public bad' in higher education*

Many interviewees criticised the emptying out of substance in mass education, arguing that much of Russian higher education had become reduced to credentials of low value with little being learned. These issues were deeply felt. Though there was no question specifically on the topic it arose during the majority of interviews, and often led to lengthy statements. Both government and university interviewees took up this theme:

'There are too many people with higher education from our point of view... many people who have a higher education degree go to work in jobs which do not require this degree' (government official).

'The diploma of higher education became mostly a piece of paper which doesn't guarantee that any knowledge can be behind it... we need to regain the status of higher education credentials' (MISIS engineering faculty and planner).

Russia's relatively high level of participation was a long-standing feature of Soviet higher education and became more so of the post-Soviet period, with the doubling of the participation rate in the 1990s. At that time all forms of education were severely under-

funded and this has become definitive of mass higher education, which in the minds of most interviewees was firmly associated with poor quality, credentialism and low levels of learning. Some interviewees described a two track higher education system. ‘The economy does not consume all the graduates... for socialisation and citizenship, that’s a larger function’, said one government official. As an HSE sociologist put it, ‘we have actually many graduates with very high self-efficacy but very low level of real skills’. In the first track graduates had learned something, they were more or less adequately were prepared for work and there were useful places for them in the labour markets. In the other track students acquired generic skills such as communication, and personal confidence, and a credential of little meaning in terms of vocational preparedness, but for many these qualities were undercut by the low level of educational provision and paucity of learning. It is significant that the discussion normed higher education in terms of a human capital paradigm—the second track function was described by several as ‘socialisation’. In most (not all) cases the implication was that this was a low grade education, an inferior substitute to proper preparation for work. This suggests that the many statements about the public good functions of higher education, its role in generating relational citizens, were less deeply rooted than they seemed. These attributes were negatively referenced in the deeply felt critiques of mass higher education.

However, it was not very clear whether the problem was seen as (1) giving too many students higher education, to the point that access had been extended to some people that could not learn effectively, (2) giving higher education to more graduates than the labour market could provide with value-adding jobs, or (3) the provision in Russia of low grade unfunded mass higher education that could never create public or private goods of value, regardless of the level of participation. Perhaps within this jumbled logic, the possibility remained of a higher quality ‘socialisation’ stream which would generate public benefits that would be valued by all. But these three kinds of points were often mixed in together. Interestingly, low private returns to graduates were the most cited symptom of the combined failings of the system. In most people’s minds, private goods were the lynch-pin of valuation.

Some said that it should be a mandatory responsibility of government to monitor, improve and manage standards of curriculum and student learning. Two HSE interviewees, who were reluctant to increase the role of government in the sector, instead placed the emphasis on better regulation by professional associations.

### ***Measuring and financing economic public goods***

It was noted by several that the public goods produced in higher education were not a constant, but varied by time and place, and probably also varied by discipline, and by the size of the institution, and whether it had large-scale research. Several thought that there was possibly greater potential for public goods in the regions—or at least that the contribution of individual institutions to society and local economy was more obvious in regions than in Moscow. Several HSE interviewees discussed the role of HSE in government policy making and consultancy advice, though it was noted that this role was not open to all universities.

One would not expect interviewees to come up with firm and cogent proposals for the measurement of public goods in higher education, given the absence of tools for that purpose. ‘I don’t think there are any convincing measures of the impact of education on the society, but everybody believes that there are’ (HSE economist). However, while the MISIS interviewees were not greatly interested in the question of observation and measurement of these public goods, several HSE interviewees had ideas. Most of those ideas centred on tracking and measuring the purported impact of higher education on graduate skills, personality, values and career successes—in other words, they envisioned a closer assessment of the effects of higher education on both individualised public good spill-overs and private goods. Some, as noted, focused on the greater tolerance exhibited by graduates compared to non-graduates, or mentioned higher education’s contribution to the better health outcomes of graduates compared to non-graduates, a finding of research into higher education outcomes (McMahon, 2009). The MISIS interviewees were especially interested in tracing the contribution of MISIS graduates to government, society and economy as evidenced by their roles in leadership positions in the different sectors in Russia. Elite graduates form an important part of MISIS marketing. While these graduates achieve substantial private goods, in the form of status and often of income, arguably the higher education system contributes to the collective public good through the functions of leadership selection and training.

The main challenge to measurement is the tracking of the larger collective goods. Perhaps qualities such as knowledge flows, tolerance and social equity in higher education can be tracked and measured only in part, using single indicators, rather than in a holistic manner. The interviewees had no strong suggestions to make in relation to these areas.

