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# Globalisation, knowledge and the myth of the magnet economy

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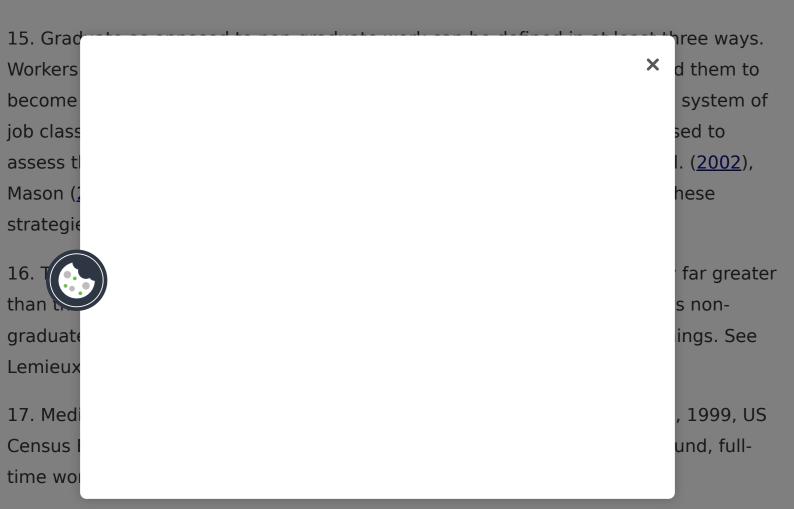
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Notes

- 1. See, for example, <a href="http://www.dti.gov.uk/ministers/speeches/hewitt200904.html">http://www.dti.gov.uk/ministers/speeches/hewitt200904.html</a>
- 2. Economists used to treat national economies as hermetically sealed units which limited international comparisons to rates of economic growth. Educational investment was important only in so far that it appeared to correlate to such differences in growth rates. There was little sense of an international labour market within which differences in the quality of education could have a decisive impact on the livelihoods of workers within different countries.
- 3. Within human capital theory it is permissible for the incomes of highly qualified graduates to fall but within the policy discourse this is largely ignored because it is assumed that new technologies will lead to a rise in the demand for graduates. Hence what is called the 'skills bias' theory is conflated with human capital arguments leading to the assumption that the more educated will be more productive because they are more able to exploit the potential of technologies (Lauder et al., 2005).
- 4. Government White Paper, China's employment situation and policies, section VI. Employment prospects for the early part of the 21st century, People's Republic of China, Beijing, April 2004. Available online at: <a href="http://www.china.org.cn/e-white/20040426/6.htm">http://www.china.org.cn/e-white/20040426/6.htm</a> (accessed July 2005)
- 5. See Chinese university students to top 16 million, available online at:



- 10. Preliminary evidence is from our current project on the global strategies of multinational organisations and the future of skills, funded by the Economic and Social Research Council (Phillip Brown, David Ashton and Hugh Lauder).
- 11. The process by which exclusion occurs will not be random; explanations will require theories of hegemony, imperialism and post-colonialism in the context of globalisation.
- 12. The rates of return to tertiary education are calculated by comparing the benefits and costs with those of upper-secondary education. In Italy, reliable data on earnings for women were not available. The data for Italy are from 1997, the data for the Netherlands are from 1998.
- 13. For an earlier analysis of this kind that draws the key distinction between cross-sectional and longitudinal data see Levin and Kelly (1997).
- 14. Time has highlighted two problems with the 'white collar' scenario. Firstly, although the proportion of white-collar workers has increased dramatically, the numbers entering white-collar work are now stable (Mishel et al., 2003). Secondly, there was an expectation that white-collar work would be equated with skills upgrading but in fact, as Esping-Andersen (1999) has shown, after the first wave of increase in white-collar workers subsequent waves have experienced low-skill, low-income work.



18. This highlights the inherent conflict between 'knowing' as part of the work experience and 'knowledge' as an economic commodity (Scarbrough, 1999, p. 5). In other words, the advent of the knowledge-based economy has not resolved the enduring problem of how to convert the employment potential of knowledgeable and creative individuals into productive activities that contribute to bottom-line profits (Marx, 1976).

19. The utility of Bernstein's distinction is that classification and framing enable us to chart the change in the nature of knowledge work. The distinction between complexity and autonomy is to be found in de Witte and Steijn (2000) while Evetts (2002) emphasises the accuracy of 'discretion' over that of 'autonomy'.

