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The economics and politics of cost sharing in higher education: comparative perspectives☆

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Abstract

Cost-sharing, or the shift in at least part of the higher educational cost burden from governments (or taxpayers) to parents and students, is a worldwide trend manifested in the introduction of (or in sharp increases in) tuition fees, user charges for lodging and food, and in the diminution of student grants. The phenomenon is seen even in Europe, which still remains the last bastion of generally "free" higher education, as well as in countries that were once Marxist and that are finding loopholes to retain the legal semblance of free higher education while becoming increasingly dependent on tuition revenue for the financial survival of their institutions. This paper examines the rationales for cost-sharing as well as the continuing ideological, political, and technical opposition to it, even in the face of extreme austerity and the virtual inevitability of higher educational revenue diversification, including some forms of cost-sharing, in most countries.

JEL classification: I. Health; Education; Welfare

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1. Introduction

Higher education at the beginning of the 21st century has never been in greater demand, both from individual students and their families, for the occupational and social status it is presumed to convey, and from governments, for the public benefits it is presumed to bring to the social, cultural, and economic well being of countries. However, higher education is also costly, especially when its high unit, or per-student, costs are magnified by dramatically increased enrollment pressures. Governments are also besieged with other pressing public needs, many of which seem more politically compelling than the claims of higher education and which, together with higher education, greatly exceed, in almost all countries, the available scarce public revenues.

The result is an increasing sense of austerity within the higher educational systems of most countries and a heightened appreciation of the importance of other-than-governmental revenue. In addition, higher education in many countries is under attack for its alleged lack of accountability, or seeming non-responsiveness, whether to the student, the ministry, or business and industry.

From these inter-related problems and perceptions comes the concept of *cost sharing*. As articulated in its international comparative perspective by Johnstone (1986, 1991, 1992, 2002, 2003) *cost-sharing* refers to a shift of the higher educational cost burden from exclusive or near exclusive reliance on government, or tax-

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payers, to some financial reliance upon parents and/or students, either in the form of tuition fees or of “user charges” to cover the costs of formerly governmentally- or institutionally-provided room and board. This article is about the worldwide trend toward greater cost-sharing: its principal forms, its economic and policy rationales, some examples in illustration, and some thoughts about the politics of cost-sharing, or why a trend so seemingly ascendant, rational, and even necessary is still so controversial. The article concludes with a discussion of three particularly thorny issues with which policy makers worldwide are contending.

1.1. Cost-sharing in higher education

The term *cost-sharing,* in reference to higher education, begins with an assumption that the costs of higher education in all countries and in all situations can be viewed as being borne by four principal parties: (1) the government, or taxpayers; (2) parents; (3) students; and/or (4) individual or institutional donors.[1]

1.2. The government

Most economists in market-oriented economies prefer to view the source of public revenue not as “government”, but as *people who pay taxes*. Taxes can be paid by most citizens *directly and visibly,* as in taxes upon earnings, property, retail sales, general consumption, or special goods such as gasoline, cigarettes, alcoholic beverages, airline travel, or imported goods. Or, taxes can be paid *indirectly and largely invisibly*. Such indirect taxes, largely invisible to the average citizen, may originate with taxes on businesses or enterprises that are passed on to consumers in the form of higher prices on the products they eventually buy—not unlike any other kind of retail sales, or special excise, taxes. If prices are governmentally controlled, as used to be the case in most Socialist systems, and if the enterprises are therefore unable to pass along their taxes in the form of higher prices, these enterprise, or *value added*, taxes must instead be borne by employees in the form of lower wages and salaries. Finally, the government may take purchasing power from citizens not by taxation at all, but by merely printing money, thus shifting purchasing power to the government via deficit-driven inflation and the resulting erosion of the actual value of wages and assets. (Governments may attempt to tax only the rich, or only the large multinational corporations, or only their export-earning extractive industries. But such taxation is very difficult, and in the absence of enormous oil or other mineral earnings to confiscate and/or tax, most governmental expenditures are borne, in the end, by the average citizen / taxpayer.)

