

Public 'Goods' in Higher Education

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Higher education reform

- Mass higher education and budget constraints
- Tuition fees
- Duplication of teaching and learning effort
- Shift of costs from one group of students to another
- Removal of exams from subjects
- Quality issues
- Online education and attendance rates

Types of goods

	Excludable	Non-excludable
Rivalrous	Private goods (food, clothing)	Common-pool goods (fish stock, timber)
Non-rivalrous	Club goods (paid TV)	Public goods (free-to-air TV, lighthouse)

Functions of a higher education institution

- Content
- Assessment
- Administration
- Teaching

	Excludable	Non-excludable
Rivalrous	Private goods (food, clothing)	Common-pool goods (fish stock, timber)
Non-rivalrous	Club goods (paid TV)	Public goods (free-to-air TV, lighthouse)

Model of public goods provision in educational content

Natural Monopoly with positive externalities

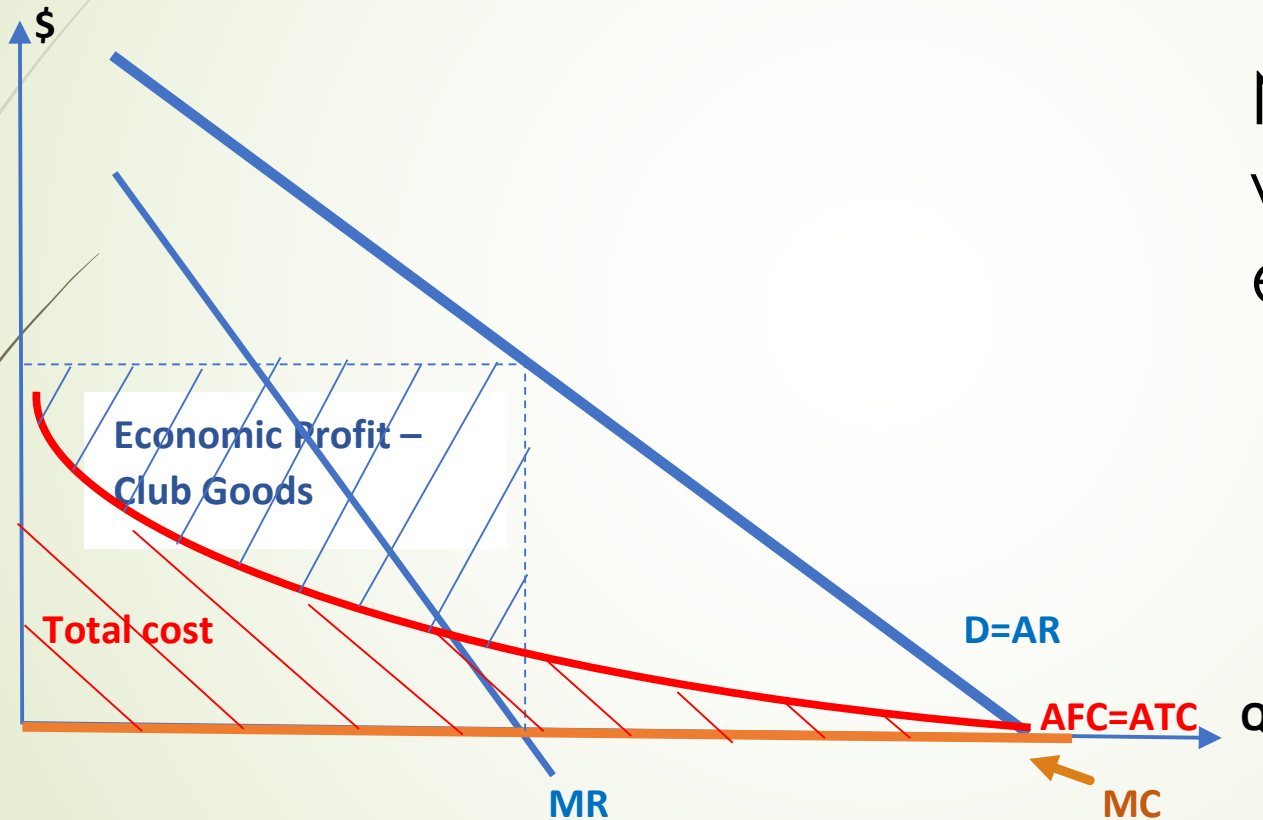
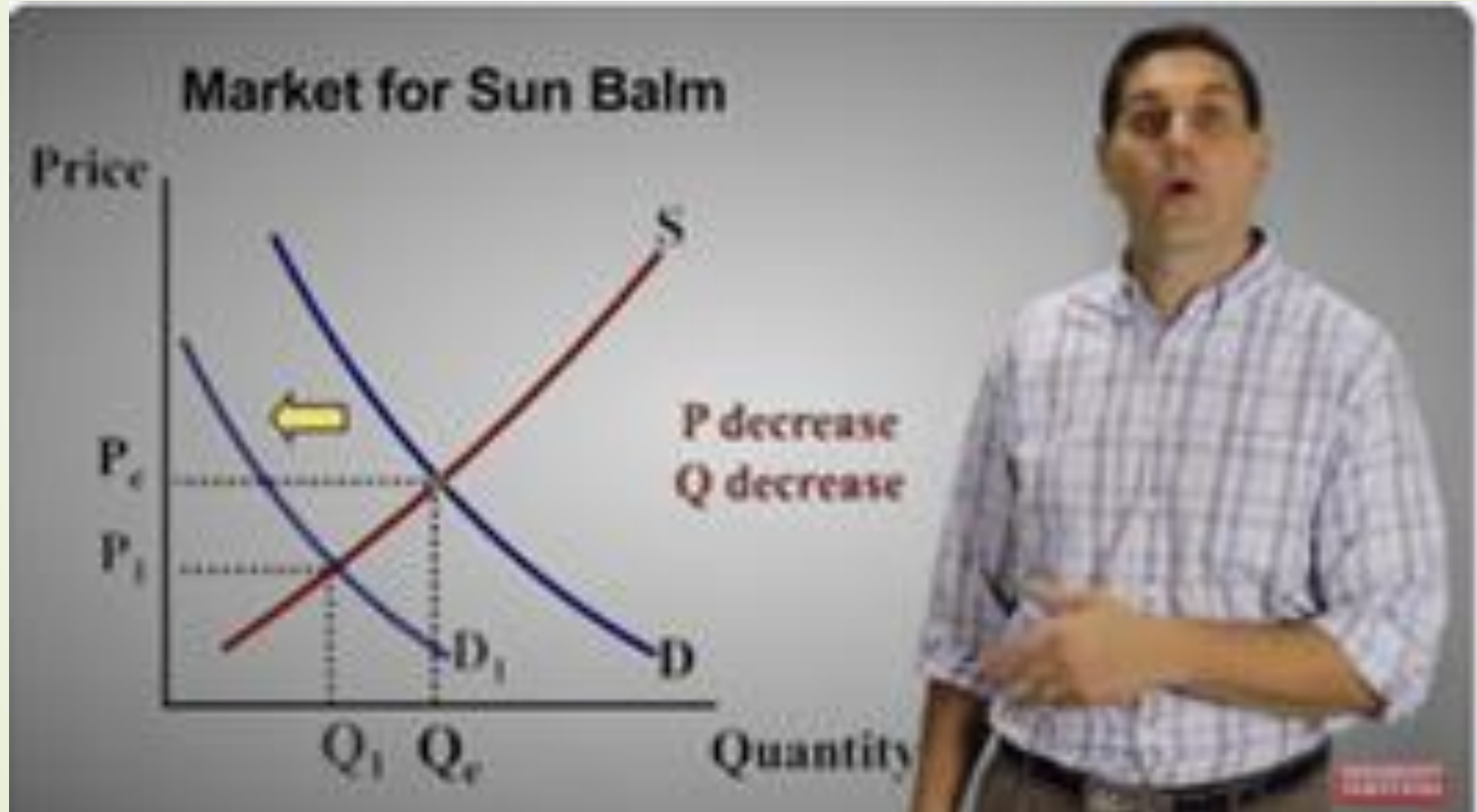