When discussing the financing of public goods, interviewees made the point that some public goods such as museums were not free. Several pointed out that strictly, higher education has never been free, given that either student/family or taxpayer/government have to pay for it. A couple of interviewees remarked that public goods are created in higher education as spill-overs, whether or not tuition fees are charged, though there was also



awareness that the incidence and nature of certain public goods are reduced by fees. When asked whether the public/private split in financing of higher education should be based on the public/private ratio of benefits, most demurred, and there was a good deal of scepticism about the strict use of Samuelson's definitions, especially during the discussion of collective public goods. However, two HSE economists firmly maintained the Samuelson approach.

### *Global and national public goods*

Given that Russian higher education is not as internationalized as are most Western European and East Asian systems, the emphasis on the global dimension, in some interviews, was perhaps surprising. 'It helps to globalise, to live in a more global world, to be more open and understand different cultures, to be engaged with other researchers and not reinvent the wheel', said one officer in HSE international programs. The globalist character of some of the interview conversation may reflect the strongly internationalized nature of HSE, by comparison with most HEIs in Russia. However, the discussion about public goods related to global relations and internationalization was almost entirely centred on knowledge exchange. Only one interviewee discussed teaching and learning, preparation for 'global citizenship'.

Discussion of knowledge as a public good led several interviewees to emphasize the global character of knowledge, its characteristics as a common human property that in both normative and practical terms could not be artificially confined to single nations:

'Let me tell you first of all, in my point of view, there is no Russian science or American science or Chinese science. It's world science.... There is no national science, it's absurd' (HSE mathematician).

However, this was not universal practice in research. 'We have many, many articles in our journals. But they are not introduced into Web of Science. It's only Russian', noted one MISIS executive). Russian higher education and science has inherited the Soviet practice of limiting free international exchange and collaboration by taking in world science without opening up local science to the world, sealing off national scientific exchange by conducting it in Russian. The practice continues of translating global science at the border, and Russia is now almost unique in the degree to which research in sciences and technologies is in national language. One HSE executive noted that the typical reading of the global environment was not public collaboration and exchange but competition with other nations. Higher education

was expected in Russia to contribute to the global position of the nation. ‘Unfortunately, not many people within the university and within the government see internationalisation as a public good function. They see it as part of the global competition’. In the latter Russia has much in common with other countries, but other countries emphasize both competition and collaboration, at least in research. One HSE sociologist stated that ‘never ever have I heard any kind of discussion at any university with which I was part of, [about] international production of public good’. An official working in a semi-government agency made the interesting comment that in the post-Soviet period Russia has become less global in outlook.

‘Our contribution [to global public good] is not enough. It is not adequate to our possibilities and our potential, we could do more. Of course in Soviet time we were more evident, and more useful for the world, than right now’ (public official).

From the national viewpoint, globalization had downsides as well as upsides. Several interviewees stated that Russia contributed to higher education in other countries through brain drain, a public good for other countries and a public bad for Russia. There were nationally-centred issues also in knowledge exchange, in which the distribution of costs was not necessarily the same as the distribution of benefits. The large research countries gave out more than they got back. ‘Here of course we’ve run into the free rider problem, big time. One country pays and the whole world benefits’ (HSE economist). But perhaps research nations gained soft power, if not global hegemony, by becoming providers of common knowledge. One HSE sociologist developed a lengthy critique of globalization as Americanization.

As this suggests, actual or potential tensions between global public goods and national public goods were an undercurrent in the interviews. At the same time, the university interviewees, especially at HSE, were on the whole critical of what they saw as the semi-closed nature of Russian higher education. The government officials made the same point about closure. ‘The system is still fairly inward looking and Russian focused’, said one. However, though they had no constructive suggestions on how to open up the sector. It is interesting that both government people and university people saw the other group as primarily to blame for the limited character of internationalization in higher education.

### *The state as public good*

There was less explicit discussion of public goods or the public good in terms of the political definition of ‘public’, ‘public’ as relating to the state sector. However, the role of government was an undercurrent in most of the interviews. Here what was interesting was that in the pool of interviewees there were two different and contradictory understandings of government, in general and in higher education. Interviewees usually fell into one camp or the other, though a small number seemed to draw on views from both sides of the debate. It was apparent that the two views derived from differing political philosophies, the division was fundamental to the Russian polity, and both views had entered the structuring of higher education.

In the first perspective, which was especially strong at MISIS but also evident at HSE, people discussed the role of government in terms resembling the Soviet experience. In Soviet times, government planned the economy and education in short-term and long-term, worked out how many specialists would be required in each category, allocated student places accordingly, funded and controlled higher education closely, and later allocated graduates to jobs. Various interviewees called up the different parts of this picture, though none presented it holistically as a desired norm or a description of present reality. For example, a number of people argued that government should provide stable conditions of work for faculty and researchers, and several recalled with nostalgia the modest but adequate salaries of scientists, and the public respect that they had enjoyed, in Soviet time. Although government no longer directly allocates graduates to jobs, some interviewees called on government to take action that would bring universities together with employers so that such an allocation would take place. One official did not argue for a return labour allocation but saw the role of government as one of planning the response of higher education to the market:

‘Universities in Russia... It’s a production plant of employees for the government and for society. Yes. It’s a training system to produce specialists. Lawyers, mechanics, engineers, so they are ready for work’ (HSE administrator).