1.3. Parents

The second party to cost-sharing is the parents, who may pay some of the costs of higher education through payment of tuition, or bear some of the costs of student living, sometimes by keeping the student at home. Parents can cover these extra costs from their current income, or in part from past savings, or even in part through borrowing—that is, drawing on future earnings. Grandparents or other members of an extended family, or even members of a village or a church, can also be “parents” when it comes to supporting a student.

1.4. Students

The third party to share the burden of higher educational costs is the student, who can bear some of the costs through term-time or summer vacation earnings, or through loans. The loans, in turn, can be paid back when the student has graduated and is employed, like any regular loan, in monthly installments, or repaid through deductions that the employer removes from the graduate’s pay (like the withholding of income taxes, or contributions to an insurance or pension fund) and forwards to the lender. Repayments can also be *income contingent*, or limited to a certain percentage of earnings. Or in very similar fashion, the graduate can repay the loan (assuming the loan was borrowed from, and therefore owed to, the government) through an income surtax, or additional tax on income until the loan has been repaid, including the contracted percentage interest. In all cases—conventional equal installment, installments graduated over time, or income contingent—what is most critical to the student (or at least ought to be in an informed and rational world) is not the form of the loan or of the repayment obligation, but (1) the discounted present value of the total anticipated payments and (2) the number of years to repay—which, in association with #1 defines the monthly repayment burden.

1.5. Individual or institutional donors

The last party to cost-sharing is the donor, whose contributions may go either toward improving the quality of the university (and thus presumably the educational experience), toward the overall institutional budget (thus reducing the amount that must be passed on to parents and students directly), or toward *some* students, in the form of grants or scholarships, presumably in substantial

[1] Although enterprises or businesses may also provide revenue, such contributions are either highly restricted, corresponding more to the purchase of a special service, or in the form of general support (and at all substantial) can be viewed as adding to the cost of the product and therefore ultimately borne by the consumer—not unlike a general tax upon the business.

measure based on the students' *financial need*, or the students' and/or their parents' low income. These donors may be long since deceased but whose substantial past gifts to the university have been preserved as endowments (as is common in the US), with only the income earned spent for scholarships or for the current operating budget to reduce the need for other sources of revenue. These donations, in effect, go on in perpetuity. Or, donors may be individuals or foundations giving currently, thus lowering the higher educational costs that would otherwise have to be borne by one or more of the other parties in our cost-sharing paradigm. The university itself may seem to be a donor as it grants special need-based scholarships to able students from poor families. But the actual donors in such instances are more likely to be the parents of wealthier students, who may be paying more than they would otherwise be required to meet the institution's real average instructional costs, but who may perceive the university's ability to give some need-based scholarships as essential to enhancing the quality and prestige of the institution—and thus as a legitimate institutional expense.

2. Forms of cost-sharing

The term *cost-sharing* as it has come to be used in higher educational finance, and as used in this paper, refers to the shift of at least some of the higher educational cost burden from government, or taxpayers, to parents and students. *Cost-sharing* is most associated with tuition and with fees or "user charges", especially on governmentally- or institutionally-provided room and board. However, a policy shift in the direction of greater cost-sharing can take one or more of seven main forms:

