

# GLOBALIZATION, UNIVERSITIES AND THE KNOWLEDGE ECONOMY: CRITIQUE AND CHALLENGES FOR A KNOWLEDGEABLE SOCIETY

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## Abstract

This work introduces some remarks on ‘knowledge’ as an organizing idea for the creation of a new kind of knowledge-based economy. The role of the international agencies, in particular the Organization for Economic and Cooperative Development (OECD), the World Bank, the World Trade Organization (WTO) and the World Economic Forum (WEF), is analyzed. The particular role of the universities, as producers of ‘entrepreneurial’ labor for the economy, creators of intellectual property, being thus merely a services sector (along with health, finances etc.) within a knowledge-based economy is studied. It is argued that what is critically needed is the development of alternative ideas for the university which may challenge this narrow economic conception of the university.

*Keywords: Knowledge-based economy, OECD, World Bank, University*

## Resumen

Este trabajo introduce algunos comentarios sobre el concepto de “conocimiento” como idea organizadora para la creación de un nuevo tipo de economía basada en el conocimiento. El rol de agencias internacionales, en particular la Organización para el Desarrollo de la Cooperación y la Economía (OECD), el Banco Mundial, La Organización Mundial del Comercio (WTO) y el Foro Económico Mundial (WEF) es estudiado. Es analizado el papel particular de las universidades, como productoras de labor “empresarial” para la economía y creadoras de propiedad intelectual, siendo así simplemente un sector de servicios (juntamente con salud, finanzas, etc) dentro de una economía basada en el conocimiento. Se indica que hay la urgente necesidad de desarrollo de ideas alternativas que puedan desafiar esta estrecha visión económica de la universidad.

*Palabras Clave: Economía basada en el conocimiento, OECD, Banco Mundial, Universidad.*

## Resumo

Este trabalho introduz o conceito de “conhecimento” como ideia organizadora para a criação de um novo tipo de economia baseada no conhecimento. O rol das agências internacionais, em particular a Organização para o Desenvolvimento da Cooperação e a Economia (OECD), o Banco Mundial, a Organização Mundial de Comercio (WTO) e o Fórum Econômico Mundial (WEF) é estudado. É analisado o papel particular das universidades, como produtoras de labor “empresarial” para a economia e criadoras de propriedade intelectual, sendo assim simplesmente um setor de serviços (juntamente com a saúde, as finanças, etc) dentro de uma economia baseada no conhecimento. Indica que há a urgente necessidade de desenvolvimento de ideias alternativas que possam desafiar esta estreita visão econômica da universidade.

*Palavras-chave: Economia baseada no conhecimento, OECD, Banco Mundial, Universidade.*

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## Introduction

One of the most significant developments to have taken place over the past decade is the emergence of a powerful, globalising economic imaginary or meta-narrative: the assertion that we now live in, or should be moving toward, a knowledge-based economy. Not only is knowledge claimed to be a valuable asset but also a key driver of economic growth and development (World Bank, 2003).

Policies and programs aimed at realizing knowledge-based economies are being advanced by powerful strategic actors located at multiple scales - from the local to the global, such as governments, international agencies (OECD, UNESCO, IMF/World Bank, International Finance Corporation), transnational firms, and regionalizing projects (such as the EU).

These actors are armed with a particular semiotic vocabulary (education as a services sector, digital technologies, creativity, talent, mobility, innovation, R&D, intellectual property, entrepreneurship, strategic alliances, consortia, networks, lifelong learning, global competence) that, in turn, privileges a new spatiality and temporality of knowledge production, its distribution and consumption.

This meta-narrative places universities at the centre of its development. The nature, scope and patterning of university's institutional structures, their governance, desirable geographies, measures of quality, conditions of access, and pedagogies are all the subject of restructuring and transformation.

## My Argument

However, this meta-narrative offers us an impoverished view of the role of the university in the 21st Century. It reduces what counts as important knowledge to what is useful for a particular sector of the economy (science, technology, entrepreneurship, business management).

