
Constructing Knowledge Societies? The World Bank and the New Lending Policy for Tertiary Education

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Introduction

The World Bank's report *Constructing Knowledge Societies: New Challenges for Tertiary Education* (2002) quickly became a bestseller. Its many ideas and recommendations have entered the global debate about the present changes in higher education. The quick spread of the report has once again reminded us of the fact that the influence of the World Bank on discourses far exceeds its importance as lending institutions. In that respect the World Bank truly is the 'knowledge bank' it claims to be.

The (then) new director for the World Bank's Human Development Division, Mamphela Ramphele, endorsed the report in her foreword. She not only expressed, but also represented, the link to the independent Task Force on Higher Education and Society, being one of the driving forces behind the task force's report: *Higher Education in Developing Countries: Peril and Promise*, published in the symbolic year 2000. This report is also widely spread and still widely read. It has truly contributed to the debate about constructing knowledge societies in the developing world. The *Peril and Promise* report is, according to Ramphele, well received by the inner circles of the World Bank. The 2002 report under scrutiny here is thus a timely continuation and a concretisation of future World Bank lending policies in this sector. And whatever may be finally decided, governments of poor countries, particularly in Africa, are, according to our experience, already adjusting their 'lending jargon' to the suggestions of the report.

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The report is rich in material, contains a great deal of information and makes a number of interesting propositions. These become all the more important since the report is primarily about the construction of and rationality behind a future lending policy of the World Bank. So far this policy has been ad hoc, segmented and lacking a clear understanding of relations between means and ends in the construction of knowledge societies. The true purpose of the report—to construct such a policy for the World Bank—thus also gives more space to the Human Development Division within the bank, a development that many critics of World Bank policies in the previous two decades will welcome.

What is at stake is the bank's contribution to the construction of knowledge societies, and how this 'construct' will create economic growth through better participation in the world economy. It is a truism that the world economy is the only economy there is. It is also a truism that national states must become linked to this world economy.

Analysis of the Report

Given the extensive character of the report, we must limit our comments to only a few points of particular interest. Most of these comments will touch on the conception of the relation between the (national) state and 'society' (in different meanings of the word) and how the tertiary education sector is expected to mediate between the two. Our Scandinavian background serves as a contrasting point of reference, particularly since all the Scandinavian ways of organising tertiary education in relation to state and society would be seen as problematic practises for any country the World Bank would 'support'. The countries scoring the best on the Human Development index produce the worst models: We have too much state involvement, too little cost sharing, too much student welfare, too much governance by the academic community, too close alliances with the state, too much public (as opposed to private) involvement in tertiary education governance, too little societal (i.e., private) control of institutions of higher learning, too little institutional diversification, a wrong focus on disciplines, etc., etc.¹

Scandinavia is just one historical model. We admit, of course, that there are different ways of constructing knowledge societies; thus, there are also different ways of linking to the world knowledge economy. The working group, however, having done such a great job in such a short time, seems to be little concerned about cultural variation. The search for the best way of constructing the lending policy (sorry, knowledge society) and thus also expanding within the bank the importance of this activity, seems to have inspired the project and the report. The job of respondents, given the kind of background we have and our belief in

the value of historically given variety, must be to tear down this optimism of finding one or a few lending formula(s).

What Is Tertiary Education?

The focus is on tertiary education. Before we discuss tertiary education in relation to society and state, we must first specify what tertiary education is. This seemingly neutral term represents a strong attack on anything smelling of 'old university'. No type of higher education has any privilege as such; only its usefulness for the economy that counts. The only value that seems to have priority is 'diversity'. Long and short, public and private, job-specific or general—all seem to be good and will establish the best relations between education and work. And what is more interesting, the more varied the tertiary education is, the better will the 'system character' be. The system character is a (pre-given) fit between economic needs and educational supply on the one hand and World Bank lending criteria on the other.

The weakening of state control over the tertiary education system is a very important side effect to this system development. The growth of alternative types of governance systems, like the more or less independent quality assurance agencies (QA), is seen as a positive substitute for irrational public control. State ownership and regulation must go together with quality assurance and (international) competition in a new system of governance, with (as far as we can see) a growing importance for the last two. A system of quality assurance is, of course, 'the new general medium' (together with money in the market) that facilitates the exchange of student bodies and knowledge packages across borders and cultures: the new knowledge shopping. Clearing houses, market drives and diversity according to the needs of the world of work should be the prime movers (p. 83).