Figure 1: Public good as a natural monopoly with $MC = 0$

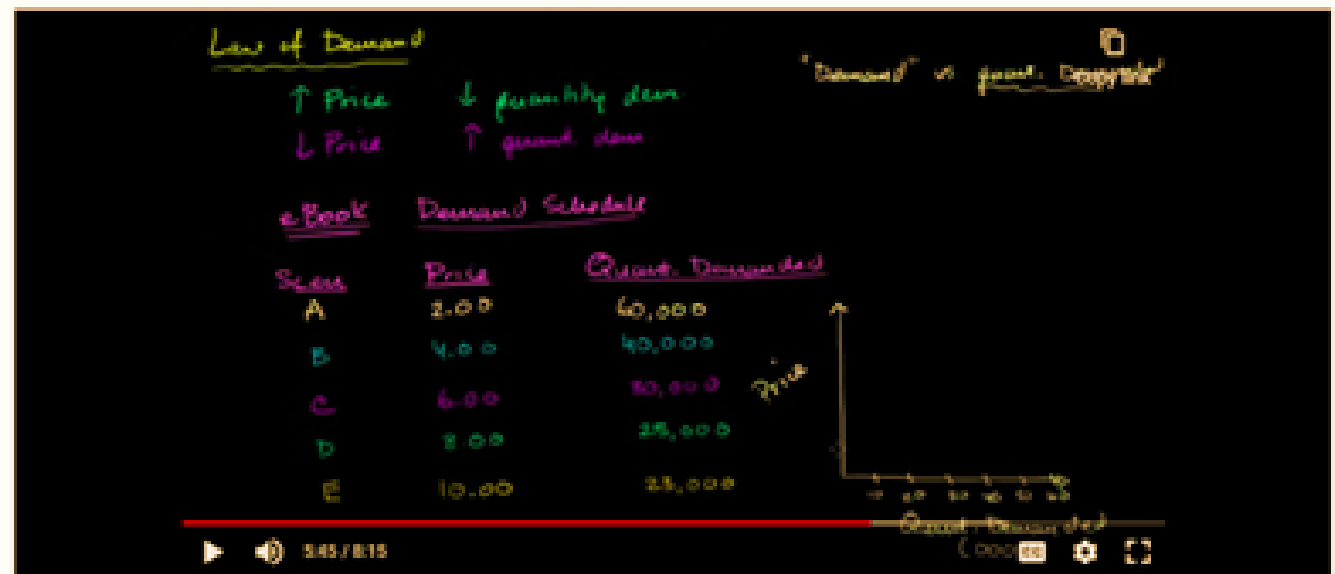
Video 'lectures'



Learning platforms

Khan Academy

- Short text →
- Short video →
- Quiz




Steps required

- Creation of global learning platforms
- Creation of large assessment banks with randomised question selection for tests, assignments and examinations
- Introduction of a system of centralised exams for all higher education institutions
- Pool of online markers and moderators



Quality effects

- Standardisation of content
 - Standardisation and randomisation of assessment
 - Separation of teaching from content, assessment, marking and record keeping
- 



Future structure of higher education

- Mass online education with centralised exams
- Elite universities with on-campus education with centralised exams
- Flexibility of studying towards a degree (exams on demand without need to study full semester)
- Lifelong learning. There is no such thing as 'overeducation'



Final words

These changes are

- Possible
- Desirable
- Inevitable

Questions?

