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'Market Multilateralism, the World Bank Group and the Asymmetries of Globalising Higher Education: Toward a Critical Political Economy Analysis'

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Introduction

In the mid-1990s the World Bank orchestrated an historic shift in its education policy platform for developing countries, from one that positioned higher education as a luxury item to one that recognized and supported higher education as a key development priority (World Bank 1994). This reversed a 30-year-old stance toward higher education (Samoff and Carroll 2004, 1). However by this stage, fragile higher education systems in developing countries had experienced years of under-funding and were in a state of crisis. The Bank used the launch of its 1994 report, *Higher Education: the Lessons of Experience*, to acknowledge this crisis and argued that major reform was needed. Subsequently, the reform of higher education has been further legitimated by and incorporated into its ‘knowledge for development’ and knowledge-economy agendas (cf. World Bank 1996, 2000, 2002).

This move might suggest that old wrongs would now be put right and that the Bank had finally responded to criticisms of its shortsightedness and an emerging ‘knowledge gap’ (Lauglo 1996; Birdsall 1996, 407). To some observers, however, this reversal of philosophy was one further example of the “...shifting sands and partial wisdoms” which characterizes the Bank (Harrison, 2000, 29). Hence, while their new “knowledge” agenda affords the Bank a means of keying into broader political and academic trends, thus generating legitimacy, it also enables the Bank to “exculpate itself” from messes which are substantially of its own making (*ibid*).

There is much to be gleaned from this insight into the Bank’s approach to policy problems more generally, however, they do not encourage us to pay sufficient attention to the historical structures and the transformations in the wider global political economy. Issues around governance and their related dynamics have altered the terrain, substance, and basis of legitimacy for the Bank’s role in shaping current higher education policies.

This chapter will argue that analyses of the World Bank’s move into higher education policymaking in the mid-1990s, and assessment of the likely outcomes of these initiatives, must be informed by an approach that brings into view the articulation of a crucial set of dynamics:

- (i) the historic collapse of the higher education sector in low-income countries because of World Bank’s conditionalities imposed on these nations over three decades (no public subsidies to higher education);
- (ii) the global division of labor tied to global production;
- (iii) recent transformations in both national (denationalization) and wider global economies arising from the globalization of neo-liberalism;
- (iv) the emergence of a new meta-narrative around knowledge as the engine of development, and cross-border supply as a means for generating higher education capacity for low-income and developing countries;
- (v) the converging agenda of market multilateralism amongst the powerful international agencies as a mechanism of global governance; together with
- (vi) the strategic use of governmental techniques, such as the construction of indexes and other methodologies, to produce the conditions and social relations for a new long wave of accumulation.

Taken together, these structural conditions and political alignments in the world order have provided a new space for powerful actors, like the World Bank Group, to advance a radical political project—the construction of a knowledge-based economy and society.

At first glance, the idea of a knowledge-based society reads as a progressive pedagogical idea—and a useful distance from the key tenets of neo-liberalism that had underpinned the Bank’s Washington and post-Washington Consensus models of development. However, this chapter argues that when articulated with discourses and projects concerned with higher education markets and the

development of a global services economy, efforts by the Bank and other global actors to reinvigorate higher education realized through ‘trade’ and not ‘aid’ work in the interests of the developed economies rather than low-income developing economies. This will deepen the knowledge-gap, generate new intellectual dependencies, and widen the asymmetries between the developed, transition and developing economies.

A Critical International Political Economy Perspective

One approach to understanding World Bank policy is to see the accounts and analyses of problems as being found within the structures and management of the organisations themselves, such as rates-of-return analyses (Psacharopoulos, 1973). Leaving things there, however, would contribute to a pervasive tendency in the analysis of international organizations; to see them as autonomous actors in the international system. Yet, as Wade (1996, 4) points out in the case of the World Bank, the US is a powerful influence on the Bank’s policies, and the Bank’s ideas are themselves derived from American interests in, and ideas about, the promotion of free markets, the role of the state, good governance, and so on. In other words, the interests of nations matter, and the interests of powerful nations matter a lot.