1. The beginning of tuition (where higher education was formerly free). This would be the case in China in 1997, for example, or Britain in 1998, or as most recently announced (in November 2000 to begin in 2001) in Austria.
2. The addition of a special tuition-paying track while maintaining free higher education for the regularly admitted, state supported students. Such a *dual tuition fee track* preserves the political appearance of free higher education, which is particularly important (and frequently enshrined in a constitution or a framework law) in formerly Marxist countries such as Russia, most of East and Central Europe, and other countries that were once part of the former Soviet Union.[2]
3. The very sharp rise in tuition (where public sector tuition already exists). A shift in the direction of greater cost-sharing requires that the rise in tuition be greater than the rise in institutional costs generally in order for the government's, or taxpayer's, share to be lessened, and the parent's and/or student's shares to rise commensurately. This has been the case recently in the US, where many state governments have failed to maintain their former "shares" of public university expenses and where public university tuitions have thus had to increase very rapidly to "fill in" the gaps left by the withdrawal of state government funding.
4. The imposition of "user charges", or fees, to recover the expenses of institutionally provided and formerly heavily subsidized residence and dining halls. This has been happening in China and in most countries, including African countries where subsidized living costs were said by the World Bank (1994) to absorb the bulk of many country's higher educational budgets. In the Nordic countries of Sweden, Norway, Finland, and Denmark, for example, where higher education remains "free", the expenses of higher education are exclusively the costs of student living, which are very high in those countries, and which are "shared" neither by the taxpayer nor (at least officially) by the parents. They are thus borne entirely by the students, largely in the form of student loans (which are indirectly shared somewhat by the taxpayer in the form of repayment subsidies).
5. The diminution of student grants or scholarships. This is sometimes accomplished simply by "freezing" grant or loan levels, or holding them constant in the face of general inflation, which then erodes their real value. This happened to the once very generous grants in Britain (which were later abandoned altogether), and has happened to the value of the maintenance grants in Russia and most of the rest of the former Soviet republics, and in Eastern and Central Europe.
6. An increase in the effective cost recovery on student loans. This can be accomplished through a diminution of the subsidies on student loans (similar to the diminution in the value of non-repayable grants), and might be accomplished through an increase in interest rates, or a reduction in the length of time that interest is not charged, or through a reduction in the numbers of loans for which the repayments, for any number of reasons, are forgiven. Or the effective cost recovery might be accomplished through a tightening of collections, or a reduction in the instances of default, with no change in the effective rates of interest paid by those who were repaying anyway.
7. The limitation of capacity in the low or tuition free public sector together with the official encouragement (and frequently a public subsidization) of a tuition-dependent private higher education sector. A number of countries—notably Japan, Korea, the Philippines, Indonesia, Brazil, and other countries in Latin America and East Asia—have avoided much governmental

[2] Interestingly, China, which began with a dual track tuition fee, changed to a universal tuition fee in 1997.

expenditure on higher education by keeping a limited public sector—usually elite and selective—and shifting much of the costs of expanded participation to parents and students through encouraging private (often profit-making) higher educational institutions.

3. Examples of cost-sharing and its worldwide growth

As seen above, cost-sharing takes on many different forms. But in whatever form or forms, cost-sharing is generally increasing throughout the world at the start of the 21st century—as in:

1. The US, where the costs of higher education—high and rapidly rising over time to begin with—have been rising even faster in the share that is borne by parents and students as the share traditionally borne by governments, or taxpayers, has been diminishing. Public sector tuitions and fees as reported by the College Board (2002) and as analyzed for their appropriateness by Johnstone (2001) vary widely (mainly by state and type of institution rather than by degree program), but range for undergraduates from a low of around $2000 to a high of $5000 and more (and at least double that amount for students from another state). Total expenses to students range from a low of about $5000 for students at community colleges living with their parents, to highs ranging from $35,000 to $40,000 a year living in residence or independently at a prestigious private college or university. The US, however, has extensive programs, both at the state and federal levels of government, and from the colleges and universities themselves, of "need-based", or "means-tested" grants and minimally subsidized loans, such that all students can afford at least the public college or university, and the most able students, regardless of the income of their family, can be assured of sufficient financial assistance to attend the most expensive institution, albeit with extensive loans and part-time employment.
2. The UK in 1997 became the first European country to impose more than a nominal tuition fee—although it is still low by US public college and university standards. The tuition fee in England and Wales is more than $1500 and can be covered by need-based grants and loans, to be repaid as a portion of their earnings, or "income contingently". The Government, in the form of a white paper that is "on the table" in the year 2003, is proposing to replace this "up front" tuition fee with a tuition fee that would be deferred for all students and repaid after graduation at a rate of interest equivalent to the increase on the general cost of living (i.e. a zero *real* rate of interest). This would make England and Wales much closer to the cost-sharing arrangement in *Scotland*, which was allowed in 2001 to replace its "up front" tuition fee (paid for by parents, albeit means-tested) with a mandatory income contingent loan (paid for by students), called a "contribution" to the Scottish University Endowment Fund.
3. Australia, inaugurated the Higher Education Contribution Scheme (HECS) in 1989, officially described as a "… fair and equitable way of ensuring that students contribute to the cost of their higher education". The tuition in 2001 was about $2600 (US) for undergraduate arts and sciences, but could be borrowed and repaid as an income contingent loan at a rate of interest—like that proposed for the UK—that would mirror the prevailing Australian rate of inflation.
4. In much of Latin America, as well as much of East Asia, cost-sharing and revenue diversification generally have taken the form of increasing reliance on a tuition and fee-dependent private higher education sector (where the public universities continue to feature either no, or very low, tuition). This leads to the anomaly of students from upper and upper-middle income families, frequently benefiting from vastly superior (and often private) secondary education, and thus able to pass the rigorous public university entrance examinations, attending "free", while "ordinary" students, and students from middle and lower-middle income and rural families are either excluded altogether, or are forced to pay for tuition-dependent and frequently inferior higher education. This questionable equity continues to put pressure on government to find a way to shift some of the higher education cost burden on to families and students in the public sector.
5. Russia, where higher education by law must be without cost to the student, in the early years of the 21st century is securing up to 50 percent of all university revenue from tuition through the dual track tuition, described above. This was also a "legal loophole" used by the Chinese prior to 1997 before they dropped the *dual track* tuition fee in favor of a unitary tuition policy out of a concern for the awkwardness and the potential for abuse in a system that made such a momentous distinction between students all of whom were deemed able to enter and complete a higher education.
6. India, where tuition-supported private higher education is growing and where the several official commissions have reported and recommended the inauguration of some limited cost-sharing, still cannot (as of 2003) openly embrace even the concept, much less the actual implementation of an official policy of tuition fees.
7. China, also still officially a Socialist country, in which higher education was once assumed to be just