This development will also secure democracy, it seems, particularly due to change in access and thus to a spread of opportunities. According to *Constructing Knowledge Societies*, tertiary education 'can offer better opportunities and life changes for low-income and minority students, thereby increasing their employability, income prospects, and social mobility and decreasing income inequality'. Thus, the students can contribute 'to the social capital necessary for the construction of healthy civil societies and socially cohesive cultures, achieving good governance, and building democratic political systems' (p. 5). But the university, which is considered to be a precondition for the fostering of democratic values in many developing countries, has no privileged role to play, only, at best, a dominating role. The universities need to go through major changes (p. 41), and are also a potential threat to development since they tend to create elites, based on elite recruitment. And this is, according to the World

Bank report, far worse than the loss of academic freedom. Institutions working for knowledge as a publicly accessible ‘good’ (as the economically oriented jargon of the report will have it) are not discussed or analysed as such. All education is valued according to usefulness. It is thus difficult to see the link to democracy, despite the constant lip service in the report to the need for installing democratic values.

Tertiary education is important for economic growth and for democracy alike; but if economic growth should contradict democracy, all criteria for lending outlined in the report would privilege the first mentioned value. This is particularly the case since the foremost institution for promotion of democratic values—a university free from political and economic (or religious) domination—plays the same role in the system as a one-year course in information and communication technology (ICT).

No wonder that world historical universities (WHUs) are now seriously discussing how to protect the term ‘university’ by patent, requiring that it meet certain structural and mission characteristics. These WHUs frequently cite the Trade Related Intellectual Property Rights (TRIPS) agreement—which was created to privatize knowledge production—as a means of achieving the patent, even though TRIP was created for the opposite end. WHUs take the position that only those universities that promote open and accessible knowledge production should be called universities. Institutions that primarily seek to privatize their knowledge and protect it from the general public through the intellectual properties regime are not universities in the true sense. There is a need, argue WHUs, to secure for the university what may be specific university content, namely:

Production and transmission of open-access original knowledge, self governance in the certification of the validity of knowledge, the moral and social consequences of research activities, unity of teaching and research, mutual monitoring of the quality of their members in national and international organisations (Coimbra 2003).

Within a tertiary education, as debated by the World Bank, these values are lost.

Society

Society in this report means ‘the world economy’. The social space which gives the writers of the report their identities is the globe as one economic unit. The world economy is a knowledge economy; thus, a local economy has to be knowledge based to be able to link to cross-national and non-national economies.

The references to the relations between education and the development of democracy in the report, however, are to the national state and identities created by this social unit. It is very unclear how these kinds of identities link to the global social unit or to the world economy.

The report makes references to the nation–state identities but is rarely concerned about the globe as the space of reference for cultural variation or about the roles of democracy and knowledge in identity formation (and not only as economic functions). Thus, confusion about the role of tertiary education arises within the report. We think that it is very valuable to have the global perspective. But when much of the lending strategy is concretised in relation to nation–state growth scenarios and its links to the global economy, the role of knowledge and details about how the knowledge society is to be constructed become hard to understand. The priority of ‘culture-free knowledges’ like science, engineering and economics does not help us much in understanding the link between constructing nation-states as knowledge societies and constructing the global society as a knowledge economy.

It is, first of all, not clear how tertiary education, described as crucially important for economic growth, contributes to democratic development apart from ‘installing’ democratic values in the individual student/learner. Such an effect is, of course, possible and important, as we will discuss below; but the main purpose of tertiary education, as described in this report, is the creation of qualifications for the student’s working life, particularly the working life that promotes economic growth. The purpose is not, as already mentioned, to create well-functioning democratic citizens within the nation-state as a democratic society. Neither does the nation–state seem to be of much importance (apart from the debates about innovation systems) as we shall highlight below. The societal reference is the world economy—the globe—and there is not much democracy there yet.

The report thus is most concerned about the production of experts for the economy despite its emphasis on tertiary education for producing and disseminating societal values of a democratic kind. It is, of course, important that experts are democrats and not potential allies with repressive elites of one kind or other. History is filled with examples of how experts and professions fail to contribute to deliberations of a democratic kind. We know from studies of apartheid, fascism and other similar regimes that education is not necessarily a bulwark towards non-democratic behaviour. Teachers, lawyers and engineers (to mention some examples) seem to be mobilised all too easily to perform their professional functions for such regimes in ways that make us ques-

tion the role of education for democratic development when such education is not linked to ongoing debates about democratic values.