‘We define the needs of economy and society, for graduates, predicting what the market will need. And then we provide the necessary funding, with implementation of this order. This is my understanding of what government should do’ (government official).

Along this line of thinking, higher education was seen fundamentally as an administered enterprise rather than a student market of competing institutions in the American sense.

Higher education was ‘public’ in both senses, it was in Quadrant 2 of Figure 1, economically public because it was politically public and therefore should be free of tuition fees:

‘Both government officials and public opinion still regard the state as the main patron for higher education... 80 per cent of the university expenditures are covered by the state, so the universities mainly depend on the state... Many people here consider education as a public benefit, and it’s like it should be provided for free’ (HSE economist).

However, as certain interviewees pointed out, including one of those from government, the problem with this model was that in contrast to Soviet time the Russian government no longer used a long-term planning approach. While government officials saw themselves as powerful, responsible, funding and controlling, they are also short-term and reactive in their political thinking, and on the whole were more than happy to devolve responsibilities for graduate labour market outcomes downwards to the higher education institutions.

The second perspective was explicitly post-Soviet. These interviewees wanted to reduce both expectations about government and its real role and power in society. They tended to favour deregulation in higher education and other sectors—some argued for this even if it meant less money. While for most interviewees government had a central and unique role, a couple of the post-Soviet interviewees saw it as just another stakeholder in higher education. There was criticism of government financial controls, rejection of official selection of rectors, and concerns about potential interventions in curriculum and teaching.

‘In the 1990s the state collapsed and had no capacity to intervene and at the same time had no capacity to fund the new important things. Now there is the opposite movement of the pendulum... If I want I can get a lot of money from government. But my attitude is to be as far away as possible’ (HSE sociologist).

‘Government has an extremely heavy hand. This heavy hand is only good for turning the biggest bolts and nuts’ (HSE executive).

These interviewees tended to talk in terms of market models. They favoured an economic rather than political definition of public good, arguing that higher education was largely a private good, and government should fund higher education only in those areas clearly

subject to market failure. ‘Most of the benefits (of higher education) are not collective for sure, they are personal, individual’ said one government official. Some preferred to talk about public ‘externalities’, ‘spill-overs’ flowing from market transactions, rather than larger or more holistic public goods. Nevertheless, the post-Soviet interviewees also acknowledged that the private business sector was unwilling to finance higher education at scale. ‘Actually we have no serious funding from business. In Russia we simply have the tradition of the charity’, said an HSE executive. Nor could the household pay full-cost market-based tuition fees. It was accepted that this would reduce participation among students from poor families. Advocates of the post-Soviet approach varied in their beliefs about the extent to which market relations should be extended across higher education, including the present free places, but none argued for a complete withdrawal of government from policy and funding.

### *Divided polity, divided higher education*

The division among interviewees was emblematic of a larger fracture in the Russian political culture. There can be no agreement on the political conception of public/private until this fracture is resolved. There cannot even be agreement on the economics of public/private in higher education, because as noted, a person’s approach to the economic question is affected by her/his political conception of the roles, limits and responsibilities of government.

As this researcher sees it, the interviewees were divided, as Russia seems to be divided, between a 1980s Soviet view of the world and the post-Soviet view of the world which emerged rapidly in the 1990s and was (and still is) sympathetic to many of the precepts of Anglo-American neoliberalism. While 1990s financial capitalism had an undeniable impact in Russia, with the privatization of many state assets, the evolution of new markets and a boom in business, economics and law programs in higher education, it did not holistically transform the political culture or constitute a stable and attractive society. The result is that in the Russian society and policy, each strand, the old and the newer, tends to block the other.

‘In Russia we have a split history. Some believe in one version of history, the others believe in quite the opposite version of history’ (HSE historian).

The higher education system reflects this continuing division. It has become a remarkable combination of the two heterogeneous approaches. The system is about equally split between free places and fee-paying places. This cannot enable coherent policy and provision:

‘I don’t like the Russian way when the best students get free education and others pay, and we have in one room students that pay and not pay, and they have different attitudes towards the university’ (HSE Executive)

On the one hand, there are publicly supported places for the academically stronger students. A relatively high proportion of these students enter STEM programs, though labour market demand for their qualifications is unclear. It is almost as if they are still servicing the old military-industrial economy. On the other hand, there are the fee-based places occupied by less high scoring students, mostly preparing graduates economy in business, law, communications and related fields for the new capitalist economy. These places, which have become crucial in place of inadequate government funding, encourage HEIs to behave in an entrepreneurial manner. Hence in one strand of the system the old comprehensive role of government continues, in the other strand the market is supreme. The first strand is associated with the idea of higher education teaching/learning programs as a public good in both the economic and the political sense. In the second strand teaching/learning becomes a private good in both economic and political terms, though one with some public externalities.