another part of the vast public sector, like health care or retirement pensions, the costs of which were supposed to be born by the government, charges tuition to nearly all students in the neighborhood of 3500–5000 Yuan (US$400–600). New forms of student loans and means-tested grants in 2003 are only being developed, as reported by Shen and Li (2003).

What these and countless other illustrations show is that governments throughout the world are embracing—however tentatively and frequently with euphemisms and political "spin"—some version of cost sharing in the form of tuition, user fees, and official encouragement of a tuition-dependent private higher education sector.

4. The rational[s] for cost-sharing

The rationale in favor of some cost-sharing may take several forms. To some, a shift of some of the cost burden to those parents who can afford to pay—and providing there are means-tested grants for those who are unable to contribute—is a step in the direction of greater equity. This is the classic argument of the market-oriented neo-liberal economist who views the flourishing growth of private, tuition-dependent higher education worldwide as a clear signal that both parents and students perceive great private value in higher education and therefore ought to be expected to contribute something toward its costs, and who views cost-sharing in the public sector as a step in the direction of greater efficiency, responsiveness, and equity. This argument is most compelling when the following four factors are present: (1) higher education is still partaken of by relatively few; (2) those "relative few" are predominantly from upper middle or upper classes; (3) the taxes that the government uses in support of the so-called "free" higher education come from relatively proportional or even regressive taxes on sales or businesses, or from the printing of money (which also falls heavily on the middle and lower classes through the resulting inflation and loss of purchasing power of the currency); and (4) the provision of "need-based", or "means-tested" grants and generally-available loans is limited. (Conversely, where participation is high and generally unconnected to the income or status of the parents, and/or where the taxes are relatively progressive—that is, falling more heavily on the more affluent—and where there exist both means tested grants and generally available loans, the so-called *equity argument* for cost-sharing is not as strong).

In addition, and still following a generally neo-liberal economic orientation, cost-sharing can be supported by the presumption of the greater efficiency and responsiveness of markets, at least where there is both *competition*, and *costs to be borne by the consumer*. Clearly, there can be too much "consumer responsiveness" in higher education, as in other fields, where the "consumer" (whether the student or the parents) may not be able to judge the value of what is being offered, or may be especially vulnerable to misleading advertising, or to what can only be called "consumer fraud". But increasingly (and worldwide), the classical university, especially where government has given it a monopoly on high-prestige higher education, and where there is little incentive to become more responsive either to the needs of students and parents or to the needs of the larger society and economy, is being perceived as both *unchanging* and *self-serving*. Universities and other institutions of higher education, whether public or private, having to compete for students and to pay consequences for inefficiency and/or unresponsiveness, are thought by this viewpoint to be more likely to provide a good education, at times and in ways desired by the student, rather than to operate mainly for the benefit of government or the convenience of faculty.

