

Public Goods and Private Commodities—The Case of Higher Education¹

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Introduction

Over the past three decades higher education throughout the world has been marked by a series of profound changes, sufficiently so that one might conclude with some accuracy that many of the fundamental ways in which “higher education does its business” have been significantly altered. Developed, newly developed and developing countries have all, variously, experienced growth in higher education demand, which in turn has underscored issues of access. Rapidly changing technology has influenced what is delivered as higher education content and how that is done. Seemingly universally, the public bill for higher education has risen leading governments everywhere to question both the quality and reach of higher education. All of these issues, and more—such as the impact of managerialism on higher education administration—are linked to the underlying transformations taking place in the global economy, phenomena collectively referred to as globalization or increasing global interdependence.

Neoliberalism is central to the dynamics of contemporary globalization. Its wide-spread embrace has had powerful transforming effects on the relative social positions held by the public and private sectors. In a variety of ways neoliberalism is changing the face of higher education in the Asia Pacific Region.

At the core of neoliberal beliefs and policy is the proposition that on the whole market solutions to policy issues and social problems are superior to those that can be achieved through state-managed bureaucratic solutions. In an earlier age sometimes termed Reagan/Thatcherism after its strongest proponents, neoliberalism was in part an attack on the welfare state especially on the kinds of “entitlement” programs that with

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population growth stressed government budgets. In time, virtually the whole range of the welfare state framework would be challenged by neoliberal policy positions, most particularly those involving health care, income, and pension policies, and education. Rhetorically, neoliberalism sought to check the growth and reach of government in relation to the private sector.

In contemporary globalization, neoliberalism has advanced market liberalization and free trade as the primary tools for unleashing and stimulating economic growth. These forces led in time to the World Trade Organization in 1994 -- created by the Uruguay Round of trade talks out of its forerunner, the General Agreement on Trade and Tariffs. The WTO has represented a commitment to create a multilateral trading system and to adopt and abide by trade rules and practices consistent with the tenets of neoliberalism. The General Agreement on Trade and Services (GATS) concluded in 1994 includes education as one of the 12 sectors of trade service. As Jane Knight points out GATS is an international legal agreement supported by 148 countries in the world. "Whether trade of education will be significantly liberalized -- meaning an increase in market access by removing barriers -- is yet to be seen. To date, there are 47 countries in total that have committed to open their domestic education system to foreign market access of which 38 have committed to higher education." (p. xxx) What is clear from events to date is that education as we know it in the Asia Pacific Region has taken an irrevocable pathway to change. (Knight, 2007)

The manifestations of the neoliberal state fashioned from its origins in Reagan/Thatcherism is not always easy to identify. Neoliberal theory dictates a state that should be the champion of free markets and free trade, seek the privatization of assets, lower taxes to permit wealth holders more direct access to markets—especially investment markets—and reduce overall governmental expenditures. (Harvey, 2005) By extension government should become smaller, employ fewer people, and state expenditures as a percentage of GDP should decline. Within multi-tiered political systems such as the United States, the devolution of authority from the national government (federal) to subunits (states) is justified by various rationales, including the notion that government expenditures ought to be more closely monitored by those paying the taxes. And, while personal and individual freedom in the marketplace are primary values, they come with the added proviso that individuals are personally

responsible for their choices, actions and well-being. Thus, in healthcare, welfare, education and pensions, neoliberalism has promoted private sector solutions that emphasize individual responsibility for their own life choices and actions. Individual actions such as investments in market instruments are viewed as effective devices for producing security for health (health savings accounts), education, retirement income, etc. (Peterson and Lupton, 1996)

In practice, the neoliberal state presents a more complex tapestry of conflicts and contradictions. September 11, 2001 shifted power toward neo-conservatives in many governments who emphasized national security, mobilization against terrorism, and a larger role for the state in providing these needs, both in terms of budgetary support and the contractions of individual liberty justified by the necessity of increasing surveillance. Prior to this point, however, the Reagan Administration in the U.S. demonstrated the contradictions of neoliberalism as it pursued the rhetoric of governmental limitation and even sought and gained massive tax cuts, biased heavily toward higher income earners. The result was the largest federal deficit in the history of the country, a pattern followed later by the administration of G.W. Bush, an avowed Reagan admirer, who seems to embrace neoliberal principles, but whose position is severely compromised by the requirements of the neoconservative sponsored wars in Afghanistan and Iraq.

