

## EDUCATION AS A PUBLIC GOOD

**Анотація.** У статті наведено основні визначення та розподіл суспільних благ. Це вказує на переваги індуктивних ефектів освіти на суспільство і обґрунтовує ставлення до освіти як до суспільного блага. У той же час, виявляється необхідність вжиття заходів щодо поліпшення економізації освіти. Основна мета цих заходів має стати підвищення ефективності використання бюджетних коштів, виділених на освітню діяльність.

**Ключові слова:** суспільне благо, освіта, економізації освіти.

**Summary.** The paper presents the main definitions and the distribution of public goods. It points to benefits of inductive effects of education on society and justifies the treatment of education as a public good. At the same time, the need for measures to improve the economization of education is highlighted. The main objective of these measures should be to improve the efficiency of budgetary funds allocated to educational activities.

**Key words:** public good, education, economization of education.

**Introduction.** The increased prevalence of private entities in the educational system and attributing educational results directly to an individual might suggest that education is a private good financed with public funds. As numerous studies indicate, the level of education translates into the ability to quickly get a job (a very important factor in the times of high unemployment) and to obtain a higher salary. This also may indicate the private nature of education. However, does the usability of education come down exclusively to the aforementioned statements?

The purpose of this article is to answer the following questions: Can education be seen as a public good in the face of the above observation? What characteristics qualify education to the group of public goods? The method of reference literature analysis is applied to answer the questions that constitute the aim of this publication.

**The concept of a public good.** According to the classic definition, public goods are characterized by non-rivalrous consumption, which means that the marginal cost is zero. Another characteristic of public goods is their non-excludability from consumption [9, pp. 197–219; 10, p. 1; 24, p. 150]. The abovementioned two characteristics define pure public goods. These characteristics also cause that the private sector is not interested in the production of public goods. Public goods are regarded as an important market defect which should be corrected by a state. The theory describing public goods is defined as welfare economics [7, p. 87].

There is also a group of public goods identified as social goods. They have the characteristics of private goods, but are available to every citizen, mostly because of a state social policy, and they are financed from a state budget (including a local government budget). These goods are also referred to as merit goods [20, pp. 32–33].

The classification proposed by Kleer [11, p. 139] divides public goods into: pure public goods, univer-

sal mixed goods, local goods and global public goods. The concept of pure public goods is discussed above. Universal mixed goods should be understood as goods which have one of the characteristics of pure public goods. Universal mixed public goods can be understood as an intermediate state between pure public goods and private goods.

Literature mentions national (local) and global public goods. They can be considered in development-oriented and social terms in the context of both the so-called pure goods and mixed goods. Development-oriented public goods include property protection, sustainable and stable institutional and legal order, the scope of economic freedom, investment in research and development, infrastructure and education. Social public goods include health care, social assistance, environmental protection, protection of the labour market, etc. [14, p. 34].

European public goods are an example of global goods. They are defined as goods which are not delivered in a sufficient quantity at the national level and so need to be provided at the supranational (European) level. It should also be noted that European public goods provide externalities to all EU citizens. It follows that interventions from the EU budget will be justified only in case of transnational externalities, also called spill-over effects [26, p. 101]. Security is one example of a public good that can be considered both in national and European terms, which is highlighted by Mierzejewski [18], and Kryza and Mierzejewski [15].

It is sometimes claimed that public goods, mainly due to the way of funding, should be identified through surveys. Thus, in this approach, public goods are classified in a discretionary, rather than definitional manner. Also, specific goods can be classified as public goods in a discretionary manner by the relevant bodies of the European Union [6]. A common criterion for classifying goods as public goods is meeting collective needs, financed from budgetary

resources which are not delivered effectively by the market mechanism (private sector) [19, p. 55]. State intervention, which is key to qualifying public goods in a broad sense, is justified in two cases: market failure or to ensure social justice. The presented statements suggest that in countries with characteristics of welfare states, a greater part of goods can be considered public goods. This is naturally associated with a greater redistribution of funds from the budget for the purpose of financing goods recognized by politicians as public goods. The politics of financing European public goods also includes education [17]. The main support goes to programmes which disseminate good practices, help EU citizens to study, undergo traineeships, apprenticeships and volunteering abroad.