In order to respond to this problematic, this chapter will draw upon the work of the neo-Gramscian scholars of international political economy in international relations (cf. Cox 1996, 2002; Gill 1992; van Apeldoorn 2001; Bieler and Morton 2001; Morton 2003). This body of work constitutes a distinct critical theory route to considering hegemony, world order, and historical change. The core idea is that patterns of production relations are the starting point for analyzing world orders. Furthermore, production is not viewed in a narrow economic sense. Rather it is broadly conceived as; “...the production and reproduction of knowledge and of the social relations, morals and institutions that are the prerequisites for the production of physical goods” (Cox 1989, 12). Cox develops a framework to examine the reciprocal relationship between power and production (Cox 1996, 97-101) in order to see “...how power in social relations of production may give rise to certain social forces, how these social forces may become the basis of power in forms of the state and other powerful global actors, and how these in turn shape world order” (Morton 2003, 155).

Hegemony prevails when there is a coherent fit between a configuration of material power, a set of ideas about world order, and the institutions that administer that order, such as in the post-1945 period which consolidated the Keynesian welfare state in the West, and the development of a stable, liberal world economic and interstate system (Mundy 1998). The social relations of production, forms of the state, international organizations and world orders, are dialectically related to each other, so that changes in production—such as we saw with the crisis of western capitalism in the early 1970s—in turn generates transformations in forms of the state, world order, and the knowledge we use to interpret and constitute new realities (Hobsbawm 1994; Cox 2002, 76-77).

Higher Education in a Globalizing Economy

Policies and institutional changes in the higher education sector must be set against wider transformations that have taken place at multiple scales (local, national, regional, and global) since the early 1970s. These transformations are the outcomes of a crisis of global capital in the early 1970s (Harvey 1989, 2005; Peck and Yeung 2003), and the advance of neo-liberalism as an alternative political project for economic development (Hobsbawm 1994; Harvey 2005).

Since the 1980s, higher education sectors and their institutions around the globe (albeit unevenly) have been constituted as entrepreneurial institutions (Marginson and Considine 2000) and engines

for economic development. These transformations have been achieved by a series of radical challenges to, and changes in, the structures and cultures of higher education as a result of combinations of factors such as: (i) the introduction of New Public Management principles (changes in executive power, structural innovation within the institution, enhanced flexibility, a decline in the role of academic disciplines, new methods of devolution, quality and audit) (*ibid*, 9-12); (ii) the rapid expansion in numbers of students leading to massification; (iii) pressure to look for new funding streams; (iv) the recruitment of fee-paying students, including international students to boost funding; (v) the internationalization of units of activity through franchising, consortia and other kinds of arrangements; (vi) the rapid growth of private higher education teaching and research institutions; (vii) the emergence of powerful digital technologies and learning platforms that enable new ways of teaching and learning; and (viii) the demand for English as *lingua franca* (cf. Johnstone 1998; Marginson and Considine 2000; Altbach 2004). As these projects have played themselves out, old colonial ties have been mobilized and new ones created.

These developments have been driven by and given shape to wider debates about how higher education might directly and indirectly contribute to national, regional, and global strategies to create a globally-competitive services sector as a new value-base for the developed economies. This has meant encouraging higher institutions around the world to 'grow talent', generate new education products and markets, produce ideas and innovations through spin-out companies, patents and other entrepreneurial activities, and foster an entrepreneurial attitude in students (EC 2005; DIUS 2008).

The structural need for the development of a service economy, as opposed to its political legitimacy, can be traced back to the consequences of the deindustrialization of manufacturing from the heartlands of the developed economies (e.g. USA, UK, Australia), and the subsequent rapid growth of the Asian Tigers during the late 1960s-early 1970s (Harvey 1989). The (unanticipated) decline in the US's share of services (e.g. finance, transport) was the result of local suppliers entering into the new industries in Asia as they responding to local conditions and the problems of access for foreign firms as a result of foreign direct investment rules (Marchak 1991, 84). To engage with these barriers, various service coalitions were formed in the US to lobby for change. For instance, the Coalition of Service Industries (CSI) was formed in 1982 to lobby for the reduction of barriers to US services exports. This group, among others, also used their lobbying capacity to shape trade negotiations taking place under the General Agreement on Tariffs and Trade, to also include services and not just goods (Robertson et al 2007).