Neoliberalism has been perhaps most famously prevalent outside the United States and Britain through its adoption in one form or another for an extensive period of time by the World Bank and International Monetary Fund. The policies of both organizations rigorously pursued during the 1970's, 1980's and 1990's showered the world in the realities of what came to be known as *restructuring*, or alternatively "the Washington solution." Demands by these organizations, especially in the period of the debt crisis among developing countries, focused on restructuring debt and the stipulation that further grant assistance would only be forthcoming in the context of neoliberal reforms of their societies and economies. Both organizations advocated cutting government social spending, opening countries to further liberalization of trade, and reducing restrictions on private sector investment and expansion. The result in many countries, particularly African, was a virtual collapse of various social sectors, including education. (Szanton and Manyika, 2002) Restructuring had been vigorously tied to poverty alleviation

strategies, especially at the World Bank; although by the end of the 1990s it began to pull back from this view in the wake of the Asian currency crisis of 1997. (Harvey, 2005)

Tracking the neoliberal legacy throughout other state forms has been difficult, in part because many nation states have borrowed opportunistically from neoliberal elements that appear desirable for their extant situations. Such eclectic borrowing, however, has not necessarily implied a broader commitment to neoliberal principles, either within society or throughout state institutions. Not unexpectedly, the practices of marketization, liberalization and private sector expansion, have been heavily influenced by the dominant cultures, political practices and institutions of particular societies. In India, for example, these elements are commonly referred to in the policy process as LPG: liberalization, privatization, globalization. (Tilak, 2007) The overall result throughout Asia and the Pacific has been a general embrace of “the market,” of liberalization, and of privatization especially when the context has included WTO membership and compliance, as was the case for China in the late 1990s.

The materials that follow illuminate the many ways in which neoliberalism has come to influence higher education in the Asia Pacific Region. The organizing focus for these discussions points to the tensions that arise around higher education as it is expressed through societal and state practices influenced by neoliberalism. Throughout the Asia-Pacific region (as throughout most of the world) modern higher education arose as an expression of a public good—a set of opportunities, commitments and investments societies made not merely for the benefit of its direct recipients, but for the society as a whole. With the rapid and often virtually unchecked expansion of private economic activity, these historic assumptions about education have been challenged and are in many instances changing rapidly.

The varieties of historical legacies for the public good

A limitation often noted in “policy talk” that one of our limitations is the necessity of confronting the present and anticipating the challenges of the future while operating with language tools forged primarily by experiences of our past. (Edelman, 1962) This irresolvable conundrum of the policy process is evident in exploring the transformations occurring in higher education, where the dominant historical frame of HE as a public

good is increasingly being challenged by the proliferation of higher education offered as a market-based commodity.

The selections to follow provide distinctions about both received notions of the values, structures and practices that comprise both “public” and “private.” These concepts are rapidly changing throughout many Asia-Pacific countries. As new educational institutions and practices emerge, they influence how higher education is conceived, experienced and valued, shifting familiar distinctions between public and private. We illustrate this argument first with a brief reprise of historic notions of the public good, followed by some suggestions of the differences in the historic uses of public / private in various Asia-Pacific contexts.

Reprising notions of the public good

In the west the notion of the public good derives historically from the formation of early nation states and liberal political theories about the state’s responsibilities and obligations. With the initial formation of European nation states came the sense of a “good” that the state produces for its subject peoples—an indivisible good that devolves onto citizens by virtue of their membership in the state. Over time, ideas about the public were refined in liberal political theory (e.g. Locke), to the point where rights enjoyed by citizens *vis a vis* the state became inseparable from the state’s responsibility to ensure that certain rights be enjoyed by the citizenry (defined in that historic period as free men)—a notion broadly transformed by Thomas Jefferson into the notion of life, liberty and the pursuit of happiness.