The economic theory of the public sector is directly based on the assumption that public goods meet some important social needs. Many goods produced by the public sector, defined as public goods, are not included in the definition of public goods [7, p. 89].

Economics also distinguishes public goods based on the criterion of payment. According to this classification, public goods include goods financed by a state budget, local government budget or public funds. This leads to collective consumption, and from the point of view of a consumer of such public goods, they are supplied free of charge or for a partial payment. The second criterion of the classification includes public goods defined by the criterion of utility. This type of goods covers goods defined by the most classic definition of a public good.

The criterion for classifying goods as public goods from the point of view of the criterion of state budget funding (but also local government budget funding) is also advocated by Balcerowicz [1, p. 8]. At the same time, he points to the need to limit the funding of public goods, which very often have characteristics of private goods, yet are classified as public goods as a result of state intervention.

**Is education a public good?** When considering education from the perspective of the classic definition of a public good, it can be noticed that, in the context of the functioning of the educational sphere, the marginal cost of consumption for each consecutive person cannot be said to be zero. Indeed, if we notice that the size of a school branch is determined by school provisions (not unlimited), we can say that only in a few cases aimed to achieve the set limit, expenditures on the consumption of education by another person can be considered as zero.

As for the second condition, it is naturally possible to exclude education as a good from consumption, but assuming that we live in a law-abiding country which respects the principle of equality before the law (Article 32 of the Polish Constitution of 2 April 1997), and also bearing in mind that education is made compulsory by the state, every citizen has the duty (not only the right) to consume publicly provided education. It is one of the

fundamental rights set out in Art. 70 of the Polish Constitution of 2 April 1997. The formulation thus classifies education as a social good, because it is for every citizen and is financed from the state budget (in a sense, it also has the characteristics of a private good).

Education can be classified as a public good as it satisfies important social needs. Siwińska [23, p. 126] lists the knowledge of society as a good with the characteristics of a public good. The resource may be considered in a broader context as a component of the human capital of a society.

A state has a monopoly on education. This is due to the method of financing education (even if schools charge tuition fees from pupils or students, they also benefit from state subsidies). In addition, through the legal system, a state strongly regulates the behaviour of both public and private providers of educational services. Thus, a state in a broad sense can influence the content communicated in the teaching process and can decide on educational activities directly affecting the development of students' personal characteristics.

Education undoubtedly contributes to the creation of social capital which is treated as a public (quasi-public) good. Kleer [13, pp. 275–277] classifies education as one of universal mixed goods. According to the definition given by Kleer [11, p. 147], universal mixed goods include such goods which due to social functions must be supervised by a state and partly or fully funded.

Today, it is difficult to show a state where the education of children and youth is not treated as a public task (and is therefore a public good in a broad sense) [29, p. 15]. With respect to education, a public good in a broad sense thus includes free and compulsory education, while in the case of private schools — education subsidized by the state budget.

It follows that education cannot be classified as a pure public good, but taking into account the classification based on the financing system, it certainly meets all the criteria for public goods. The impact of education on the development of the social capital of citizens can also be regarded as an important factor qualifying education as a public good.

**Benefits of education as a public good.** Schools are regarded as institutions which have their mission of education through teaching young people in society attitudes of solidarity, selflessness and the willingness to share their intellectual capital with others. This mission should be understood as a public good [27, p. 84]. This requires that teachers approach their work as an important social mission, and in addition the effects of activities taken in this area are very difficult to measure, it can be even assumed, with some error, that they are immeasurable.

Teaching and upbringing are the most common areas of education. Each of these areas is of great importance both for society and for an individual. However, observing modern trends in education, it is not difficult to see that education itself is seen more as a

rivalrous good. In view of this reservation, it should be assumed that education in a broad sense is a very important public good [16].