Trade in services is estimated to be one of the most dynamic growth sectors accounting for 20% of global trade and making up 60-70% of GDP in advanced OECD countries (Hartmann and Scherrer 2003). It was increasingly clear to those promoting 'freer' global trade in the developed economies that they needed to secure agreement on the removal of restrictions on foreign investment, and put into place mechanisms that protected investors from potential nationalizing governments (Robertson et al, 2002). It is also evident that new markets can be created from public services, like education, which have been valued at around US\$1387 billion if these were to be privatized (Robertson et al, 2007, 142). By 2000 the top five exporting countries (Australia, Canada, United States, New Zealand and the United Kingdom) exported around US\$17 billion in education services, with figures rising year on year subsequent to this (Bashir 2007).

It is against this wider production background that we can understand the reasons for the formation of the World Trade Organization in 1995, and the creation of the General Agreement on Trade in Services (GATS) to take in all education sectors, including higher education, into the negotiation rounds (Robertson et al 2002; Mundy and Iga 2003; Kelsey 2003).

While the WTO/GATS negotiations have been problematic because of the interests of the large economies being imposed on less-developed Member States, it has not stopped the OECD and other

agencies collaborating on various projects to advance the internationalization and private provision of higher education (Larsen and Vincent Lancrin 2002). Since 2003, the OECD and UNESCO have collaborated on frameworks to assure quality provision amongst providers (Hartmann 2008), whilst the WTO, World Bank and IMF have sought to ensure coherence in their approach to trade and development (WTO 2003). At the same time, the World Bank has shunted research and policy development to the International Finance Corporation (IFC), one of the arms of the World Bank Group, in the area of private sector investments (Mundy, 2002).

This alignment of actors, agendas and practices marks a radical shift toward a new kind of global economy whose neo-liberal tenets are being constitutionalized in a complex architecture of policies, funding programs, agreements, protocols, indexes and registers that operate at multiple scales. Viewed in this light, the World Bank's rehabilitation of higher education for low-income/developing countries—as a centre-piece of their policy agenda—reflects a shift in interests and strategy of the powerful (and client) states of the developed world (e.g. US, UK, Australia, Canada) tied to the development of a services economy realized through sectors such as higher education.

By the early 1990s, however, many developing economies, and especially low-income countries, not only found themselves with higher education systems that were in crisis, but they had little internal capacity (financial, human) whilst their position in the global economy, at times aided by a willing comprador bourgeoisie, meant they had little power to resist the agendas of the global agencies and developed economies (Hoogvelt 1997; Samoff and Carroll 2002; Robertson et al, 2007).

Higher Education as a 'Private Good'—The conditions for crisis

The historical relationship between the World Bank and the higher education sectors of low-income countries has been problematic since the Bank first began investing in education in the early 1960s (Samoff and Carroll 2002, 2004, 2005). Dependent upon Bank loans, low-income countries were confronted with a set of conditionalities which curtailed public funds going to higher education, with the Bank arguing it was a luxury item that served the interests of the elites and not the masses.

Beginning in 1963, the World Bank's early education portfolio was limited to "...the kinds of educational provision thought most likely to lead to increased worker productivity and economic expansion, best understood in light of the Bank's prior experience in supporting physical infrastructure" (Jones 1997, 118). This was in line with the international division of labor and distribution of global production. With loans earmarked for construction and equipment, the Bank saw management and technical skills as important in order to run these infrastructures efficiently: "Why borrow the foreign management and technical talent when local talent could be developed" (Heyneman 2003, 316). The Bank's human capital investments were limited to those areas where the Bank's infrastructure investments were seen to be at risk (Heyneman 2003, 317). As a result, the Bank's lending program saw all other parts of the education sector (including libraries, secondary education and post-graduate education) as consumption goods (*ibid*).