Indeed I will be arguing that this dominant meta-narrative is fundamentally concerned with, on the one hand, drawing universities into creating and extending capitalist markets—including education markets—and, on the other hand, producing flexible, creative entrepreneurial labor able to realize profits at the high skill end of the value chain.

Increasingly absent, and at risk of marginalization, are those knowledges that a diverse set of communities need to generate the fundamental basis for their well-being: economic security, social cohesion, cultural diversity and political and moral reflexivity.

Following from these previous points, new universities, like this one I am honored to help launch in this Conference, have a unique opportunity to (i) chart a path that opens up these thorny questions in ways that widen our understanding of knowledge, innovation, economy and society, and (ii) examine, debate and put into place an alternative set of possibilities for what a university in the 21st Century might be which is dedicated to public debate. I see this as a political and social, but therefore a social justice, issue.

My argument will proceed in the following way. I will begin, first, with some remarks on 'knowledge' as an organizing idea for the creation of this new kind of knowledge-based economy. Here I trace the role of the international agencies, in particular the Organization for Economic and Cooperative Development (OECD), and more recently the World Bank, the World Trade Organization (WTO) and the World Economic Forum (WEF), in this process, and identify what interests are at play.

Second, I examine the particular role for universities in this kind of economy; as (i) producers of 'entrepreneurial' labor for this economy, (ii) creators of intellectual property; and (iii) a new value-producing services sector (along with health, finances and so on) within a knowledge-based economy.

In the final section I argue that what is critically needed is the development of alternative ideas for the university which put on notice, and challenge, this narrow economic conception of the university as a pressing matter of public debate and social justice issue.

## Knowledge – a Slippery Idea

The first thing to note about the KBE narrative is that the word 'knowledge' plays a very particular role here, and largely as it is a particularly slippery one. This is because the concept is so familiar and 'good for us', it is hard to be against. It also enables the concept to bring together, or absorb, all kinds of potentially competing views and place them all under the one umbrella. Meta-narratives, for instance like 'quality', all work that way.

And, when knowledge is linked to it being the basis of an economy, as in the idea of it being 'a knowledge-based economy', we are also at this point invited to accept that something new is afoot.

However, scratch the surface, and it is clear to most of us that knowledge has always been central to our labor, and therefore to the economy (indeed this is precisely what the battle between the famous Frederick Winslow Taylor, the architect of worker

efficiency, and the workers in the steel mills was over – the appropriation of the workers craft knowledge by managers).

Yet policy statements from the multilateral agencies, firms and national governments of all persuasions assert that ‘we now live in a knowledge-based economy’ (OECD, 1996; World Bank, 2003; EC, 2000; BLAIR, 2000), that if we are not there yet, we should be aiming to arrive, because our economic security, and place in the world, is dependent on it. Increasingly China and India, as threats to our economic security, are being mobilized to ensure we understand the centrality of the task.

## The Genealogy of the KBE Narrative – Interests and Politics

The idea of a knowledge-based economy has its roots in work developed by a group of 1960s intellectuals, futurologists and information economists, including Fritz Machlup (1962), Peter Drucker (1969) and Daniel Bell (1973). These writers argued that societies were in transition to becoming knowledge-based; in other words, that ‘muscle-based’ work was being replaced by ‘mind-based’ work. At the time this thesis was regarded as highly speculative. Two decades later, Manuel Castells (1996, 2000) finesse knowledge economy arguments with his theory that a network society was now emerging. A core argument in this body of work was that information/knowledge was now a new factor in production, and that digital technologies offered, for the first time, the potential to annihilate the barriers of time and space because of speed of information flows, and the way in which feedback, in real time, could be used to recreate inventions in smaller and smaller fractions of time.

International organisations, such as the OECD, were heavily influenced by these arguments. During the 1970s, they took on board the idea of an ‘information society’ (MATTELART, 2003, p.113), enlisting the expertise of a range of economists concerned with mapping and measuring information. By the 1990s, the concept of a knowledge-based economy was eventually reflecting the contribution of classical, evolutionary and new growth theorist economists alike, such as Dominic Foray (2000), Bengt-Åke Lundvall (1996), and Paul Romer (2007).