Education also plays an important role in economic development through the creation of human capital, because knowledge is a prerequisite for the mobilization and absorption of economic growth factors. In some models of economic growth, human capital is considered even as an independent factor of production [22, pp. 71–101].

Two groups of objectives can be distinguished in educational processes: social and individual (private). From the point of view of public goods, the social objective seems to be more important, because it helps to ensure optimal conditions for social development by preparing young people to meet social tasks in the future [2, pp. 1–40; 21, pp. 15–17; 3, pp. 966–970].

An important external element of education involves innovation activities taken by a well-educated society, and in the absence of such activities, a better-educated society is more likely to absorb innovations from other societies. The positive externalities of education may include high hygiene standards, care for the physical condition and health, social interaction, active citizenship or the effect of the spread of knowledge [25, pp. 39–60; 3, pp. 115–124]. Despite the fact that these properties are hardly measurable, still they can be observed in societies.

An effective state can be considered as one of the most important public goods [24, pp. 176–177]. As education is indisputably qualified as a public good, it is reasonable to evaluate the effectiveness of budgetary expenditure in this area. Certainly, the concept of economization should be used in the analysis of education as a public good. It is understood as an action which specifies preferences, a rational choice and the allocation of available resources in order to achieve objectives to the maximum possible extent, i. e. measures leading to maximization [23, p. 10]. As there are problems in defining performance indicators for education, it is appropriate to use measures of economization. A significant investment in education, representing approximately 4 % of GDP [CSO 2013], encourages a careful analysis of expenditures on education as a public good. Achieving a higher quality of human capital should in fact translate both into economic growth and higher externalities. Both of these values should provide justification for treating education as a public good. Commissioning independent, both private and budget entities to perform educational tasks is worthy of consideration. While the issue of independence is indisputable in the case of private entities, it turns out to be a serious problem in the case of schools funded from the state budget. If the aforementioned economization is to bring benefits in terms of a more effective allocation of budget funds, it is necessary to develop a whole range of objective measures of school work,

involving not only the criteria which take into account the effects of teaching, but also those which consider (evaluate) the social capital of the school. Developing objective measures of school work would make the allocation of funds depend on the achieved educational outcomes. The implementation of such solutions would require: designation of non-state agencies monitoring school work, complete financial independence of all schools, and allocation of funds on the basis of obtained results. The implementation of such principles should contribute to a more rational educational activity of a state through a more efficient allocation of budgetary resources.

**Conclusion.** This paper presents only a small part of the externalities of education, while the catalogue of these effects is certainly much broader. Recently, numerous measures for assessing the effectiveness of education have been gaining in popularity. An educational added value is one of such measures, widely discussed by circles associated with educational measurement [5, p. 9]. It should be noted, however, that measures are usually used to define the effectiveness of the teaching process which, within the meaning presented in this article, leads to the formation of a private rather than public good. All activities within the sphere of education should be definitely included in public goods distinctive of education.

A complete resignation from funding education from budgetary resources could lead to a complete distortion of the educational sphere and, as highlighted in this article, this is one of the main arguments in favour of treating education as a public good. Any action leading to the economization of education is certainly desirable, but cannot constitute the sole background for the assessment of activities taken by educational entities.

Should education be treated as a public good? Surely, the answer should be positive. This is required to ensure teaching standards, provide education to all social groups and thus prevent social stratification. In addition, a skillful allocation of budgetary resources should result in the maximum possible creation of human and social capital.

An analysis of the European Union budget shows that education can also be regarded as a transnational (global) good. Each Member State of the European Union alone is responsible for its education policy, yet the competitiveness of the union can be ensured through support from the European Union budget regarding mobility between education systems of the Member States, leading to the development of European (transnational) ties.

Treating education as a public good allows for a strategic perspective on the benefits of education. On the one hand, this leads to the personal development of individuals and, on the other hand, provides global benefits for whole societies under the inductive effects of education.

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