If we then quickly scale up to the world economy, as the report does—an economy which moves without ethical commitment of any kind to societies as we usually know them and which links to local economies and local experts of all kinds according to needs—the space for building democratic national-state identities seems to be diminishing. As a much-debated topic in the 1990s (e.g., Dezalay and Sugarman 1995), the world economy and its international labour market also construct new professional ethics and endorse practises considered to be preconditions for the expansion of the world economy across borders and in-between regulations. More and more of the content of tertiary education must, of necessity, take this global situation into consideration. At the same time, more and more of the tertiary education sector itself becomes global. However, the link between this global society and its future democratic development is missing from the report. Its references to democracy, poverty alleviation, etc., take on a ritualistic character.

When the report mentions this issue, it is, of course, because it has consequences for the lending and support policy. The global spread of MBAs, the kind of knowledge disseminated through the African Virtual University or generally the kind of support and the institutions and disciplinary selection within the different nation-states done through the World Bank mechanism for lending—all promote some global processes, approaches and ethics at the cost of others.

The lack of such reflection is all the scarier given the report's overly rationalistic ambitions. It argues that knowledge is important for development, should be seen in a holistic way and should be the engine in any developmental strategy. It is a given that the knowledge economy is the precondition for economic growth and position in the global economy. This makes some parts of the tertiary education more important than others, depending on the level of economic development; but the parts affected are usually the capitalist professions and vocations. While there may be a striking disparity between rich and poor countries in science and technology investment and capacity, there are few correlations between such investment and wealth redistribution, much less with the development of democracy. According to *Constructing Knowledge Societies*, 'There is a striking disparity between rich and poor countries in science and technology (S&T) investment and capacity. It was estimated in 1996 that OECD member countries accounted for 85 per cent of total investment in R&D; China, India and Brazil, and the newly industrialised countries of East Asia for 11 per cent; and the rest of the world for only 4 per cent' (p. 9).

How the engineering and science community is composed (types and level of education) also matters, as experience with African countries shows. The incongruence between education and work makes even a relatively high rate of graduates in engineering and the sciences fairly useless for the local economy, although it is probably useful for brain-drain recruitment and for linking to parts of the external establishments. The priority that the report gives to the role of science, technology, economy, accounting, etc., in making sure that economies are properly launched indicates not only a misunderstanding of how different types of knowledge are linked (i.e., how knowledge and the world of work are linked), but also the limits in planning an educational system, particularly a misunderstanding of how the relations between different types of knowledges can be shaped politically. Thus, most of the models for lending/funding will probably also come with strict demands for ‘construction’ to fit the model—demands emerging from the needs of the global economy—rather from than the complexity of the nation-state under development. The composition of different knowledges in a society and how they are related is in itself a social product. It cannot be planned or constructed according to demands from the economy, although the economy is, of course, one important social actor in shaping this system.

The rationalistic planning approach of the tertiary education sector probably also explains the analytical focus on the university as something which has to be reorganised according to so-called new realities (often described by people more interested in research than education, as, for example, Nowotny and Gibbons 2001), but giving less priority to those concerned about the cultural role of the universities in the new globality. The fixation on ‘science’ in England and on ‘engineering’ in Germany was never planned. Both are cultural products. The fact that a varied system of engineering education in Germany created a more vibrant industrial culture in crucial periods of economic growth did not make the English transform their social-class-based priority of ‘science’ at the cost of engineering, nor did it prevent them from spreading this upper-class conception of knowledge to colonies as ‘best practises’.

The State

After publishing its report *The State in a Changing World* (1997–98) the World Bank has never been the same. The state, considered to be a necessary evil to be kept as small as possible, becomes the ‘agile state’. In *Constructing Knowledge Societies*, ideas from the ‘industrial state’ and ‘developmental state’ are present. These references to the role of the state, are not, however, particularly consistent. The report asks for interventions from the state but undermines the governance system of the tertiary sector by making such inter-

ventions possible to secure the interests of private providers of educational services.

In *Constructing Knowledge Societies*, the authors seem to have a clear vision when they insist:

Low-income countries should consider concentrating on the strategic development of a few targeted disciplines and raising their quality to international standards. The disciplines should be selected for their direct relevance to the nation's potential for economic growth and should be integrated into a coordinated multisectoral approach to development of a national innovation system (World Bank 1998:115).