At the heart of the OECD’s version of the ‘knowledge economy’ is the idea that knowledge has economic value realized through patenting. As Bell put it:

Knowledge is that which is objectively

known, an intellectual property, attached to a name or group of names and certified by copyright, or some other form of social recognition (e.g. publication). ...It is subject to a judgment by the market, by administrative or political decisions of superiors, or by the peers as the worth of the result, and as to its claim on social resources, where such claims are made. In this sense, knowledge is part of the social overhead investment of society, it is a coherent statement, presented in a book, article, or even a computer program, written down or recorded at some point for transmission, and subject to some rough count (BELL, 1973, p. 176).

The OECD then moved toward developing sets of indicators to measure and guide national state’s development toward a knowledge-based economy. The effect of producing statistics to measure the KBE in turn stabilized this particular economy imaginary – of a knowledge-based economy based on four pillars: ‘innovation’, ‘new technologies’, ‘human capital’ and ‘enterprise dynamics’ (see ROBERTSON, 2009a; 2009b - for a fuller explanation).

The World Bank’s foray into the ‘knowledge’ arena began in the early 1990s under the leadership of World Bank President, James Wolfensohn, when it reinvented itself as ‘the Knowledge Bank’. Its 1998 World Development Report (WDR), Knowledge for Development, laid the foundations for much of the Bank’s work over the next decade. This Report placed knowledge at the centre of the work of the Bank’s activities – so that in the education sector the focus for the Bank’s programme of intervention now shifted to include higher education – despite decades of insisting that higher education was a private and not a public good (using Rates of Return analyses) and ought not be supported from the public purse (see Robertson, 2009).

Like the OECD, the World Bank’s K4D programme is based on four pillars:

1. An economic and institutional regime that provides incentives for the efficient use of existing and new knowledge and the flourishing of entrepreneurship.
2. An educated and skilled population that can create, share, and use knowledge well.
3. An efficient innovation system of firms, research centres, universities, think-tanks, consultants, and other organizations who

can tap into the growing stock of global knowledge, assimilate and adapt it to local needs, and create new technology.

4. Information and Communication Technologies (ICT) that can facilitate the effective communication, dissemination, and processing of information (WORLD BANK, 2007).

We can get a good sense of the World Bank's strategic framing of what it means to be a knowledge economy, as well as the tools used by the Bank to help shape a country's strategies, by looking at the content of the Knowledge Assessment Methodology (KAM).

The KAM is the centrepiece and underpinning architecture of the Bank's K4D programme. It is an interactive, diagnostic and benchmarking tool that provides a preliminary assessment of countries and regions 'readiness for the knowledge economy' (World Bank, 2007). The KAM enables countries from around the world to benchmark themselves with neighbours, competitors, or other countries they wish to learn from on the four pillars of the knowledge economy. It is therefore a tool aimed at promoting 'learning' amongst developing and developed countries about the elements that constitute the Bank's version of a knowledge economy.

Since its launch, the KAM has undergone a series of refinements. In 2004, 121 countries were included in its KAM database and 76 structural and qualitative variables were available as measures of knowledge-based economies. By 2007, it consisted of 81 structural and qualitative variables for 132 countries to measure their performance on the four Knowledge Economy (KE) pillars. The KAM derives a country's overall Knowledge Economy Index (KEI) and Knowledge Index (KI) based on an aggregation of the key variables.

Cose scrutiny of the KAM indicators reveals that intellectual property, its protection by states, and the institutional means for returning value across borders, is a key feature. The KAM is a strategically selective tool that advances the interests of high-tech knowledge-intensive capital in the developed economies.

## Whose Interests Are Advanced in this Economic Vision?

The important question at this point is: what is the vision of a knowledge-based economy responding to? Any satisfactory answer must take into

account the deep crisis of capitalism which confronted the big, developed western world in the early 1970s (following the deindustrialisation that took place in the heartlands of the developed economies), and which informed their subsequent search for a solution to underpin a new, long wave of economic development.