The contention that the state should provide a good life enjoyed by all citizens is conjoined in Adam Smith to the idea of the good of society created by exchanges made between private individuals in the market. In this sphere it is the duty of government to organize societies such that public goods--institutions or outcomes whose benefit to society is collectively large but whose cost exceeds that which could be profitably borne by a single or small group of individuals--can arise.² Smith gave no examples of such

² Smith wrote: “The third and last duty of the [government] is that of erecting or maintaining those public institutions and those public works, which, although they may be in the highest degree advantageous to a great society, are, however, of such a nature, that the profit could not repay the expense to any individual or small number of individuals and which it therefore cannot be expected that any individual or small number of individuals should erect or maintain.”

public goods, but in the nineteenth century John Stuart Mill provided the well-known example of the lighthouse as a social product that benefits the public in direct and indirect ways, but where the support is difficult to assign to a particularly benefited “user group, e.g. seamen.”³

Contemporary economics has embraced the study of public goods as an integral part of its discipline and the term is common in policy discourse. However, in the aftermath of two world wars, and particularly in response to the rapid increase in global interdependence, the political framing of public goods has been radically expanded to embrace broader elements of social life and the institutions that serve it. Various social values—for example health, both individual and public—came to be seen as public goods, and the state was given responsibility for providing them. With the expansion of public goods,⁴ contemporary neoliberal political and economic discourse has recalibrated the root assumption that the value of a public good is non-divisible. (In the example of the lighthouse, the benefit gained is generalized to all seamen who pass it, as well as to society as a whole.) Rather, contemporary neoliberal theory has reinvested public goods with the character of divisibility, seeking often to charge users of that good in direct proportion to the benefits they individually receive. Such changes may be levied in either the public or private sectors.

This shift affects how higher education is perceived, either as a public good whose benefits are indivisible, as a private good whose benefits are specifically divisible, or something in between. Further, relatively indiscriminate use of the term “public good” tends to expand and potentially debase its currency. For example, some services are termed public goods when they are divisible and when users are charged for the service provided, albeit at a lesser rate than if they were bearing the full proportionate costs of the enterprise. Trauma centers operated by hospitals, to take a contemporary example, are termed public goods because the patients served pay less than actual cost—the expectation being that resources to cover the difference will come from public sources

³ Mill held that it would be impossible to charge seamen for the service of the lighthouse. Subsequent notions of public good rely on this notion that it is difficult or impossible to charge those who benefit from it. The indivisibility of lighthouses arises because their costs do not depend on the number of ships that use them. The cost of a public good is independent of the number of people it serves. This notion of a public good is in part what is being problematized in contemporary higher education. (See William King at: www.drexel.edu.)

⁴ Note the rise of *global public goods*. See: www.undp.org/globalpublicgoods/globalization/prologue.html.

(an expectation that is often untrue.) A similar example is *public-supported* or *assisted* higher education in which the student is expected to pay tuition and fees, but where these are less than the actual costs of placing the student in the institution and the teacher in the classroom. A subtle shift in the meaning of the “good” begins to occur, however, when the cost ratios change, e.g. when government provides a lesser subsidy for a trauma center, or less funding per student for a university, both of which have become common occurrences,

The meanings assigned to “public” and “private” display similar changes in current policy usage. Some reviews of the liberal political economy and policy processes argue that public/private distinctions tend to “map” the politics of such states. (Best and Connolly, 1976) Intense political conflict may occur over which activities should “remain” in the private sector, free from the scrutiny or regulation of government, and which should be legislated, regulated, controlled, and in some cases monopolized or owned by government. Such issues figured strongly in the French presidential election of 2007, for example. Since the mid-19th century, the political history of Western states has witnessed a progression from a general organization of society to map the rules of public and private and the role of the market, followed by a progression toward expanded social welfare, followed by a retraction (e.g. Reagan Thatcherism). These essentially western concepts of public and private shift character when deployed in the context of Asian states with different historical experiences.