Thus, the support for education should concentrate on disciplines that are part of a national innovation system. This report accepts that an innovation system for a specific space (a country usually) involves the state as an organiser and that the relationship between the state, research and tertiary education (public as well as private) as an important component. Furthermore, it is probably also the state, which has to be convinced by the World Bank to give priority to the disciplines most relevant for a national innovation system. The state would thus also be involved in the kind of foreign establishments that should be allowed in the country within the tertiary education sector. The 100 to 200 new foreign providers who have entered Bangladesh in the last ten years after the market for higher education was liberalised due to 'international influences' (p. 71) should thus have been more strongly screened by the innovative or developmental state for their usefulness for Bangladesh's industrial take-off. For the sake of fostering innovation, the 'innovative and developmental state' needs to reinforce an alliance between a fairly strong state and knowledge demands from the economic actors. Korea and China are, of course, used as positive examples of such connections, while African countries are negative examples.

This also means—since we now talk of 'low-income countries'—that a strengthening of the state's administrative and interventionist capacities is needed. The role of tertiary education—particularly that of the universities—will then be to educate enlightened and justice-seeking democratic bureaucrats who know how to administrate as well as how to relate specific knowledge about the sectors of priority for development to public values like equal treatment, value-free judgment of clients, and independent decision-making. This situation, of course, is also the precondition for managing the fast-growing section of tertiary education itself.

Most of the report, however, is more concerned about creating a global market for educational services than about development strategies involving

state-society relations. This fundamental conflict in focus on the role of the tertiary education sector, of course, penetrates the whole report.

In the section titled 'Change-Resistant Governance Structures and Rigid Management Practices', *Constructing Knowledge Societies* describes autonomy and self-control in academic institutions as a 'form of privatisation of public institutions to the benefit of special internal stakeholder groups' (p. 62). In theories of professions, this relationship is often labelled self-control or professional autonomy. On the next page, the report complains of 'many countries and institutions' that 'have rigid administrative procedures that govern changes in academic structures, programs and modes of operation' (p. 63). Rigid administrative procedures should not be defended per se, of course. But solid bureaucracies, which also occur in academic institutions, might at least provide the necessary conditions for external accountability preferred by the World Bank (p. 62). Borrowing a phrase from a more recent report, 'the fantasy' of getting rid of bureaucracy 'would turn into a nightmare' (World Bank 2003: 55).

What is worse, however, is that this approach undermines all strategic development. The universities, for example, which in the 'developmental state' or 'innovative economy' would have had a privileged role, are now becoming institutions of public inertia to be bypassed by private initiative. When the developmental state is played down, when there is little focus on 'national innovation system', then the role of the public universities is also reduced. Appeals to strategic thinking about the relationship between higher education and societal development have little credibility. Accordingly, the description of the state's role in governing the education sector (see p. 83) is, at most, that of an institution of guidance.

This is seen, for example, in the promotion of quality assurance agencies (QA), one of the global fashions in higher education governance in the developed world that is spreading uncritically to developing countries. Quality assurance agencies are supposed to control and give accreditation to all the new providers, whether public or private, external or internal, for profit or not, to secure certain minimum standards. But these quality assurance agencies are not and cannot be instruments for linking education and society according to political priorities and ideas about focused development. These agencies, should, according to the World Bank, be quite autonomous, first of all, to promote national and international private providers in an area previously dominated by the often corrupt and reform-unfriendly state. Quality assurance agencies represent a new stakeholder approach and a new way of legitimizing the private providers. They are institutions with different degrees of state versus sector affiliation, and different degrees of private or public ownership (see e.g., Van Damme, Van der Hijden and Campbell 2003); however, they work best, according to the

World Bank's reasoning, if they themselves are private. They are defining the new boundaries of the tertiary education sector by focusing on minimum criteria for knowledge dissemination, not on purpose, ownership, or systemic consequences for societal development (pp. 87-91). Perhaps the quality assurance institutions are good for the expansion of the education sector, particularly for the many private providers (which seems to be the main concern in *Constructing Knowledge Societies*). However, the problems in the way the World Bank reduces the 'developmental state's' influence over the sector during a phrase critical for the nation's well-being are not recognized.