In the early 1970s, an internal review conducted within the Bank called for broadening of the education agenda. Within the Bank, this was dismissed as too sympathetic to borrowing countries' perspectives (Jones 1997, 121). Instead, a second, external, review prevailed in ways that reflected those interests within the Bank's policy unit committed to the absolute priority of primary education and opposed to the way in which public subsidies in the poorest countries supported the elites. Bloom et al (2006, 1) also note that Chicago School neo-classical economics guru—Milton Friedman—was opposed to the provision of higher education in developing countries arguing that it would lead to social unrest. Rates-of-return analyses were then used to justify and legitimate the view that the proportion of public investment in education should decline as an individual proceeded up

the education ladder because of its calculated greater ‘private’ rather than ‘public’ returns (Psacharopoulos 1973). The eclipse of manpower planning by rates-of-return analyses, with its emphasis on costs and benefits, resulted in the higher education sectors of developing countries being constructed as offering no social, only private, returns.

Throughout this period the World Bank did fund discrete higher education projects, though in a ‘piece-meal’ way, in the new industrializing regions of Asia (cf. China, Indonesia), and Latin America (World Bank 2002). This state of affairs lasted until the early 1990s. By this time the Bank faced considerable criticism not only for the affects of the Washington Consensus policies imposed on developing countries, but the specific consequences of the Bank’s higher education policies on the lack of available knowledges to exploit existing technologies in fields such as agriculture and health (cf. Birdsall 1996, 407). The effect, argued Birdsall, was to generate a considerable ‘knowledge gap’ and the conditions for ‘intellectual dependency’ (*ibid*).

The net effect of the Bank’s policy and low levels of economic growth was to so severely undermine higher education in low-income/developing countries that by the early 1990s the Bank declared that higher education was in a state of crisis. The damage had already been done, so that objectively, radical solutions would need to be found.

In 1994, the Bank published *Higher Education: The Lessons of Experience*. The Executive Summary began by stating:

Higher education is of paramount importance for economic and social development. Institutions of higher education have the main responsibility for equipping individuals with the advanced knowledge and skills required for positions of responsibility in government, business, and the professions. These institutions produce new knowledge through research, serve as conduits for the transfer, adaptation, and dissemination of knowledge generated elsewhere in the world, and support government and business with advice and consultancy services (World Bank 1994, 1). . . .

It went on to argue:

Despite the clear importance of investment in higher education for economic growth and social development, the sector is in crisis throughout the world. In all countries, higher education is heavily dependent on government funding. In an era of fiscal constraints, industrial as well as developing countries are grappling with the challenge of preserving or improving the quality of higher education as education budgets—particularly expenditures per student—are compressed. . . .higher education institutions operate under adverse conditions: overcrowding, deteriorating physical facilities and lack of resources for non-salary expenditures such as textbooks, educational materials, laboratory consumables, and maintenance (*ibid*, 1-2).

If we look closer at the reasons given by the Bank as to why the crisis in higher education had come about, the Report notes that “. . .fiscal adjustments have been harsher and because it has been more difficult for developing countries to contain pressures for enrolment expansion, given relatively low enrolment rates” (*ibid*: 2). The claim that *the sector is in crisis throughout the world* is arguable. In many European countries, for instance, crisis talk emerged around 2004, mobilized by the European Commission (Robertson 2006), whilst in the USA it was the 2006 Spellings Commission (Robertson and Keeling 2008). Mobilizing reference points like ‘the world’ obscures the Bank’s own culpability in contributing to the crisis throughout the 1980s.

The Bank's diagnosed the causes of the crisis in higher education as high levels of subsidization and the inefficient use of infrastructures. The solution offered was to promote 'innovative policies' aimed at increasing efficiency and stimulating greater levels of private investment in the system (World Bank 1994, 3).

Four reform strategies were advanced by the Bank in its 1994 Report: (i) greater differentiation of institutions, including the development of private ones; (ii) incentives for public institutions to diversify sources of funding, including cost sharing with students, (iii) redefining the role of government in higher education, and (iv) introducing policies designed to give priority to quality and equity objectives (ibid: 4). The Bank's solution privileges the privatization of higher education, with financing to come both from households, a more entrepreneurial university engaged in income generating activities such as consultancy services, and from new kinds of the private sector actors by providing incentives for this model (ibid, 7). As we will see in the following section, these strategies continued to be the basis of the Bank's ongoing policy solution for higher education to realize economic and social development.