Furthermore, where students and their families are paying little or nothing either in tuition or for food or lodging (as was the case for many years in the Soviet Union, China, much of Africa, and most of the rest of the so-called "Communist World"), the students may be too tempted to remain in that status for a very long time, denying the society and the economy the advantage of their potential productivity and presumed enhanced usefulness, whether to themselves or to the state. However, with a little cost sharing—i.e. when both parents and students are paying something and sacrificing other needs—there is at least presumed to be a much greater incentive on the part of the student to study hard and to graduate "on time".

However, the most compelling—or at least the least ideologically contestable—case for cost-sharing is simply the sheer need for additional higher educational revenue in the face of two perhaps unfortunate, but virtually uncontestable, facts. The first is the dramatic increase in most countries in both the public and private demand for higher education, recognized as a major engine of national economic growth and provider of individual opportunity and prosperity. In many countries, this demand pressure is a function of the sheer demographic increase in the traditional college-age cohort, compounded by the increasing secondary school completion rates, which in turn increases the number of those wanting to go on to higher education, further compounded by an expansion of what may be considered a college-going age cohort to include adults formerly by-passed by the system. This demand pressure is especially felt in low income countries that are still trying to change from "elite" to "mass" tertiary-level participation, at the same time as they are trying to become more economically competitive in an increasingly global economy. But the increase in demand for higher education can also found in countries already at mass or even near-universal participation rates as the average student "consumes" ever increasing amounts of higher or (at least postsecondary) education over his or her lifetime.

Even without this increased enrollment pressure, however, institutions delivering higher education (especially in most developing or low-income countries and in those countries in transition from command to market-driven economies) are already almost certainly suffering from a severe and worsening austerity. Part of this austerity stems from the fact that per-student costs in higher education tend to rise faster than unit costs in the general economy due to the traditional resistance on the part of the academy (institutions and faculty alike) to measures that would increase productivity by substituting capital for labor or by shedding existing, but lower priority, programs and their associated labor costs. But most of the austerity facing higher education in much of the world—again, especially in the developing and the so-called transitional countries—stems from two other conditions. The first is the nearly intractable shortage of available public (taxpayer-based) revenue: a function of the enormous difficulty in most countries of all forms of taxation, particularly where the traditional sources of tax revenues tend to be uncertain, unknown, or able to be hidden or held outside of the country.[3] The second is the growing competition from other, oftentimes more politically compelling, public needs such as elementary and secondary education, public health, housing, public infrastructure, welfare and the social and economic "safety net", and internal and external security.

5. The politics of cost-sharing

In spite of the increase throughout most of the world in the extent of cost-sharing, the concept remains in most countries politically contested. Some of the opposition is undoubtedly self-serving: that is, based on the natural and expected opposition to a policy that would impose a fee where none had been imposed before, or that would charge tuition to those (whether students or their parents) who have come to expect that expensive higher education is their entitlement. But more fundamental and serious resistance to cost-sharing can be conceptualized in three distinct, although interrelated, forms: (a) technical, (b) strategic, and (c) ideological.

The *technical* opposition to, or argument against, cost-sharing is not that it *should not work,* but that it most often *does not*, and probably *cannot* work—at least not in the less-industrialized countries. For cost-sharing to work as its proponents argue it can and should—that is, not diminishing, and quite likely enhancing, equitable access to higher education—requires both need-based, or means-tested, grants (in order to make up for the presumably missing parental contributions from those parents too poor to contribute), as well as loans for students to borrow against their future (presumably greater) earnings. The highly industrialized countries have the technical means to accomplish these two features, including the following:

- pervasive and generally workable income tax systems with high degrees of voluntary compliance that capture most sources of taxable income and allow reasonably reliable calculation and monitoring of family *means*, or *need*;
- ways to keep track of people's movements, including a wide-ranging postal system with "skip-tracing" capabilities, and official and enforced employee identification;
- systems of withholding at the point of wage and salary payment that can facilitate student loan repayments (especially of the *income contingent* varieties); and
- effective systems of governmental guarantees, and primary and secondary private capital markets, that together are able to allow private savings to supplement public revenue (thus providing a real alternative to dependence on tax revenue).

