



POLICY BRIEF 19-09

WORKING GROUP ON YOUTH EMPLOYMENT

TO SELL A HOLY COW:  
COMMODIFICATION OF EDUCATION  
AS A SOCIAL AND CULTURAL RISK

KEY POINTS

- THE GROWING COMMODIFICATION OF TERTIARY EDUCATION ENTAILS SOCIAL AND CULTURAL RISKS
- PRICE TAGS ON STUDY DIVERGE SIGNIFICANTLY ACROSS THE EU
- HIGHER EDUCATION SHOULD CREATE VALUE BEYOND THE MARKET

JUSTUS SEUFERLE

LONDON SCHOOL OF ECONOMICS

SEPTEMBER 2019

# European Student Think Tank

Across the world, education is becoming more and more commodified - a private good, exchangeable in markets. The skills and knowledge taught are moving away from theory-based academia to more “hands on“ specifics and are being taught more and more in private business schools and online courses rather than in the old lecture halls of the grand universities. This is in part a cultural shift, moving away from the ivory tower of academia and becoming more egalitarian and mass-oriented. Tertiary education and vocational training, one could argue, have moved closer together. This shift goes along with the marketisation of institutions and of knowledge that entails both opportunities and risks. I will identify what these changes mean and what risks they could entail, also covering the role of the European Union in these processes.

## HIGHER EDUCATION THEN & TODAY

There is a certain and increasing difference between the way higher education is understood today and how it was understood and practiced, when preceding generations obtained their degrees. The trends of commodification and marketisation can be traced all the way back to the “great transformation” during the industrial revolution, where capitalism changed culture and social life, commodifying factors of production that have previously been shielded from the market through redistribution, reciprocity and autarky<sup>1</sup>. Education was largely untouched by these changes until the “neoliberal” shifts in the 1980s and 90s. There, “ongoing concerns about budgets and accountability have accelerated tendencies to model education after the values of the free market, prioritizing efficiency and customer satisfaction while treating education itself as a commercial transaction”<sup>2</sup>. Thus, the term commodification not only refers to pricing, but also to the form, content and priorities of teaching and learning.

Not every country in the European Union puts a price tag on higher education. Countries like Austria and the Scandinavians have free higher education, others like Germany have little costs that are more like a financial participation than a price. Some countries, like the United Kingdom or the Baltics, have very high costs and attract a lot of students from abroad, making it a European issues more than a mere national one. There, „seats at institutions of higher education are up for grabs, for those who pay the “sticker price”<sup>3</sup>. In the UK, average costs of study have risen from below 1000£ in 2005 to 9000£ in 2018, especially master degrees in the UK can be very costly. In Germany, by contrast, study costs were decreased or scrapped. The good news is that higher fees did not lead to less people applying to universities; in

fact, the numbers have been rising since the 1990s. Price it seems does not dictate access. However, students from economically disadvantaged areas are still less likely to enter a university, though their application numbers are also increasing at a similar rate. As a result, a diverse landscape of higher education emerges, with some European countries featuring universal access while others take a service-based approach, pricing their degrees like a marketable good.

Education as investment entails the promise of good job opportunities – a return on investment – in the future. Indeed, efficiency seems to improve with more market-oriented higher education. For instance, research shows that study programmes with a positive, meaning more “hands on“, content such as engineering lead to better employability in the labour market, while social sciences and humanities offer weaker prospects of finding adequate jobs and graduates often work in unrelated fields with low skill requirements<sup>4</sup>. In countries like the UK, these subjects have costs similar to those with more “positive“ content. Hierarchisation is in some countries between certain fields of study in others between certain universities, entailing different outcomes for students of social science and humanities.

Taking a step back, however, education does not only mean teaching “hands on” knowledge, but it entails social and cultural components also – it is a “means for social development, democratic empowerment and advancing of the general well-being and economic development of societies. It ensures the accumulation and sharing of knowledge and cultural capital”<sup>5</sup>. The reproduction of morality, meaning the stability of moral norms and standards, and common ideologies as well as ideas of how to interact are also among the useful and relevant fields. In a more and more commodified educational landscape, some of these values could go missing. While taught “hands on” skills may be applicable easily and directly at the workplace today, they might not give young people the amount of social capital and long-term usage necessary for long-term benefits. They also might outdate quickly. From this perspective, the idea of university education cannot simply centre on instructions for the workplace, but pursues empowerment through understanding.

Some scholars see this development as rather fatal. For instance, Alexander Karpov fears a great falsehood in the institution of education as a “supermarket” and students as its customers “when education and science are declared to be nothing other than a sector of the economy, not only is there a danger, but they will lose their identity”<sup>6</sup>. Additionally, if education is commodified and works on a customer-marketplace basis, learning tends to emphasise exam preparation and grading, entailing a market failure<sup>7</sup>. Others fear an erosion of social cohesion through the missing so-

cial and cultural norms taught or reproduced in universities<sup>8</sup>. Hence, the idea of education is at risk, since the market cannot simply create the value that we expect. This might lead to, what Polanyi calls, “social and cultural devastation”.