Knowledge

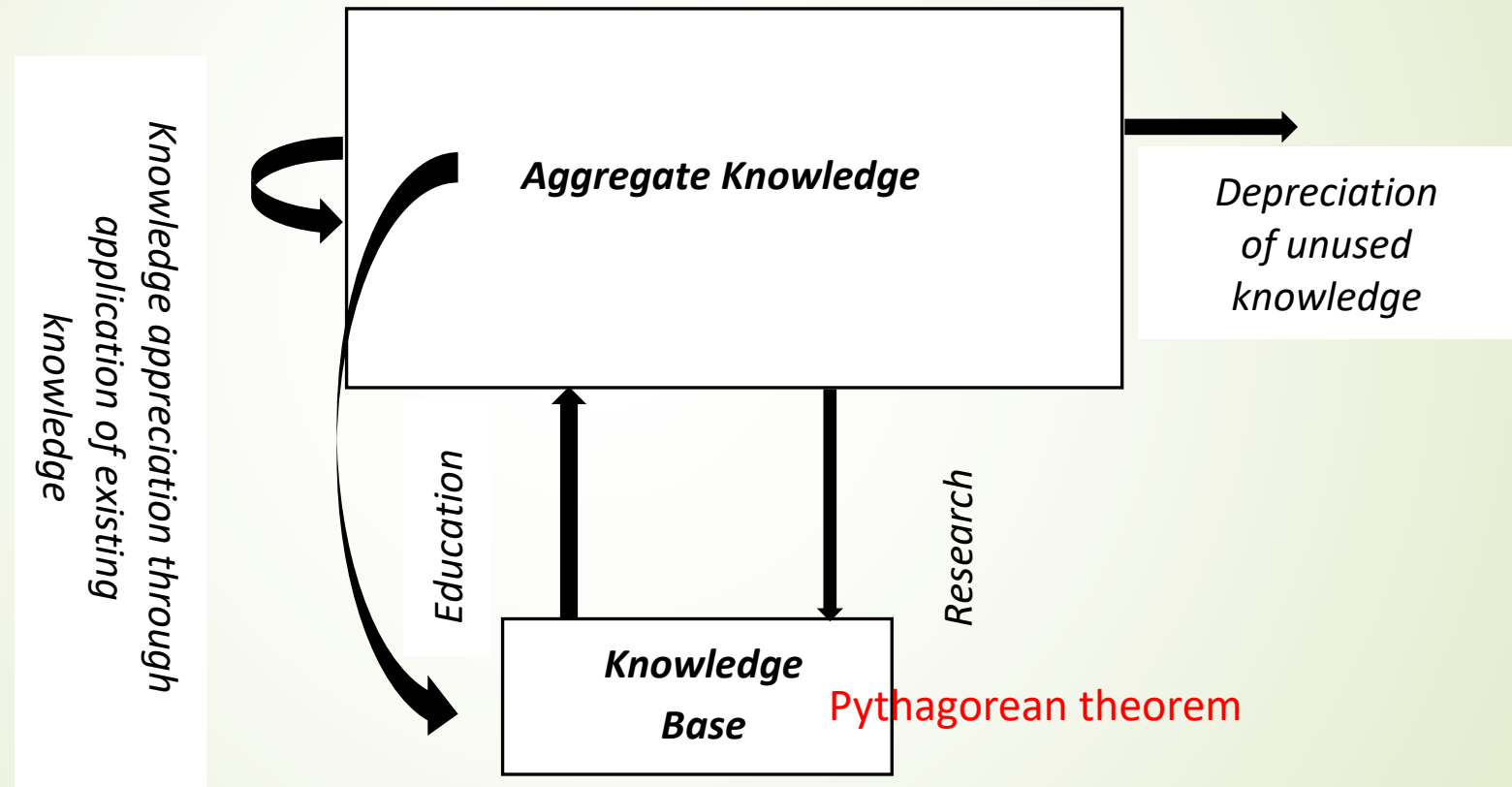
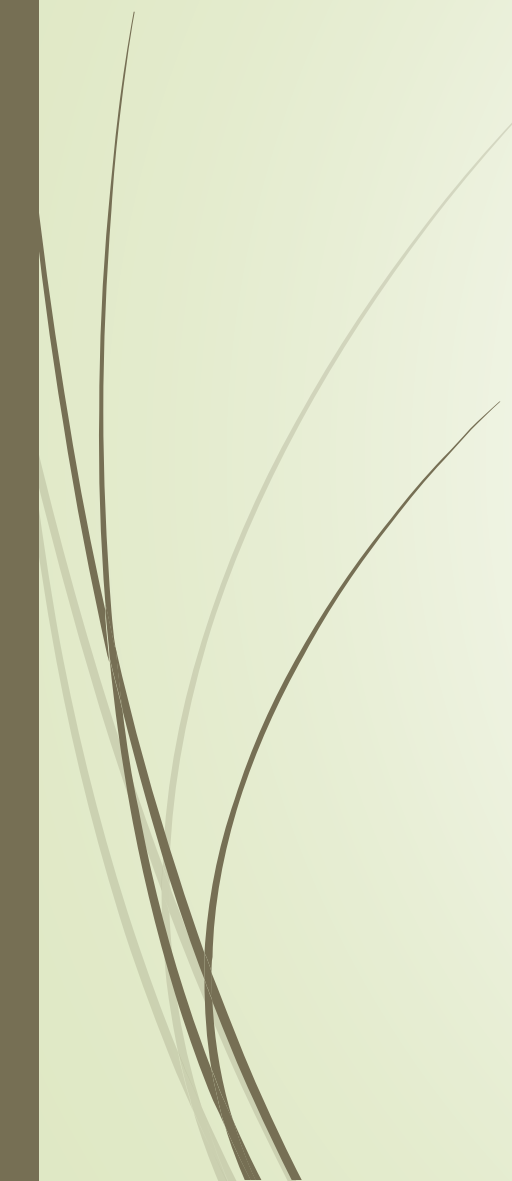