A series of Bank sectoral strategies and reports followed these ground-breaking reports (see World Bank 1995; 2000; 2002) all continuing to make the case for why and how higher education should be prioritized. In 2000, Wolfensohn endorsed the recommendations of the joint World Bank/UNESCO report *Higher Education in Developing Countries: Peril and Promise*—that higher education be rehabilitated as a means for building capacity and reducing poverty. This was followed in 2002 with a second report focused on the role of higher education in developing 'knowledge societies.' Now the Bank argued: "Tertiary Education is more than the capstone of the traditional education pyramid; it is a crucial pillar of human development worldwide" (World Bank 2002, ix). The promotion of the knowledge-based society and knowledge economy discourses not only legitimates the Bank's policy reversal on the value of higher education, but it has enabled an articulation with capacity discourses and projects that provide a platform for trade agendas to be prioritized.

Legitimizing Intervention - Knowledge a new 'factor in production'

In order to understand the World Bank's approach to the idea of a knowledge-based economy and the way this was taken up in Bank policy on education, it is important to look at an early framing of the idea by the OECD, a multilateral agency serving the interests of the rich countries. Influenced by early debates on knowledge by Bell and others, and mindful of the need to advance a new agenda for economic development for the developed economies, the OECD adopted the idea of an 'information society' (Mattelart 2003, 113). It was not until 20 years later, however, that this idea of a knowledge-based rather a manufacturing-based economy, began to get traction.

Godin (2006) argues the first step in the generalised use of the concept of 'the knowledge economy' in the OECD came in 1995 with a document written by the Canadian delegation to an OECD meeting—where 'the knowledge economy' was in its title. The paper discussed two themes: 'new growth theory' and 'innovation'. New Growth Theory (NGT) had been developed by Romer (1989, 1) and others as a way of getting beyond the problems of the classical economist—of not being able to identify the causes of economic growth. NGT now identified endogenous factors, such as the knowledge and technological base, as crucial (innovation, research, quality learning) and its distribution across the population. These were articulated as 4 pillars leading to development, composed of an innovation system, an economic incentive regime, technology infrastructure, and education investments (Robertson 2008a).

The World Bank's foray into the 'knowledge' arena began much later, in 1996, 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. The WDR placed knowledge at the centre of the work of the Bank's activities so that in the education sector, the focus shifted away from the primary school as the site/agent/mover of change to (or what is also referred to as 'embrained' – see Lam 1998, 13) 'knowledge' as a means of growth. These ideas were more widely taken up in later World Bank's reports on education where they argued:

A knowledge economy relies primarily on the use of ideas rather than physical abilities and on the application of technology rather than the transformation of raw materials or the exploitation of cheap labor. It is an economy in which knowledge is created, acquired, transmitted and used more effectively by individuals, enterprises, organizations and communities to promote economic and social development. (...) The knowledge economy is transforming the demands of the labor market in economies throughout the world. In industrial countries, where knowledge based industries are expanding rapidly, labor market demands are changing accordingly (World Bank 2003, 1).

The Bank's K4D argument was that the increased importance of knowledge provided great potential for countries to strengthen their economic and social development by providing more efficient ways of producing goods and services, and delivering them more effectively and at lower costs to a greater number of people. Combined with the liberalization of trade policy, the knowledge revolution was to lead to greater globalization and increased international competition. To capitalize on the knowledge revolution to improve their competitiveness and welfare, the Bank argued that developing countries needed to build on their strengths and plan appropriate investments in human capital, effective institutions, relevant technologies, and innovative and competitive enterprises. The objective then of the World Bank K4D programme was to:

(...) stimulate social and economic development in client countries by building their capacity to access and use knowledge as a basis for enhancing competitiveness and increasing welfare. The K4D programme is intended to help countries understand their strengths and weaknesses with respect to knowledge as a means to identifying appropriate policies for improvement of the country's performance and to give direction to the country's ambitions. Working closely with the World Bank's regional and sector teams, K4D works with client countries to create a framework for achievable action over a reasonable time period. To be effective, this work must be supported by the creation of the necessary capacity to deliver - namely, people and organizations with the skills, competencies and understanding capable of taking things forward, and supported by access (online and face-to-face) to networks of expertise and experience from across the world (World Bank 2007).

Like the OECD, the World Bank's K4D programme is also based on four pillars and elaborated as follows:

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.