Letting the sector loose is the World Bank's credo. The main message is to enable the tertiary sector to expand, not to link it to a strategy for development. A policy framework is all that is needed, according to the report: an enabling regulatory environment, proper financial incentives and close collaboration between state, industry, professions and civil society. But also—and probably most important for this kind of 'guidance'—a proper competition among tertiary education institutions must be encouraged, whether private or public, whether campus-based or virtual, whether owned by locals or by cosmopolitans, whether a university or a two-month course in information and communication technology. All kinds of state planning for development will only hamper such a 'healthy' competition. We, however, are not so sure that the factors that develop the tertiary education sector always also construct a knowledge society.

Knowledge Shopping or Innovative Economies?

In our view, the report is ridden by the contradiction between promoting 'local (nation-state) economies' on the one hand and, on the other, promoting the global network of tertiary education institutions of all kinds. It is not only the link to the global economy that counts but also the links to the global market for educational services, and this, as argued above, seems to be the dominating concern. The report's advice about which foreign educational services should be given priority clearly illustrates this contradiction (p. 115). The question we ask ourselves is: When the state's economic development and the global transformation of the tertiary education system are to be promoted simultaneously, what relationship should these two have?

The role of the state seems rather weak if the fundamental ideas guiding the World Bank's lending policy for tertiary education are to be followed. Scandinavian countries would hardly qualify for any funds (if these countries were otherwise poor enough). However, if ideas about a national innovation system were pursued, quite a different role for the state would need support. A strong interest in a liberalised and globally open higher education sector seems to contradict theories of growth and the role of education in the innovation pro-

cess. The innovation process needs both selections of institutions and disciplines as well as hierarchies in tertiary education with a strong focus on the research university. The goal of increasing the number of tertiary education providers seems to contradict the goal of constructing knowledge societies for economic growth; and the ideological anxiety for a 'strong state', linked to morally independent universities of high standing and national priority, seems to prevent a proper reflection about these contradictory goals in the report. And quality assurance agencies are no substitute for such lack of policies.

This lack of reflection also appears in the omitted debate about what higher education, as a 'global public good' should be, a statement often used in the report, probably to reassure a critical audience. In our view, this economic terminology is confusing.

As *Constructing Knowledge Societies* shows in its many descriptions, education is less and less a public good and definitely not a global public good. There is an enormous growth in the sales of knowledge products. Thus, economically speaking, knowledge cannot be a *public* good; it is a commercial commodity, being sold in all kinds and shapes. Knowledge shopping is the order of the day, particularly in parts of Asia; but it is also a fast-growing phenomenon in Africa. Senegal, so often criticised in the report, is an example. However, there is a strong case to be made that knowledge should be publicly controlled for the benefit of everyone. The market should be controlled, locally and globally; and ideologies about the 'global public good' do not help much here. Such an attitude presupposes political institutions and types of engagement from the state far beyond the role of guidance and, at the global level, far beyond the role of the World Bank. Perhaps only UNESCO, if given enough resources, would have such legitimacy in the global space (Halvorsen and Michelsen 2002).

When *Constructing Knowledge Societies* proposes that the World Bank become the central node in a network of global development actors for the construction of knowledge societies, it is a positive development for the bank itself, but it is a threat to the development of global democracy.

The Multilateral Field

The World Bank insists throughout the report that it is in a privileged position to provide support to higher education for development. Through its networks, its experience, its access to a more holistic developmental strategy (which it can influence, even shape, by its other lending policies), or generally because it is a 'knowledge bank', it argues that it is the best agency for global development of countries lagging behind.

We do not doubt the importance of the World Bank nor its networks, experiences and ability to gather information about the needs of different coun-

tries—as the World Bank sees them. However, the one-sidedness of the World Bank in its understanding of how societies develop makes us desire a stronger role for an organisation emanating from UNESCO in this area. Such a proposal, of course, means a change in UNESCO's current practices, for example, its relation to members/donors and to sector funding through the use of donor money. But its ever-strengthening involvement in the global debate about knowledge, about quality in education and the role of quality assurance agencies, in cross-border education and research exchanges, as alternatives to the Trade-Related Intellectual Property Rights (TRIP) agreements, etc., all add up to a further role in educational development. We feel that the World Bank's importance in this area is worthy of support, particularly since it will balance the bank's seed activities as a lending institution. Generally much more money should be 'given' to promote education, particularly tertiary education, which for so long has been neglected, including by the bank itself. However, tertiary education and higher education are too important to be left to the World Bank in the manner and the degree now proposed through this report.

Note

- 1 For a comparison between one Scandinavian university and universities in South Africa, see information about the 'SANTED Formative Research Project', www.cepd.org.za.

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