Hawkins and Furuto make clear in their contribution that Japan and much of Asia have developed and borrowed state forms and practices that differ significantly from those in the west, even though the use of common names may be the same. Whereas the liberal context provided for a private sector dominated by private capital rights and for a civil society separate in some ways from each, in Japan notions of the public good, and public goods rarely exist separate from prevailing government powers be they feudal, absolutist, or post-Meiji. For the west sovereignty invested in the people provided a basis for government to be derived as a public sector. As conceptions of state-based sovereignty were defused into non-European settings, they became inseparably conjoined to the governing structure, and in most instances ones legitimized by the ruler and the prevailing administrative structure. For example, Confucianism, in line with its European absolutist counter-parts, embodied the public good with the expectation that

the wise and good ruler would govern in ways that contributed to the overall benefit and welfare of the realm. The realm itself consisted of complex aggregations of subjects, the rights and privileges of whom varied depending upon their ethnic, political, cultural and religious associations within the legitimacy calculus that surrounded the ruler.

In almost all cases the pathways toward a territoriality based nation state governed under a unitary law through a bureaucratic apparatus were very different in Asia than in the west. Where such bureaucracies emerged in Asia, they often came to exist as power centers onto themselves that the legitimated political power sought to control. Whereas symbolic sovereignty could, as in the case of both Japan and China, be invested in the emperor, effective political power often lay elsewhere. In such structures it makes sense to speak of a “symbolic” public good—that invested in the personage, the court and the social-cultural traditions of the emperor—and a policy-focused articulation of the public good—that defined in the state apparatus of the bureaucracy. As Hawkins and Furato argue, in Japan this arrangement is by no means just a matter of past historical experience, as the wide-spread bureaucratic resistance to the education reforms of the Nakasone regime testify. The “public” sectors in contemporary Asian societies to some extent are all amalgams of historic patterns of administration and privilege, and are in contest with “legitimate” power holders claiming position by democratic election. In general however, it is reasonable to discuss Asian-based ideas of the public sector as more “closely” held, if the test for this is the degree to which effective participation in decision-making is authentically distributed through the population.

Market economics, globalization and technological change have converged over the past several centuries, to expand both *market reach* (especially with regard to the geography of trade) and *density* (the presence in daily life of opportunities for consumption.) Across certain thresholds of reach and density, this marketization of the world significantly affects the way education functions and is being transformed. Higher education is increasingly viewed as a good available to consumers (students and their parents) through market exchanges and as a means for the state to monitor access and equity. Marketization affects how institutions of higher education recruit students; how they market themselves to donors; how they align their “products” with market needs; and how they function as a useful laboratory for private industry and government.

Education as a public good.

The specific notion of *education as a public good* is firmly established in western liberal democracies, where education has been viewed as an essential component of economic and social development and where many universities were treated as classic public goods. Importantly, in some societies (e.g. the U.S. and Britain), private universities were included in national government initiatives designed to promote higher education and its contribution to the public good. Increased global interdependence has changed prevailing ideas about the state's responsibilities for providing education and the lines between public and private education are blurring.

In many Asian countries providing higher education has been inseparably linked to the promotion of the public good. Until very recently, most higher education in the Asian region was heavily subsidized by the state. In some societies (e.g. China), once chosen for admission, students attended without cost. Notions of education as a public good were, for some, part of their colonial legacy and for others were constructed following independence and/or as part of a drive toward "modernization." The good of the nation was represented in part by the role of state (national) universities in preserving and advancing the knowledge traditions of the country and in providing education to continuing generations entrusted with such knowledge. Complex issues such as what subjects should constitute curricula and how that might change over time were considered in this "public good" framework, as were ranges of political, intellectual, cultural and social values.