Opponents to cost-sharing (e.g. Buchert & King, 1995; Colclough & Manor, 1991) maintain that the absence of these advanced systems make need-based grants and widely-available student loans either unworkable altogether or too costly. Proponents of cost-sharing and student loans (Tekleselassie, 2001) claim that systems to estimate "means", or "need", can still be worked out—at least with some *rough justice,* even in the absence of reliable measures of incomes and assets, with the onus of demonstrating financial need placed upon the family that is claiming it, and with clear penalties for misrepresentation. Also, proponents of student loans in developing countries e.g. Woodhall, 1988; Ziderman & Albrecht, 1995; Ziderman, 2002) claim that minimization of interest subsidies and vigorous collection efforts can improve student loan recovery rates. Improved recovery rates, in turn, increase the real discounted present value of the loan notes (even if they are only *income contingent* promises to repay a percentage of

[3] For example, taxes were relatively easy to collect in centrally controlled economies such as the former Soviet Union and Eastern Europe before the so-called collapse of Communism, where purchasing power could be siphoned off at each level of the state-owned production processes via "turnover," or other forms of value-added, taxes. The state could also control—and thus tax—all international trade. Privatization and globalization have essentially eliminated these largely invisible and easy-to-collect taxes, and the alternatives—e.g. taxes on income, retail sales, property, and the sales of luxury goods—are visible, unpopular, expensive, relatively easy to avoid, and technically (in addition to politically) difficult to collect.

future earnings, or promises to pay an income *sur*tax), even if these promises must remain on the government's books only as assets of dubious value, with no private buyers. But the fact of the matter is that demonstration of *means* or *need* is both difficult and probably unreliable in any less industrialized country. And the absence of a private capital market for student loan notes in all but a handful of countries (mainly the US) does restrict the volume of student lending to amounts that the government can provide out of taxation or deficit financing, limiting the ability of a student loan program truly to substitute for scarce public revenue.

A second type of resistance to cost-sharing may be termed *strategic*. This is an opposition based not on a presumed difficulty, or cost-*in*effectiveness, of implementation, nor on grounds of ideology, but on the assumption that the political acceptance of cost-sharing disadvantages higher education relative to competing claims on public revenue. This view acknowledges that there are always far more legitimate claims on the public treasury than any government can possibly satisfy. And it grants that some claims are equal to, and sometimes more compelling than, the claim for public revenue for higher education. But the strategic opposition to cost-sharing argues that the presumption of higher education's greater ability to supplement its public revenue needs with private revenues—including but not limited to cost-sharing—is misleading, and makes the denial of public funds to higher education "politically too easy". In the fierce competition for scarce public revenue, it places higher education at a great disadvantage relative to, say, basic education, health, welfare, or even national defense, none of which can so seemingly easily supplement public revenues with its own fees.

A similar, also essentially *strategic*, rationale for opposition to cost-sharing is that, while the concept of high tuition-high aid in theory can increase the total amount of resources available to higher education while preserving access and equity, the political fact is that politicians, faced with many claims on scarce public revenues, and given the increasingly conservative politics in many countries, may, according to Johnstone (1993) like the *high tuition* part much more than the *high aid* part of the theoretical formula. The result may be higher and higher tuitions to meet the needs of the state for revenue supplementation, but without the higher levels of assistance required to meet the needs of low income students and families. Proponents of cost-sharing argue that this may all be true, but that the greater capability of higher education (relative, say, to basic education) to supplement its public revenue with private revenue is well known and cannot be ignored or denied, and that the case for very low or no tuition is so weak (and even so seemingly self-serving) that it can actually detract from higher education's legitimate case for public revenue.