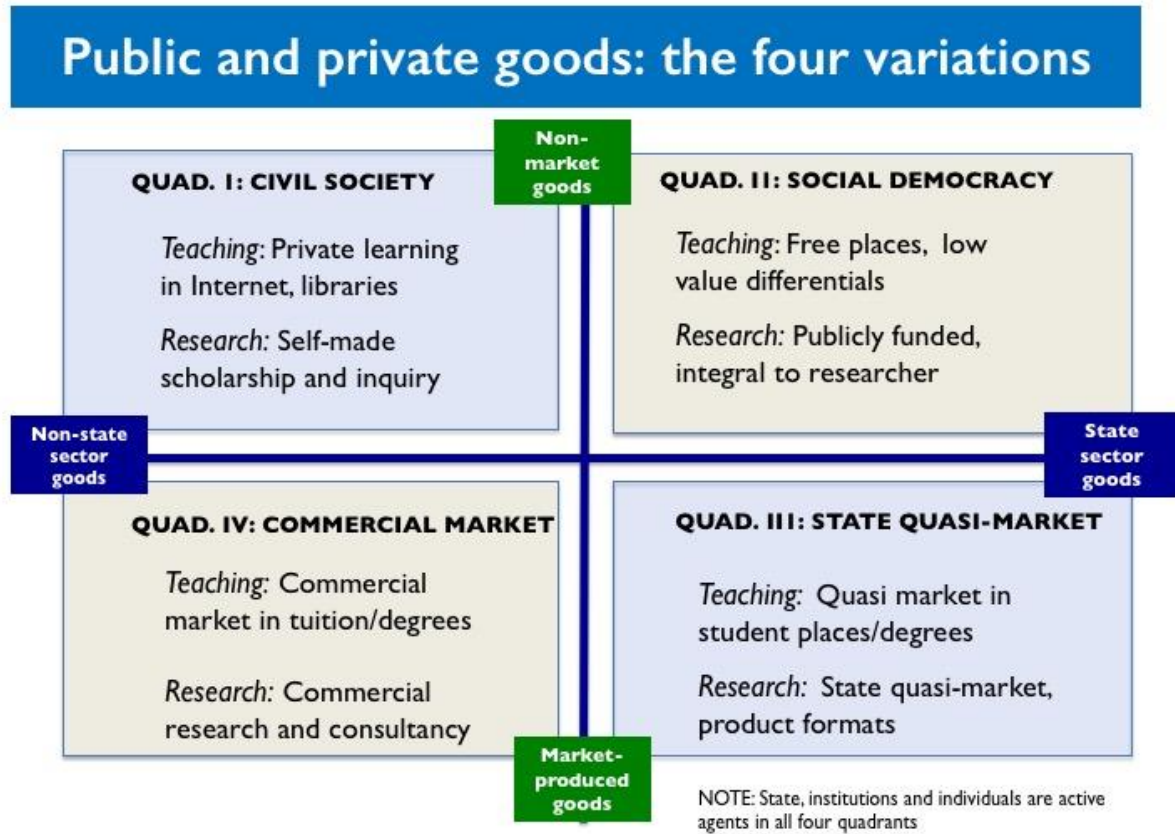
There is a similar standoff in internationalization. Post-Soviet neoliberalism of the 1990s failed to create an open borders approach in Russia in non-financial areas like science and higher education, despite the profound globalization of these domains in most nations, and the recognition by many in Russian universities that knowledge is a global public good. The blockage at the border, plus the schizophrenic political economy of higher education, which (as in the country as a whole) tends to negate itself, mean that the sector cannot readily move forward. Across the world successful higher education systems exhibit a broad variety of political economies, from the universal free high quality Nordic public systems to the largely public approach typical of Switzerland and the Netherlands, the differing mixed economies in Canada and East Asia, and in the United States the stratified market combined with generous federal research funding that leads the higher education world. But all these systems exhibit coherent (if diverse) provision, funding and incentives. And all are internationalized.

Until the respective political cultures of the 1980s and 1990s are absorbed into a new and internally consistent system that transcends the present contrary practices, there can be no clear and stable consensus on the meanings of public/private, the public good role of higher education in Russia, and even the kinds of private goods that are produced. At the same time, the discussion of public and private goods is one way to think about system reform.

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



Source: author



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