As states in both Asia and the west embarked on their post-war development agendas, it was convenient to embrace education as a public good across the continuum of development. For the most part, what was meant by "education" was given less attention than the "self-evidential" importance of providing it. Irrespective of its particular developmental moment, a typical state could read into its need for an educated workforce and a technically trained intelligencia substantial justifications for building a national educational sector by deploying public means.

In the United States post- WW II economic expansion was through a combination of federal education funding and providing decentralized responsibility to the states for providing higher education. Existing education systems were infused with new purposes and funds (most notably through national security initiatives). Public good investments included federal and decentralized solutions such as the GI Bill, which provided a categorical benefit to veteran allowing them to make use of higher education almost irrespective of its source or content. Subsequent national government support for student access, such as the National Defense Education Act and student grant and loan programs, provided federal dollars within a context of individualized choice. The Civil Rights Act and other kinds of anti-discrimination legislation have promoted norms of egalitarian admission that enlarged the effective education environment for students, staff and faculty.

Asian experiences were different. Throughout Asia education was viewed as a public good to be realized almost exclusively in highly centralized, state-led systems (even in Japan, despite US occupation efforts to decentralize the system). In countries such as Japan and Korea, this approach seemed an apt and sustainable response that provided measurable outcomes of apparent success. Test takers in those nations began to out-perform those in the more decentralized systems. TIMSS, PISA studies, REST, and other multinational assessments of science and math achievement had East Asian nations (excluding China) at the top, the US, Canada at the bottom, and most of Europe—with some exceptions—in the middle.

These spectacular successes generated a literature on the “Asian education miracle” that complemented literature emerging on Asian state-led industrial policy. Scholars emphasized the role of the state in skill formation (Korea, Singapore, Taiwan), the link between education and industrialization strategies (Korea), a “four tigers model of development”, and so on.⁵ Emerging Asian nations quickly adopted the policy that education investment contributes as much to development as investment in physical capital. A belief that education investment also contributes to reducing poverty and improving income distribution quickly led to an enormous expansion of primary and secondary

⁵ See Francis Green, et. al. (1999; Kim Young-hwa (2000), and Ashton, (1999).

education in the mid-twentieth century, followed by a corresponding expansion of higher education. Resulting significant economic growth convinced many that an activist state was central to achieving development, and that education contributed to development as both a primary and secondary level public good.

A parallel process has occurred in the US, where some educators critique the US decentralized approach, urging more federal involvement in raising school level test scores at the elementary and secondary levels. The American “school” (by which is meant public schools) is increasingly viewed as a troubled and ineffective institution. Proposals for reform complement a wide-ranging critique of American industrial and organizational practices that emphasizes the need to develop new organizational paradigms for US businesses (including the very largest) as they transition into truly global corporations capable of international competitiveness. The impact of “failing” elementary and secondary schools on higher education is debated from various perspectives. One critique has focused on the debasing of BA and MA degrees with the democratization (or “massification”) of higher education (the “open door” or almost open-door policies of community colleges and second tier state universities) and the need of universities—most specifically public universities—to deal with poorly prepared entering students.

In Asia, despite superior test taking scores, and the (wide-ranging) development of national economies in their new roles as global goods producers, educators and other social commentators critique their own systems for being uncreative, hide-bound, stressful, and overly-centralized. The dilemma besetting such societies is that both the apparent evidence of their success and their essentially conservative nature are driven by national higher education entrance exams. This linkage makes it virtually impossible to enact real education reforms, and the resulting rigidities of exam-centric systems are criticized for producing graduates ill-equipped to deal with rapidly changing societies.