Through the 1990s, with steerage from dominant nations, regions and agencies, such as the US, EC, WTO, OECD and the World Bank, the idea of a 'knowledge-based economy' was promoted so that it eventually emerged as a powerful master economic narrative in economic development strategies around the world. This project has been significantly buoyed by the idea that the services sectors could be developed and become the basis for generating a competitive advantage for the developed economies.

Both Europe and the USA claim for themselves a competitive edge at the high value-added end of the commodity chain. This has prompted a concerted effort to widen and deepen the services sectors (e.g. education, health, finance, transport, and so on), to extend intellectual property rights (e.g. on pharmaceutical products, cultural products) and put into place the means to protect those rights internationally so as to return value across borders. These ideas have contributed to the formation of the World Trade Organisation (WTO), and the creation of new agreements, such as the Trade Related Intellectual Property Services Agreement (TRIPS) and General Agreement on Trade in Services (GATS), which materialised in 1995 (ROBERTSON; BONAL; DALE, 2002).

The GATS Agreement, bilateral agreements between third world countries and EU Member States (e.g. Erasmus Mundus), the extension of the Bologna Process to include not only the official 46 Member States but its global take-up, are all directed toward opening up education as a services sector so that it can contribute directly to the economy. Movements of students are seen, not in cosmopolitan, but commodity terms, raising important issues around the movement of knowledge and brain drain, and the trade-offs between trade as opposed to aid.

We can now make four observations about the KAM. First, it can be viewed as a means to generate a new set of rules of the game for the global economy. In that sense, it underpins the hope for a new long wave of accumulation for the developed economies. Major reviews of economies have taken place in Malaysia, China, the Middle East and in Europe by the Bank, using the KAM, with Bank loan funding now tied to this particular way of thinking about economic and social development.

The recent review by the Bank of Malaysia has resulted in significant changes to its higher education system.

Second, the knowledge-economy narrative is not about developing countries becoming knowledge-based. Rather, it is a tool for putting into place the ideological and institutional means to enable the developed economies, in particular economies such as the US, UK, EU in the developed West, to generate value from selling knowledge services globally, including the developing countries. Bringing developing countries into the global economy means creating infrastructures and capabilities that enable this to take place. Microsoft's Partnerships in Learning (PiL) scheme for schools and universities, which runs in more than 100 countries around the world, is precisely about creating new opportunities for markets (BHANJI, 2009).

Third, universities are central vehicles for the realisation of this version of a knowledge-based economy. The structural conditions for their incorporation into this agenda were created in the 1980s onward, when higher education sectors and their institutions around the globe (albeit unevenly) have been constituted as entrepreneurial institutions (MARGINSON; CONSIDINE, 2000) and engines for economic development, through, for instance, massification, pressure to look for new funding streams, the recruitment of fee-paying students, including international students to boost funding, the internationalization of units of activity through franchising, consortia and other kinds of arrangements, the rapid growth of private for profit higher education teaching and research institutions, and the emergence of powerful digital technologies and learning platforms that enable new ways of teaching and learning.

Fourth, the key international agencies – such as the World Bank, OECD, WTO, WEF, IFC argue that university capacity can be built in developing countries through opening up their education sectors to the developed economies and bringing education into the world trading system. Currently the IFC has been investing significant funds in promoting for profit provision of education, including the development of new systems of student financing. These developments not only open up the education sectors of developing countries to global capital, but also to the penetration of knowledge and know-how from the north. The key issue here will be for states to manage the conditions for entry carefully so that they are able to advance their own development objectives rather than those that are tied to extending education markets.

## Innovation and its Narrow Framing: The Importance of Re/Framings

It is important we now address how innovation is framed within the KBE discourse, and from there, to raise the question of what this framing means for how we think about knowledge, research and development within universities.