These 4 pillars are central to the Bank's 2002 report, *Constructing Knowledge Societies: New Challenges for Tertiary Education* (World Bank 2002, xxi). The Report begins with the observation that "developing countries are at the greatest risk of exclusion from the dynamics of the world economy..."; that "...tertiary education confers important public goods that are essential to development and poverty reduction...goods that must be accessible"; and that "the role of tertiary education in the construction of knowledge economies and democratic societies is more influential than ever" (World Bank 2002, xi; xvii). Following these claims, the Report underscores its commitment to the policy options outlined in its 1994 *Lessons of Experience Report* (see above), and reinforces a set of new trends, which it identifies as associated with the development of knowledge-based economies (2002, xix). These include:

- The emergent role of knowledge as a new driver of economic development
- The appearance of new providers of tertiary education in a borderless education environment
- The transformation of modes of delivery and organizational patterns in tertiary education as a result of the information and communication revolution
- The rise of market forces in tertiary education and the emergence of a global market for advanced human capital
- The increase in requests from World Bank client countries for financial support for tertiary education reform and development
- The recognition of the need for a balanced and comprehensive view of education as a holistic system that includes not only the human capital contribution of tertiary education but its critical humanistic and social capital building dimensions, and its role as a global public good (ibid, xix).

In other words, the state must generate an enabling framework with financial incentives, a sector that embraces new technology, is comprehensive and diversified, encourages initiatives by the private sector, puts into place quality assurance mechanisms, intellectual property rights legislation and student loans systems, and looks for nonpublic resources to generate new forms of finance. For its part, the Bank promised to assist with Adaptable Program Loans, Technical Assistance Loans, and loans from the International Finance Corporation (IFC) to support private investment. To advance, materialize, and institutionalize the specific architecture of a 'knowledge-based economy' the Bank has developed a set of indexes and measures which, when assembled into a Knowledge Assessment Methodology (KAM), enables the Bank to guide the project in particular ways.

The KAM—Constructing a knowledge economy

The KAM is an interactive, diagnostic and benchmarking tool that provides a preliminary assessment of countries' and regions' 'readiness for the knowledge economy' (World Bank 2007; Robertson 2008a). The KAM enables countries to benchmark themselves against either neighbours, competitors, or other countries they wish to learn from, on the four pillars of the knowledge economy. It is a tool aimed at promoting 'learning' amongst developing and developed countries about the elements that constitute the Bank's imagined knowledge economy. Learning through comparison with others (normalisation), and making appropriate policy changes, are the techniques used by the Bank to construct a nation's economy as a knowledge-based one. Dale (1999) identifies this kind of technique as 'emulation'—a contrast with earlier techniques of 'imposition' by the Bank in its structural adjustment policies. Given that loans and technical advice are now linked to the KAM architecture, however, the KAM is no less powerful even if it is less visible as a mechanism of global governance.

Since its launch in 2004, the KAM has undergone a series of refinements. Initially 121 countries were included in the KAM database, with 76 structural and qualitative variables available as measures of knowledge-based economies. In 2006 the re-launched KAM had 128 countries and 80 variables, while in 2007 four further countries were added. The KAM currently consists of 81 structural and qualitative variables for 132 countries to measure their performance on the four Knowledge Economy (KE) pillars: Economic Incentive and Institutional Regime, Education, Innovation, and Information and Communications Technologies. Variables are normalized on a scale of zero to ten relative to other countries in the comparison group. The KAM also derives a country's overall *Knowledge Economy Index* (KEI) and *Knowledge Index* (KI) based on an aggregation of the 14 key variables. Ontologically, the KAM is a strategic selection device against an imagined 'perfect' knowledge economy for which a value of, for instance 10 is assigned, whilst its absence is denoted by the other end of the continuum, for example 0.

The 'education pillar' is made up of 14 indicators. These are the adult literacy rate (% age 15 and above); average years of schooling, secondary schooling enrolment; gross tertiary enrolment, life expectancy at birth, internet access in schools; public spending on education as a % of GDP; professional and technical workers as % of the labour force; 8th Grade achievement in mathematics; 8th Grade achievement in science; quality of science and mathematics education; extent of staff training; quality of management of schools; and brain drain (World Bank 2008). Within this framework higher education is expected to generate professional and technical workers, provide a basis for research and development, generate innovation and produce and disseminate scholarly knowledge.