On the other hand, some scholars such as Nicholas Barr argue rather in favour of a commodification of higher education by emphasising that free tertiary education fails to widen participation and uses taxpayer money to generously finance “an activity of the better off”<sup>9</sup>. Others stretch the positive effects of marketisation like the applicability of studies at the workplace and cooperation with relevant employment sectors. Free education systems sometimes work with (perceived) meritocratic structures, meaning screening students on their (perceived) merit by e.g. grading, which can lead to an unwanted amount of elitism and unfair screening methods. Especially knowledge economies do not need elitist education systems that deliver social capital and high earnings only for a selected few, but mass tertiary education. Too much meritocracy can lead to an underconsumption of education. Overall, some of the changes made have practical and overdue reasonings, changing higher education and making it more egalitarian and suitable for today’s world. Others, however, risk the essence of university education and can create social and cultural risks for individuals and society as a whole.

## EQUAL OPPORTUNITY?

The European Union - through the Bologna process - has played an important role in the standardisation and advancing of the comparability of European university degrees and studies by promoting the ECTS system and the Bachelor/Master structure. Through the Erasmus programme, the EU has been involved in giving about five million students the opportunity to study and live abroad. As part of the current work programme, plans for a 2025 European education area are being drawn up, aiming to create “a continent where spending time in another Member State – to study, to learn or to work – has become the standard”. Hence, European integration has clearly opened significant opportunities for university students’ cross-cultural exchange, gradually improving its efficiency.

Despite the widely perceived success, a critical eye spots shortcomings. As in other fields, reform of this sector came through the backdoor<sup>10</sup>. A supranational approach to university education is not problematic per se, but the direction of change it promoted in this case has to be considered critically, having fostered marketisation through international adaptation. The EU should not function as a simple standardisation and marketisation agent, but as an institution committed to keeping the essence of university education. One of the biggest issues with higher education is the social injustice it can entail. The merit-based approach to access constantly reproduces - in some countries more than in others - the current social structures. A non-universal higher education system produces and reproduces social hierarchies, which in some instances can hinder social mobility and increase inequalities. The more exclusive universities become, the more that leads to inequalities. Any public policy entity should be concerned

about this issue for it has negative implications for social cohesion and long-term economic growth. The understanding of education as a public good and a public responsibility is somewhat of a condition for equal access to education. Commodification and pricing has not made unequal access and inequalities worse, however it also didn’t help it. It needs to be a priority of member states and the EU to break up structures hindering equal access through a price tag for universities. Just access to tertiary education should be one of the priorities.

## VALUE BEYOND THE MARKET



Standardisation of higher education might have opened vast opportunities, but can also entail distributive gaps with implications for equitable access to universities. The argument for a price tag on higher education may have fitted to times of low participation, where students were mostly coming from more privileged backgrounds and earnings were higher and more secure. Today, some of these arguments don’t work anymore. A price of study can only be justifiable if it has a positive effect on participation among all parts of the youth population and if employment prospects are decent. Pricing education is not per se a problem. If the price is low, it will not lead to less participation, high student debt or marketisation. If prices however rise to US standards, there is a potential danger.

I think the idea, as Karpov says the “identity”, of a university needs to be protected. University can of course be a place for acquiring marketable skills as long as this does not crowd out education’s cultural and social value. Teaching e.g. skills that are applicable now leaves the individual empty handed in the future when this knowledge is outdated. There should not be a university that doesn’t teach Foucault, Marx and Hegel. Knowledge alone can entail so many repressive features, a way of power to work, through normalization, discipline and ideology. Understanding and broadening one’s horizon on the other hand has positive features for any democratic society. The essence of higher education, any education really, is not simply to be filled with instructions, but to gain from understanding. As the great Daniel Boorstin said: “The greatest enemy of knowledge is not ignorance, it is the illusion of knowledge”.

## References

- <sup>1</sup> Polanyi, K. (1944). *The Great Transformation: The Political and Economic Origins of Our Time*. New York: Farrar & Rinehart/Boston, MA: Beacon Press.
- <sup>2</sup> Schwartzman, R. (2013). Consequences of commodifying education. *Academic Exchange Quarterly*, 17(3), 41-46.
- <sup>3</sup> Monteiro, B. (2014, March 30). On Globalization of Education. Retrieved from <https://www.youtube.com/watch?v=u1dB6Fy3Am4>
- <sup>4</sup> Støren, L.A., & Aamodt, P.O. (2010). The Quality of Higher Education and Employability of Graduates. *Quality in Higher Education*, 16(3), 297-313.
- <sup>5</sup> ESU (2005). *Commodification of Education* (Policy Paper). From <https://www.esu-online.org/?policy=2005-policy-paper-commodification-of-education>
- <sup>6</sup> Karpov, A. (2013). The Commodification of Education. *Russian Education & Society*, 55(5), 75-90.
- <sup>7</sup> Acemoglu, D., Kremer, M., & Mian, A. (2008). Incentives in Markets, Firms, and Governments. *Journal of Law, Economics, and Organization*, 24(2), 273 - 306.
- <sup>8</sup> Sandel, M. (2014). The Commodification of Society. From <https://larspsyll.wordpress.com/2014/01/10/michel-sandel-on-the-commodification-of-society/>
- <sup>9</sup> Barr, N. (2012). *Economics of the Welfare State*. Oxford: OUP.
- <sup>10</sup> Martens, K., Knodel, P., & Windzio, M. (2014). *Internationalization of Education Policy: A New Constellation of Statehood in Education?* Basingstoke, UK: Palgrave Macmillan.