Whilst recognizing that innovation and invention are vital to all societies and their economies, and that higher education institutions have historically, indeed more crucially now, been asked to play an important role in this regard, what is clear is that we continue to work with the narrow framing of innovation coming from the KBE narrative outlined above. In other words, innovation and entrepreneurship is viewed in very narrow 'high tech' science and technology terms. In my own research in the UK, it is evident that this is a highly gendered process.

Hidden in this framing are all kinds of social and other innovations – often referred to as 'soft' and 'process'. For instance, larger sectors, such as the cultural and creative industries, the public sector, the professions such as education, health, law, the retail sector, the medical world (the pharmaceutical industry aside), and so on, are absent. Yet all offer remarkable insights into innovations and indeed innovation in these sectors is critical if they are to not only engage with the possibilities of new technologies, but to offer better quality public services.

Absent, too, are ways of talking about innovation in those services that will become more and more important over the next decade, such as recycling, aging, transport and so on for many societies (NESTA, 2006) – though the current financial crisis has brought these onto the agenda and we must fight to keep them there.

There are other problems here too. Typical indexes of innovation, such as the Innovation Scoreboard (EC, 2008), measure outputs, or start-ups, spin-out companies, and patents, the latter of course chiefly relevant to high and medium high technology areas. In other words, not only do policymakers work with a narrow way of thinking about innovation, but the measures of what constitutes innovation, and what motivates innovative behavior (such as commercial success) are therefore very limited. This is important because it limits universities access to funding for the highly relevant knowledge-transfer funding activity of science and technology transfer.

A major challenge then for academic depart-

ments, whose research activities operate predominantly in this 'hidden innovation' zone, is to enter into a debate about the importance of reframing innovative activity so that it is sufficiently broad-based and broad-minded to take our current real economies into account, and value and reward them, rather than some imagined one.

One effect of a more broad-minded and broad-based conception of innovation is that we may then be better placed to think of new ways regarding how innovation occurs. For researchers like Lundvall (2005), this includes openness to the role of 'learning' in innovation, such as the contribution of interactions with clients as partners, along with the importance of imagination, analysis, problem-solving, and so on.

## Why it Matters

It is critically important that those concerned with the future of our societies and the role of universities in them generate new kinds of spaces and debates, which enable us to think critically, reflexively, imaginatively and politically about our past, present and future.

The Portuguese sociologist, Boaventura de Sousa Santos (2006), talks at great length about economic, political and social processes and practices that are being globalised, like the KBE, which currently sits inside a field that, in turn, privileges some social groups, some states, some interests and selected ideologies. How, he asks, might we bring to the centre the concerns of those who risk being marginalized and whose questions, concerns and voices have been silenced?

Crucial questions confront us that must be part of a public debate - a debate that a supra-regional university must insist takes place. How might we work with individuals and communities across time-space, and across cultural barriers? How might we build epistemic communities across the Latin American region, and beyond, that draw upon new digital tools, such as social networking and blogging, along with older, diverse forms of communication? How might we set up new learning relationships that move beyond the superficial and the individual, the anxiety producing and self-mobilising (MASSCHELAIN; SIMONS, 2009), which is tied to the kind of economy we have now, to one which sets up a different kind of attention economy - one focused on societies, social relations, sustainability, absences, or alternatives? What can we learn from other regionalizing projects, such as the European Higher Education Area that avoids the temptation of uni-

formity, which limits egalitarianism, and prioritizes global competitiveness? (ROBERTSON, 2009).

This is not simply an academic question, of how we represent something. I see this very much in Nancy Fraser's terms. Fraser, of course, is fundamentally concerned with social justice; and 'misframing' as one of the three (redistribution and recognition) key dimensions that contribute to creating in-justice. Seeing it this way not only enables us to make visible knowledge/power and reframe them in social justice terms, but this also provides us with a strategy of how to challenge and represent those things that are important to building confident, cohesive and knowledgeable communities and societies.

This is important knowledge work, and one this university will be well placed to engage with. The challenge is clear. Through this important work, this university can breathe life back into what it means to talk, not about a knowledge economy, but a **knowledgeable society**.

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