A third form of resistance to cost-sharing, and probably the most important and fundamental, is *ideological*. This opposition draws on a range of views, all of which, to varying degrees, may be labeled *critical*: of markets; of the private ownership of capital; of the international mobility of capital, production, and trade (i.e. globalization); and of the acceptance of continuing social and economic inequalities. This view, embracing many varieties of neo-Marxism and socialism, emphasizes overwhelmingly the public, or social, benefits to higher education and generally disregards, or would actually diminish, its private returns, especially in the form of the greater earnings presumed to flow from more education. Higher education, at least in the form found in most countries, and especially in its more selective or advanced forms, is viewed in substantial measure as an instrument for the intergenerational perpetuation of status and power—and especially so if it is to be rationed in part by price (i.e. tuition).

To the neo-liberal economic notion that "free" higher education is actually *in*equitable in that it tends to be paid for by all, while partaken of disproportionately by the wealthy, the critical opposition to cost-sharing counters that this inequitable situation must be solved by far more fundamental economic, political, and social restructuring, featuring not a smaller, but a much larger, public sector, and far more of the total production of goods and services both determined and distributed by the government rather than the market. Reliance on tuition, in this view, feeds upon itself, opening the door to the ever higher tuitions (or ever lower public subsidies), furthering the marketization of all of higher education, and diminishing the importance of learning that is "merely cultural" or not otherwise translatable to a better job and higher pay. Higher education, in this view, ought to be free *to* all students (and thus to all parents) and free *from* all (or at least most) market pressures.

The critical view also rejects the conventional neo-liberal economic notion that public revenue is fundamentally limited and probably becoming more so, and that the alternative to at least some additional cost-sharing is either a limitation of higher educational capacity or an increasingly shabby public higher education—in either case to the disadvantage of those least academically able and/or affluent. To the critical view, what only seems to be a fundamental limitation to state tax capacity, rather, is some combination of: (a) the lack of political will to impose taxes; (b) the lack of governmental tax-collecting efficiency and/or integrity; (c) an excess of private ownership (which makes taxation both more politically unpopular and more difficult); and (d) the acceptance and encouragement of the greater international mobility of capital and productive capacity (i.e. globalization), which in turn allows individuals and corporations to shift taxable income and assets to lower tax jurisdictions.

The politics of cost-sharing, like the politics of most everything else, is a veritable stew of differing priorities, ideologies, self-interest, trust (or the absence thereof) in government, and belief in the capacity of government to implement policy with integrity and cost-effectiveness. This is especially the case in the less industrialized countries as well as those like China that are rapidly industrializing but that still face enormous unmet public needs including the expansion of higher educational participation. In the end, the most compelling case for cost-sharing in higher education, at least as an appropriate policy direction, is the argument that governmental tax capacities are limited. The case is made even more compelling by the view, particularly in the less industrialized world, that even if tax capacities were not so limited—i.e. even if public revenues could be greatly increased—higher education is no longer (if it ever was) near the head of the queue of public needs. The demonstrably serious public underfunding of basic education, public health, sanitation, public economic infrastructure, housing, environmental preservation and restoration, and economic "safety nets" are probably both politically and substantively more compelling than higher education.

This is not to diminish the case for public revenue for higher education, whether publicly or privately "owned". Some amount and form of higher education is still fundamental to individual opportunities and the personal fulfillment of most persons, regardless of the private returns captured in higher earnings. Higher education, *publicly funded*, is still essential to most forms of basic research, to the preservation and transmission of culture, and to the strengthening of civic society. Cost-sharing cannot achieve these things.

Furthermore, cost sharing, to be compatible with access and equality, must be accompanied by policies and programs of financial assistance, other programs to compensate for unequal educational opportunities at the secondary level, and reforms in both curriculum and pedagogy. The two especially thorny problems of determining the appropriate parental contribution (and thus of measuring the remaining need) and of recovering costs from graduates in the form of loan repayments or income surtaxes must continue to receive the attention of scholars and government policy analysts alike.

In the end, cost-sharing may be better viewed as a concept and a general policy direction than a specific policy prescription or agenda. There have been many false starts and even failures, particularly in the realms of tuition policies and student loan programs. But the extraordinary need for, and general popularity of, higher education, plus the apparent limitation of public revenues and the ever more fierce competition for these scarce public revenues means that the goal of cost-sharing will continue to intrigue politicians and policy analysts, even in the face of inevitable political opposition. A deeper and more appreciative understanding of the politics of cost-sharing should help this policy agenda.

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