Privatising a public good

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Injured JNU students addressing the media about the police action, on the JNU campus in New Delhi on November 19.

THE Narendra Modi regime's bugbear, the students of Jawaharlal Nehru University (JNU), is back in business. This time, it is the sharp escalation in fees that has ignited protests, not only on its campus in Delhi but on campuses across the country. The fear that the cost of education, not just tuition fees but all expenses that a student incurs during her tenure at an institution, is the prime reason for the student unrest, which is unprecedented in scale in the last two decades at least. The contemptuous tone of the media comparing students to parasites feeding off "taxpayers'" largesse, has only added fuel to the smouldering fire. The crass portrayal of students has served as the battering ram for the attack on publicly funded higher education. Indeed, this perverse logic has laid the basis for the withdrawal of the state from higher education. Overall, the cause of education as a liberating influence, not merely a functional aspiration, would be a major casualty.

In the early years after Independence, notions of intellectual sovereignty and scientific modernity played key roles in shaping postcolonial India's tryst with the process of self-invention as a sovereign nation. Publicly funded higher education played a crucial role in this imagination. Some of the most prestigious educational institutions in the country, such as the Indian Institutes of Technology (IITs), the All India Institute of Medical Sciences (AIIMS), the Indian Space Research Organisation (ISRO), and JNU, among others, were set up with public money as part of this project. Over the years, these institutions have produced some of the best-known scientists, scholars, politicians, and public intellectuals.

The resource question

However, the allocation for education never matched the importance it was assigned in national priorities. Historically, public expenditure in education has been grossly inadequate in the post-Independence period. In fact, it never reached the benchmark of 6 per cent of national income, as recommended by the Kothari Commission in 1968. The economic liberalisation drive since the 1990s marked a significant break from the earlier trajectory, which has resulted in the further withdrawal of the government from the sphere of education. Its corollary was the widespread commercialisation of higher education. This generally affected the quality of education and research in the publicly funded institutions. The research quality in most State and Central universities, even those that used to be important learning centres earlier, began to worsen. Barring a few premier institutions that were able to fight against such a withdrawal of public funds over the past three decades, this decline in funding has adversely affected the quality of education and research in public educational institutions across the country. The state of affairs in most State-level public universities turned even more dire.

The immediate consequence of this trajectory was a further widening of the existing asymmetry in the public education system; the burden of providing quality and accessible education fell on a few leading institutions that required an increase in funding simply because they were carrying a far bigger load than was envisaged. Thus, it is hardly surprising that premier educational institutions like the AIIMS, JNU and the IITs required more funds compared with many others. For example, given the dire shortage of reasonably priced healthcare facilities in northern India, a premier institution such as the AIIMS-Delhi is placed under enormous strain. Obviously, its funding requirements would only rise, simply because investments in such facilities are not being made available elsewhere. The logical course in this situation would be to increase public expenditure in *all* public education (and public health) institutions. However, instead of increasing the provision of public funds, there has only been a further withdrawal of government funds from these very universities.

Such an onslaught on the public education system has received further momentum in the recent period with the sharp curtailment of education expenditure in general and higher education expenditure in particular. Starting from an already meagre level of 0.6 per cent of the gross domestic product (GDP) in 2013-14, the share of education expenditure undertaken by the Centredeclined sharply to a measly 0.2 per cent in 2018-19. Shockingly, nominal education expenditure declined from Rs.645 billion to Rs.412 billion in this period, a fall of 36 per cent. The recent push for generating internal funds through imposition of fee hikes in several public institutions reflects how the mounting burden on poor students is a direct result of the government abdicating its responsibilities.

The cutbacks in education have been justified by the by-now familiar argument that subsidies need to be rolled back. But, ironically, the cuts in education budgets have happened precisely at a time when the government has been so large-hearted with the corporate sector. The reality of mounting subsidies (nicely termed as "incentives"), tax concessions and massive debt write-offs to corporate India does not square with the reality of slashed budgets for India's students. The graph, which compares corporate tax exemptions with education expenditure, portrays this stark contrast in priorities in a neoliberal regime. So, where have all our taxes gone? The answer would be, the big corporates took them all. As Pete Seeger, the great American folk singer and much more, sang many years ago: "When will we ever learn? When will we ever learn?"

Thus, in sharp contrast to the narrative put forward by the votaries of the present dispensation, the relevant issue at the present juncture is hardly about subsidies *per se* . Instead, it is a quintessentially class question: who should be provided subsidies? The present government has clearly chosen the corporate sector over everything else. Is there any discernible social benefit that would result from corporate tax subsidies, at this juncture, for example, by way of reviving demand or employment? There are at least three reasons why it cannot.