Public higher education reform is complicated by a wide-spread decline in state financial support. Moreover, market liberalization privileges the private sector, which comes to be promoted as the source of innovation and the primary path to

becoming “modern.” A poorly regulated private sector often becomes the vehicle through which globalized higher education enters national societies. Stimulated by the provisions of the GATS agreement, westernized higher education has been commodified as a product to be marketed and valued in local markets throughout Asia. World Bank lending policies have also stressed decentralization and privatization. Within specifically framed educational policy debates, higher education institutions are looked toward as creators of the tools (human, scientific and economic) for advancement. One consequence is that the historical—if always tenuous--balance within higher education between the “hard sciences” and the humanities and social sciences is increasingly tipped in public discourse toward the “hard sciences” at the expense of the humanities. Further, the value of a baccalaureate degree is increasingly framed in utilitarian terms, and institutions are “graded” on their ability to produce “market aligned” graduates. In many Asian societies—India as a primary case in point, but China not far behind--the growth of private and/or for-profit institutions of higher education (permitted and indeed, spurred by market liberalization) is viewed by some with alarm.

Through market liberalization, the private sector has aggressively sought both policy space and market share by creating private institutions, and pursuing virtual education and other forms of non-formal and alternative education to fill the gap created by decreasing public funding. This move occurs in the context of a general lack of capacity in the public sector vis-a-vis demand for higher education throughout the region. In advanced industrial societies the out-migration of well-paid manufacturing jobs has created provided local governments with a new transitional education agenda even as their local tax bases erode. Thus, for example, public support of institutions such as community colleges, the classic upward mobility entry-level portals for higher education, is challenged by industry flight and intensified social need.

In the resulting policy debates the historic meanings of “public” and “private” are undergoing change., in both mature industrial and developing countries. and In the U.S. public universities referred to those whose governing charters arise from state governments and whose governing boards are appointed by elected

leaders. These now receive increasingly smaller proportions of their funding from the governments of states whose names they bear. Indeed, in Minnesota the legislature has debated whether than university should any longer bear this name. So-called *private universities* are supported increasingly by government research and contracts and benefit from government grants, from state and national tax and donation policies as well as from government supported student grant and loan and scholarship. Sorting out how much education as a public good is supported funded by public or private sectors requires careful attention and good accountants. Often the clarification of public and private owes more to how governance activities operate in specific circumstances than it does to the origin of funding.

Public and Private in Higher education: In this early 21st century, higher education institutions worldwide are reassessing their goals and objectives, especially with respect to governance. Seemingly, higher education is challenged everywhere by a rapidly changing knowledge environment. Basic questions are being raised concerning *what to do* (what to teach? what to research? how to relate to the community at large, especially with regard to issues such as technology transfer?); *with whom to do it* (to what extent should higher education involve new of life-long learners? How should profession fields be kept up-to-date?), *and how to do it* (how to organize higher education institutions? where to get funding? how to institutionalize mechanisms of change?)?

All these are important issues in the Asian Pacific region. The challenges are daunting: providing acceptable access, expanding capacity to meet needs in the context of globally measured quality, privatization, distance education, technology innovation, the demands for administrative and delivery decentralization, and globalization, just to single out some of the most common. Higher education in Asia and the Pacific is faced with maintaining its core, and to some extent, conservative values (which include autonomy, the elite status of higher education degree holders, an arts and humanities based curriculum, commitment to research, teaching without intellectual restrictions, conviction that ideas are important) while at the same time adapting to the challenges of globalization. The interplay of public and private implications for Higher Education as public good and private commodity need now to be pursued in each of these differing country contexts.

The engagements of public and private are emerging across various contexts:

- *Differentiation and expanded access*: Most countries are seeking to expand access to higher education, a process that follows some of the dynamics of “massification” in the west. Most wealthy and middle-income countries now educate more than 30% of the relevant post-secondary cohort; many developing nations have doubled access as well. This trend is continuing, challenging the more traditional research university as these newer models of post-secondary education emerge. How will traditional universities respond to policies focused on expanding access? What are the features of the new postsecondary models that are emerging? We have seen a few examples of them in Singapore and China.
- *The globalization of research*: Research is a core mission of many universities, although the primary role of many higher education institutions has been provide teachers from an accepted knowledge canon. In the western model, since the “German revolution” of the late 19th century, universities have become a central source for basic research. Much of the politics surrounding the contemporary policy conversation about universities and their contribution to the public good is portioned between the alignment issue (How qualified are the graduates from higher education to meet the employment needs of rapidly changing knowledge economies?) and the research issue (To what extent are universities producing outputs of knowledge, innovation and technology that are of use to the rest of society as it pursues various paths of economic development?) Knowledge is becoming progressively more global, yet many universities continue to view research as essentially nationally specific. Arguably, those that continue to do so will lose ground to that handful of universities actively seeking to transform their own research structures and practices into authentic global endeavors. A central item on the agenda of universities that aspire to higher international status is the adjustments that will need to be made in faculties, with respect to the reward structure for promotion and retention, regarding funding for research, copyright and patent regulations as knowledge becomes more global, and in terms of facilities and funding as the cost of doing various forms of research grows.