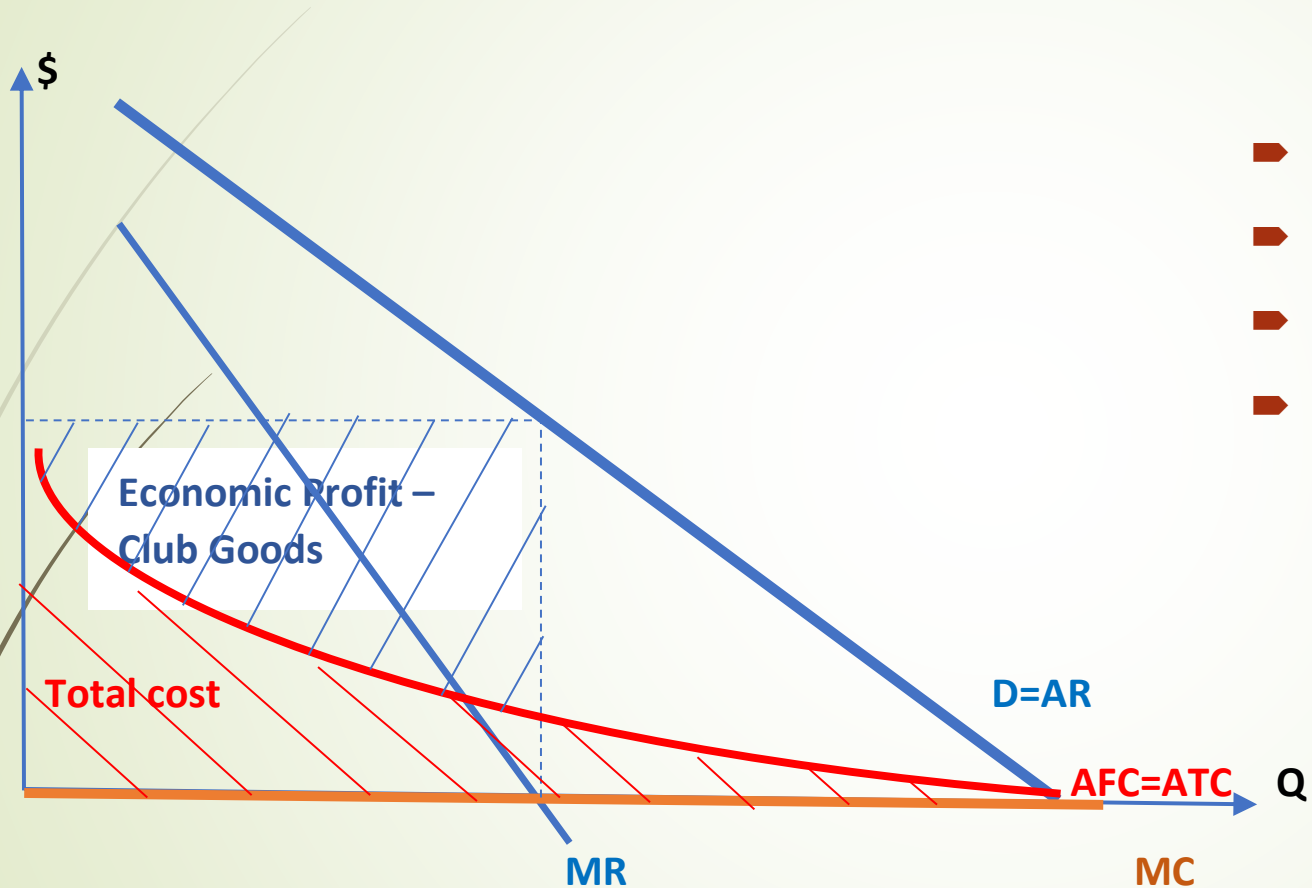
Figure 1: Flows and stocks of knowledge



Market failure in higher education

- Natural monopoly
 - Externalities (positive and negative)
 - Public goods
- 

Features of some virtual service markets



- Perfect competition?
- Monopolistic competition?
- Oligopoly?
- Monopoly?

Figure 1: Public good as a natural monopoly with $MC = 0$