As we can see, the focus is now on the upper levels of schooling and university, whilst the privileged disciplines are sciences and mathematics. This is a very particular reading of the knowledge-base for an economy, as science and technology rather than, for instance, knowledge in the humanities and arts, or more vocational knowledge. We can also glean the nature of the political economy at the heart of the KAM by looking at the indicators that make up the other pillars; the 'economic regime and governance', 'innovation' and ICT. Here the inclusion of indicators, such as few tariff barriers, intellectual property protections, the availability of venture capital, royalty and license fees, and so on, are apparent. The KAM architecture embraces the ideals of a free-market economy, with its value base tied to intellectual property. As argued elsewhere, this particular framing also works in the interests of the developed economies and their interest in securing and returning value across borders from intellectual property (Robertson 2008a).

Building Capacity Through Market Multilateralism

Given low-income/developing countries now find themselves confronted with a deep and deepening crisis in their higher education sectors, the question of how they might find the financial and institutional resources to invest in higher education in particular, and to construct this kind of economy in general, is crucial. The Bank's reform proposals from 1994 onward there has been an unwavering commitment to a neo-liberal model of development for higher education: of greater private sector interests being involved in provision, the introduction of digital technologies to enable new forms of delivery, the construction of a student loan system, and so on. The Bank has also increasingly worked in concert with other multilateral agencies to promote this agenda.

This section briefly outlines three initiatives by way of example, which are focused on generating capacity in higher education in low-income/developing countries legitimised by the global knowledge economy discourse. These are (i) building capacity through policy coherence and alignment; and (ii) building capacity through trade; (iii) building capacity through emerging markets and private financing.

Building capacity through policy coherence

Over the past 10 years, there has been an increased level of policy alignment between the international agencies with an education mandate around what can be called ‘market multilateralism’ (Robertson 2008b). Market multilateralism refers to the way in which a coalition of global actors and states have advanced private sector governance solutions, such as public-private partnerships/multi-stakeholder partnerships/emerging markets to a key public sector problem, access to education/access to quality education across the globe.

The ‘coherence agenda’ of the WTO (Article III.5 of the WTO Agreement), intended to secure the synchronization of trade and development policy amongst the international agencies, also feeds into this strategy of policy alignment. Since 2003, this agenda has directly involved the World Bank, IMF, and WTO, whilst other ‘coherence’ activities are being advanced via UNESCO and the OECD. A raft of bilateral agreements, qualifications, and quality provision frameworks, have been negotiated which secures policy coherence tied in the interests of the exporters rather than the importers. When closely inspected, coherence is tied to the goal of extending and deepening higher education as part of a global services economy.

Building capacity through trade

Over the past decade, considerable attention has been focused on the internationalisation of higher education. More recently, however, the OECD and World Bank have begun to focus attention on whether, how, and with what consequences, cross border supply might generate higher education capacity for developing countries in order to generate economic growth. Cross-border supply is defined as a “...situation where students, teachers, programmes/providers of course materials cross national boundaries” (OECD/World Bank 2004, 4). As the report notes, the scale of such activity has grown significantly over the past 20 years, with the OECD countries receiving just over 85-90% of these, with some 57% coming outside the OECD (12% from Africa; 43% from Asia). These new arrangements include branch campuses, private colleges, franchises and consortia.

The OECD/World Bank argue a cross-border, trade-based, capacity building relationship would “raise the stock of human capital in a specific field” (*ibid*, 2) by facilitating learning and the acquisition of skills and resources among individuals and organisations (*ibid*, 8). The OECD/World Bank report reflects the advantages and disadvantages of a trade model. For instance, student mobility (the student going to study in an exporting country) enables networks to be built and knowledge and skills to be secured. It is a costly model, however, because of the high fees in the developed economies, and there is a real possibility of brain drain. Exporting institutions and programmes to a developing country might overcome these disadvantages.