- *Social Mobility*: Higher education is often viewed as a principal source of social mobility and improvement in societies. In Korea, as Moon Hee Lee points out in his contribution to this volume, “education fever” leverages society as families of all social classes spend significant amounts of their personal capital to assure the examination and matriculation success of their children. A significant tension grows out of the progressive massification of education, seen as a public policy good leading to higher levels of economic development, and a status and reward system that has historically rewarded superior employment opportunities to those graduating from high status institutions.

Cross border education contributes to the policy mix associated with access and equity, especially for those groups who have traditionally had less access to higher education, such as minorities and women. Both public good and private commodity arguments come into play. If societies are indeed transforming into knowledge or network societies, and if in such settings economic development is highly dependent on the quality of a society’s human capital, it clearly follows that more higher education would contribute significantly to the public good by enlarging opportunities for human capital to meet these new social needs. It is also the case that under such conditions of social change, the greater flexibility of private sector higher education institutions to provide access to women and minorities as contributors to the stock of human capital also contributes to the public good. The policy puzzle for many societies is how to assure some measure of successful access to those with lesser means, a job performed less effectively via private sector initiatives.

- *Decentralization*: In most Asia Pacific countries the control and administration of higher education has been highly centralized, usually in a Ministry of Education of some sort. In seeking more rapid responses to change, more nimble decision making and the opportunity to take advantage of opportunity, many national higher educational systems are experimenting with various forms of administrative decentralization. This presents universities with a whole range of challenges, from the need to develop new management and leadership skills, to structural changes in the organization of the university. As Azyurmardi Azra points out in his review of Indonesia’s higher education experience (Chapter Eight), decentralization is often a trade-off in which national governments concede measures of limited autonomy as

institutions become less dependent on central government support. To some extent these dynamics are present throughout the region. Our research need is in part to explore the range of decentralization models and to assess them for their relative success. A central question is: What can nations learn from one another as decentralization proceeds?

- *Differentiated Funding*: Decentralization has inevitably been tied to issues of funding. The traditional and typical pattern of central state funding is increasingly considered unviable. Economic and other considerations lead to the downloading of the financial burden to the university level. University CEO's are scrambling to seek new sources of funding, from the introduction of tuition (or the dramatic increase in existing tuition, often accompanied by student unrest) to the development of alumni associations and other support groups for fund-raising purposes. In addition, administrators increasingly seek funds from philanthropic foundations, through developing industrial and corporate linkages, via consulting fees, and by means of patent and other income. Increasingly, universities as "budget centers" are experimenting across a range of entrepreneurial activities in the effort to secure themselves sources of core funding.

The implications of such endeavors for higher education are potentially grave. In this climate of multiple funders it becomes less clear who sets the goals of higher education institutions and what needs are being met. The strident demand of the private sector that universities produce graduates aligned to workforce needs and research that translates into commercial viability are powerful drivers of change in higher education, and ones that can become tyrannous if unchecked. The enduring character of the university has been in no small part due to its ability in certain circumstances and under certain conditions to be *disinterested*—to develop and teach curricula that link a given society in a given historical moment to what went before, and to pursue endeavors that simply do not make sense in a cost-benefit ratio. In this regard universities have always been *wasteful*, and self-consciously so. Faculties and their leaders have viewed the ability to teach a disinterested curriculum and to pursue "pure" research as contributing to the public good at a basic level. In such circumstances, those imbued with this view of the university argue that the university mission leads its endeavors and budgets are meant to follow.