First, since investment decisions are based on future expectations of demand, there exists no *a priori* reason why provision of higher corporate subsidies *per se* would result in higher investments. The obvious example would be the trend in the investment rate in the recent period, which has not picked up despite a slew of tax concessions. Second, even if demand recovers through higher corporate investments, there exists no *a priori* reason why the growth of employment would improve. The obvious example would be the boom period during 2000s when employment growth rate did not increase despite the rapid growth of the corporate sector. Third, even if one goes by the government's own narrative of lack of skills (of course, corporate chieftains too sing this tune to hide their ineptitude) as the primary reason for unemployment, there is all the more reason for increasing expenditure on education instead of doling out even more to the corporates. In fact, removing corporate tax concessions alone would release funds which can finance 10 times the present level of education expenditure. And, we are not even talking about savings from curtailment of wasteful expenditure or of unutilised expenditures.

There is no country in the world today that has achieved its development without investment in its universities. Even though the government apparently seeks to model our education system after ones that have privatised education, like in the United States or the United Kingdom, the truth is that these countries, which are among the richest in the world, subsidised their higher education for many years, and still do so. Government spending on education in the U.S. has been higher than 5 per cent of the GDP since the 1960s, with expenditure on higher education never falling below 1 per cent of the GDP and increasing to as high as 2 per cent of the GDP in some years. The research that has produced innovations that have completely revolutionised our lives, like the Internet or mobile phones, is a result of government-funded research at universities.

In the U.S., three out of four students who go to college attend a public university. But these public universities have been starved of government funding and the cost of attending college has skyrocketed. Students still continue to attend college by taking on massive amounts of debt. Student debt in the U.S. is now as high as $1.5 trillion, which is more than half of India's GDP! This debt is one of the many reasons why millennials now have lower standards of living than their own parents: they need to spend huge proportions of their income on paying off their debt. It has made lives so miserable that potential presidential candidates are laying out plans for cancelling student debt. The term "student debt" is inseparable from the word "crisis", which is not surprising since 11.4 per cent of these loans are delinquent, or are non-performing. In the U.K., there are about £121 billion of outstanding student loans, which is about 5 per cent of the GDP. The government expects only 30 per cent of current full-time undergraduates to repay them in full. In other words, 70 per cent of the current full-time undergraduates are not going to be able to repay their student loans within 30 years, after which these loans will be written off.

Is it a good idea then to try to recreate this system in our country? Our banking sector already does not give loans to the poorest of the poor unless directed by the government or the Reserve Bank of India (RBI), either because they do not have the assets to offer as collateral or because their income is simply too low. And even when banks are asked to sanction loans to people who are typically unable to get loans, access to bank branches is shockingly low. There are only 7.8 branches of banks in rural areas per one lakh adults in rural and semi-urban areas compared with 18.7 lakh branches of banks in urban areas. Therefore, even if we were to move to a credit-based finance system of funding education, the glaring inequality in access to credit will do little for the spread of education.

The level of government expenditure on higher education, by the government's own account, is among the lowest in the world. According to the Ministry of Human Resource Development, the total expenditure (the Centre and the States) on university and other higher education was 0.64 per cent of the GDP in 2014-15, with State-governments doing most of the heavy lifting. Data on education statistics across the world, released by the United Nations Educational, Scientific and Cultural Organisation's (UNESCO) Institute for Statistics are revealing. In 2012, compared with other developing countries, considering university education, adult education and technical education combined, government expenditure on higher education was decent, but lower than countries such as Senegal, Ethiopia, Barbados, Swaziland and Ghana, which are far poorer than India. It is also no accident that countries that are known for, among other things, high levels of inequality, such as Brazil and South Africa, have lower levels of government spending on public education. These countries are also not nearly as large as India: in per capita terms, India's investment in higher education is far lower. The government of China is also rapidly increasing its investment in education at all levels, including higher education.

Our economy is, as a result, not only squandering its demographic dividend by not making higher education more accessible but is letting down millions of families by blocking their access to an escape route out of poverty. Many other governments that are poorer are doing far better.

Education as a commodity

This brings us to our final point, about the importance of public investment in education. We need to recognise that a public good is not amenable to being a good that can be profitably sold. First, there is a fundamental difference between how "returns" to public goods and those to private goods produced in profit-making enterprises are measured. While returns to a private good are measured in terms of the profits earned, returns to a public good comprise its expected economic as well as social benefits, which cannot be strictly and immediately monetised. For example, the social gains of education such as reducing inequality, empowering marginalised communities and building robust national intellectual traditions cannot be strictly monetised. Similarly, the expected future economic gains of health and education in terms of a healthy, educated, and skilled workforce cannot be immediately monetised.

Therefore, since the expected social and economic benefits of public education in the form of present and future gain for the society as a whole far outweigh the costs, it is “socially” efficient to provide it even if it might be currently “unprofitable” to do so. Second, the idea of “deficit” (measured in terms of monetary returns to monetary costs) does not arise for a public good (it is almost ludicrous to see learned journalists arguing that JNU is running a “deficit”). By definition, a public good has an obvious possibility of arising from a financial “deficit”, since the idea of providing public goods is to use the taxpayer’s money to fund it. But this is tautological. It is akin to saying that monitoring traffic, appointing judges, solving crime or even running Parliament are done by running a budgetary “deficit”. We pay taxes so that such goods can be publicly provided.