20. However, we need to distinguish carefully between issues concerning the utilisation of skill from those of demand and supply of credentials (Livingstone, 1998). There is a debate about the levels of demand and supply of intermediately skilled workers that has produced conflicting results. While surveys of employers suggest that there are skill shortages for intermediately skilled workers (Mason & Wilson, 2003), surveys of workers (Felstead et al., 2003) suggest that there is an oversupply of the intermediately skilled relative to demand. Mason (2002) has argued that the problem is not one of oversupply but the supply of appropriately skilled workers at this level. Hence the need for two-year Foundation rather than three-year degrees. However, surveys of

employe what employe es about 1999) has best pra shown th nent or did not emphas believe ed that there had bee ditional probl here is often al level data a hia on the one on, say, ner (Brown & hand, ar Campbe mploying the sam is means, as we have skills to identify pices and

strategies.

21. In looking at graduate jobs, Elias and Purcell (2003) identify new and niche graduate jobs: these include entertainment and sports, hospitality and occupational hygienist professions. They report that on average these types of 'graduate' jobs earn less than what they term modern graduate occupations, e.g. management, IT and the like. The former are an example of what Meyer (1977) described as the creation of professions through education. This leads to a more complex analysis of how occupations are structured than suggested by assuming that demand elicits supply; it is an example of 'demand' being constructed.

22. It could be argued that as the pace of innovation increases so the demand for knowledge workers will not decline because new innovations require loosely classified and framed jobs that give workers a high degree of discretion over problem solving. In other words, our more pessimistic prognosis is unjustified; however, the trends identified here suggest the opposite. A further consideration beyond the remit of this article would be to examine the specific factors that have driven many corporations down the road of routinisation and cost-cutting. Clearly, economic globalisation has a part in this account. One of the major economic forces unleashed by globalisation has been an intensification of competition due to the advent of improved information flows through the Internet and the speed in which production facilities can be established or closed down. This has intensified competition on price. Buyers can trawl the Internet for products. large companies can set up auctions amongst their suppliers and the ease

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national borders, those who are able to develop international reputations can leverage greater market power when it comes to negotiating their salaries and benefit packages.

25. The knock-on effect of a congested graduate market may be downward occupational mobility. In the United States this appears to have had a significant impact on joblessness among poorly educated men of prime working age (Pryor & Schaffer, 1999), although such an effect is not apparent in the UK (Battu & Sloane, 2001).

26. It is important not to overemphasise the shift to a winner-takes-all market for higher education. Room (2000) has, for example, noted that the market for overseas students is segmented: 'International flows of students follow well-defined routes which in many cases are underpinned by traditional linguistic and cultural links between the former imperial powers and their colonial territories' (p. 111). However, we are suggesting that the conditions for the creation of such a market now exist.

27. These differences in the rules of competition reflect contrasting social priorities. Meritocratic rules, for instance, involve restrictions on the middle classes in the use of their superior market power in the interest of social cohesion or state legitimation.

28. Korea is an interesting example of a country which until recently prevented its indigenous students from attending international schools in that country which offer qualifications like the International Baccalaureate, enabling students to attend elite

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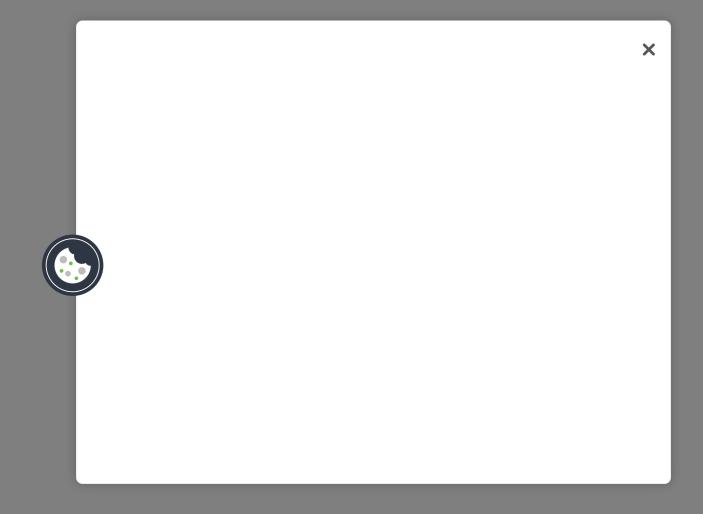
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