The move to differentiated funding in the context of managerialism, proposals that universities should be far more independent in seeking and developing their own funding, and the inevitable instrumentalism that follows from such moves all challenge this disinterested notion of the university. Both critics and defenders of this fundamental public good notion of the university purport to recognize both its virtues and limitations. Within the university one can find many voices cautioning the institution not to fall too far out of phase with the needs and capabilities of those who come to the institution as learners, or to become too self-indulgent in the self-justifying aspects of faculty research. Those outside the university, while likely to be most focused on the instrumental capabilities of the institution, are likely, nevertheless, to acknowledge that *some* of the things universities do need to be done simply because if they are not, no one else is likely to do them. The critical issue appears to be one of being in phase or out of phase with respect to this conflicting constellation of expectations for the institution. The critical policy issue is seeking to develop reforms that are sensitive to this balance and that will not impart fundamental harm to the institutions and to the process that policy makers are seeking to reform.

Again, we can ask: What are some of the new models of differentiated funding and what can nations learn from one another in this critical area?

- *Internationalization*: As universities respond to the new global challenges, the internationalization of their student bodies, their faculty, and their curriculum and research will only increase. In 2002, approximately 1.8 million students were already studying outside the borders of their home countries, a number that is predicted to rise to around 7 million in 2025. (Jane Knight, Chapter Two.) The international labor market for researchers, faculty and graduates is rapidly growing. Knowledge production and dissemination is international in scope and widely available through new media and technology. The European Union is moving toward common degree structures and mutual recognition of academic qualifications, course credits and so on.

What are the implications of sustained internationalization for the universities of the Asian Pacific region? Will some form of regional cooperation become feasible and desirable similar to the movement in Europe? What about the language of instruction and research? Will English become the new Latin of the 21st century? What will happen to national languages? The language question is particularly critical in view of the expansion of the Internet and other new media. Altogether, as global forces press in on universities, accepted notions of how higher education is represented in conceptions of the public good will also be subject to change, if only because for at least the past two centuries, the public good has overwhelmingly been a national construct. Contemporary knowledge endeavors are increasingly characterized by their “boundary-less” nature. As social institutions have gained their status and role as knowledge institutions, universities will be increasingly affected as the global knowledge culture and its instruments of knowledge creation and dissemination expand and deepen.

The Politics of Education: It may be a truism that with every large-scale shift in the structure of major social institutions a new politics is created, one in which new actors with differing interests seek to create institutional structures and processes that will produce outcomes they desire. As we look at higher education in the Asia Pacific region, we see many familiar faces and interests, even as we become aware of new players, especially in the private sector. The expansion of the Internet, the ubiquity of email and other instant messaging systems, the rapid increase of cross-national research and student exchanges, and the rapid spread of new managerialism all seem to hold potentially significant implications for historic notions of academic freedom and traditions of freedom of inquiry. Some in the academy are already questioning whether faculty in various country neoliberal regimes can maintain academic autonomy amidst such formidable challenges represented by the various “reform” movements targeted at higher education.

New implications for familiar concepts

In our exploration of these issues we are persuaded that the historic (and by now the well-used and accepted) distinctions commonly associated with public and private that emerged out of the western/liberal context, especially when applied to higher education, have become so mixed or conflated that the language is no longer sufficiently robust to uphold the distinctions that they were meant to convey. As notions of public and private

have shifted, so have the two modal concepts of public good and private commodity. The assertion that we make throughout this volume, and explore within its chapters, is that the very nature of the question that initiated our inquiry into the tension between higher education as a public good and as a private commodity is no longer entirely sensible, given conventionally accepted meanings for these terms. In the following chapters we will interrogate this pattern of increasing meaning differentiation for these key concepts by exploring the range over which the terms are being empirically employed.

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