On the contrary, if institutions that run on a profit-making basis provide education, they are likely to not factor in the social gains. A business can only count the profits that it makes and any social good that it provides comes second to its bottom line. When profits are in jeopardy, any business, in order to survive, would choose to sacrifice any public benefit before sacrificing its bottom line. And, this is the very logic that mandates that it is not profitable to “sell” education to those who cannot afford to buy it. But the mandate for any democratically elected government is (or is supposed to be) to bring about progress for everyone in society. This is precisely what public investment in education for all facilitates.

If education is provisioned privately, educational institutions are more likely to invest only in programmes for which they can charge students higher. While skill-enhancing programmes are important, these often tend to reduce the broader idea of education to merely a means to find employment. And, often, in the race to cut costs, they do not even end up adding much value for the students in terms of providing skills. The mushrooming of two-room engineering colleges across India that charge exorbitantly high fees without facilitating much value addition in terms of skill development is a classic example of the failure of privatisation of education. Bigger private institutions with external funders are often likely to sacrifice the “neutrality” of research undertaken in these institutions. Nancy McLean in her book *Democracy in Chains* points out how universities in the U.S. that are funded by big businesses are often pushed to promote specific kinds of research and produce specific kinds of results that benefit the corporations funding these universities.

Exclusionary system

Basing access to education on income is inherently exclusionary. This will worsen the already glaring inequality in India by increasing the marginalisation of those from underprivileged communities and identities. According to the All India Survey on Higher Education, the gross enrolment ratio in higher education was 26.3 per cent in 2017-18, with the numbers being higher for those belonging to socially forward castes than for those belonging to socially backward castes. These numbers are also universally low compared with the global average of 34.5 per cent. Enrolling in a degree is not the same as completing a degree, as is evident from the fact that less than 5 per cent of the Indian population has college degrees. Given that income levels and social classes in our country are highly correlated and a university degree is still the best route for upward social mobility, a fee hike in higher education will only tend to further marginalise the socially disadvantaged communities.

It should be noted that while JNU is one of the few universities that have historically remained socially inclusive through its deprivation point system and (despite several lacunas) diligently followed the mandate of providing caste- and gender-based reservation, several private universities have been granted permission not to use caste as a criterion for reservation for admission. The only way in which education can act as a pathway towards bridging the myriad social and economic gaps is through an increase in investment in public education and making it more accessible to all.

The present crisis in the public education system cannot be resolved merely through the subsidisation of a section of poor students, which has been proposed by many. Such a proposition of implementing a differential fee structure is based on the idea of cross-subsidisation, that is, students who can afford to pay for education would subsidise those who cannot afford it. There are two obvious flaws with this argument. First, the very definition of the poor, or the BPL category, remains problematic and excludes a large section of economically vulnerable households. Second, such a principle essentially imposes a ceiling on the number of people who can be subsidised, subject to funds gathered from those who can afford expensive university education. Third, this subsidisation principle may serve to enforce the notion of viewing education for the economically disadvantaged as a charity of the rich, instead of it being a right. Moreover, if a case is to be made about subsidising education for those who cannot afford it, that is essentially the task of progressive taxation, not university fees.

The long and short of all this is that education ought not to be treated as a commodity. Commodities are goods that are produced for sale. A process of de-commodification of education necessarily implies that it ought not to be treated as a tradable good, where only those who can afford to buy it can receive it. Commodification reduces the process of imparting education to an exchange where students are the customers and universities and teachers the sellers. Terry Eagleton’s classic article, “The Slow Death of a University” (2015), exposes the obscene vulgarity of university education in the era of privatisation, where “junior professors who are little but dogsbodies, and vice chancellors who behave as though they are running General Motors. Senior professors are now senior managers, and the air is thick with talk of auditing and accountancy. Books—those troglodytic, drearily pretechnological phenomena—are increasingly frowned upon. … Philistine administrators plaster the campus with mindless logos and issue their edicts in barbarous, semiliterate prose. … As professors are transformed into managers, so students are converted into consumers. Universities fall over one another in an undignified scramble to secure their fees.”

Apart from various social and economic concerns, this grotesque transformation of education to a market transaction is dangerous simply because of what it entails for the idea of inclusive nation-building. If we treat education as a commodity, it is as if we are giving up on its crucial role in producing conscious citizens and organic intellectuals who can reinvent the idea of India as a sovereign nation—the loss is more evocative as it signifies giving up on the very idea of intellectual sovereignty and decolonisation of the mind. The commodification of education is symptomatic of a market society, which, as Karl Polyani puts in his classic text *The Great Transformation* , is likely to transform people into “lemmings marching off the cliff to their own destruction”.

Finally, although this process has intensified recently, we must keep in mind that the withdrawal of public funds and the “slow death” of smaller State-level public universities have been under way for a long time. We are witnessing the culmination of a long trend. Therefore, any serious movement towards ending this crisis needs to move beyond the eminent institutions and towards reclaiming and extending public funding to the entire spectrum of higher education.

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