Given that this model is driven by profit and not aid, it is difficult to see how capacity can be linked in any systematic way to local and national development. Many of the programmes offered abroad on a commercial basis tend to be in the high profit, low cost areas, such as business and language studies whilst the commercial nature of these relationships means that there are few ‘spill-overs’ (little research for local development) with quality, equity and institutional stability serious concerns.

Building capacity through ‘emerging markets’

Since the late 1990s, the World Bank has increasingly involved International Finance Corporation (part of the World Bank Group) in the development of policy and programmes to identify ‘frontier’ or ‘emerging markets’ in higher education. According to the IFC, the role of the private sector lies in

both the provision and financing of higher education (IFC 2001). The IFC is currently the largest multilateral agency funding private education in the world, whilst its current medium term investment strategy is to open up ‘frontier markets’ in Africa and the Middle East (Standard and Poor’s 2007).

The IFC works closely with Ed-Invest, an information portal for global developments in private education set up in 1998 funded by the IFC and the private education provider CfBT. The portal canvasses and provides information on private provision, the nature of public private partnerships, and issues surrounding foreign direct investment.

From 2000 to 2007, the IFC provided \$237 million in financing to 37 private education projects in 20 developing countries with a total value of \$839 million. Some of these loans are tagged to helping students from poorer families access a university education, and to encourage local entrepreneurs and trans-national firms to develop private education. For instance, 2008 the IFC set up a loans scheme in Jordan with the Omnis International and the Cairo Amman Bank to enable around 3,000 Jordanian students to take out loans to cover the cost of tuition and (University World News 2008).

There are major issues with this kind of loan scheme as a basis of development. The very poor in low-income countries do have not access to resources of this kind because of risks around repayment. This model also exaggerates the knowledge and income gaps between classes in and across developing nations.

These short examples, of market multilateralism as the underpinning logic for generating capacity in developing countries higher education sectors to realise a knowledge economy, suggests that that free trade and private sector investment are assumed to be the basis of growth, prosperity and poverty reduction. And, as Deraniyagala and Fine (2006, 46) observe, while this orthodoxy is deeply flawed and the claim that ‘free trade is good for development’ remains unproven, it remains a cornerstone in development policy, including higher education development policy.

Conclusions: A Deepening ‘Knowledge Gap’?

This chapter set out to critically examine the shifting role of World Bank policy on higher education as a sector. The overall argument has been that, in order to understand the wider dynamics and interests shaping the Bank’s policies in this area, it is important to locate these historically and in terms of transformations taking place in the global political economy and in global governance. When viewed from this vantage point, higher education in developing economies is seen as a potential market for the developed economies as they seek to build a globally competitive services sector and the means for securing the basis for these economies closer integration into the global economy.

The knowledge-economy meta-narrative promoted by the Bank and other international agencies not only provides the legitimacy for the Bank and other agencies to move into higher education, but the crisis in the sector as a result of three decades of under-funding, has generated a set of conditions that demand an urgent response. As Jessop argues (2004, 167), crises encourage semiotic as well as strategic innovation. The alignment of global agencies, powerful states, and technologies like the KAM, structured through market multilateralism and focused on privatization, public-private partnerships, student loans, diversity of institutions, minimal domestic regulations, cross-border supply—ensures the hegemony of this model. It is also a model where, as Samoff and Carroll (2003, 44) point out, there are “striking convergences on perspective and preferred action *within* nation states. As they note, privatization is an attractive solution to governments faced with declining resources and increasing demand.

Yet, what is also clear is that this ‘trade’ and not ‘aid’ model, with an eye to emerging markets, profits, and innovative forms of financialization to ensure the creation and viability of a higher education market, will promote further uneven development. For it is those families able to negotiate risk who can benefit from higher education, and those nations with an emerging middle class with money to spend on education who will benefit. This can only deepen the knowledge gap, which at present is a wide, and widening, chasm.

A further question remains to be answered. That is, how might the different modes and forms of knowledge critical for development be ensured, when much of the evidence to date suggests that trade based development in education tends operate in those areas, such as business, with high profit margins. A new model of higher education for developing countries that rethinks, defines and reclaims knowledge, is necessary to promote higher education not as a commodity but as a resource for building the kind of capacity that is able to respond to an array of local economic, social, and political projects in ways that are emancipatory rather than those that feed into global markets (Gibson-Graham 2005).

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