

**The Global Auction: The broken promises of education, jobs, and incomes**

**Hugh Lauder, University of Bath – Keynote Paper/Address: Economic Globalisation, Skill Formation and the Consequences for Knowledge Workers**

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## Introduction

Thank you for the privilege of participating in this conference and serving as a discussant for Prof. Lauder's opening keynote paper on *Economic Globalisation, Skill Formation and the Consequences for Knowledge Workers*.

As this is the conference of an Education Policy Unit that is concerned with both the analysis of policy and analysis for policy, with knowledge for understanding as well as for social action, I will endeavour in my 20 minutes to discuss the paper on its own terms as well as to raise possible issues for policy in South Africa.

I wish to begin by setting out the key argument of the paper and engaging with these, before moving on to comment on and engage with other issues.

I can, of course, only engage with what is in Prof. Lauder's paper. I recognise, however, that Prof. Lauder's paper draws on extensive work that has been undertaken by him and colleagues and that is published elsewhere.

So some comments are, perhaps, an invitation to Prof. Lauder to elaborate on issues that are been fully covered in this paper but are elsewhere.

## Key argument

The key arguments of the paper are as follows:

1. Transnational corporations are at the centre of changes in the global demand for knowledge workers
2. Hence it is important to consider the 'skill formation strategies' of the TNC's...as
3. This will
  - Highlight key features of 'economic globalization' and also
  - Reveal the 'trends that have led to contradictions between higher education and the labour market in the West', and
4. Help to illustrate the limits of consensus and conflict theories.

The key features of 'economic globalization' are three:

1. The 'advent of a global auction for high skilled work' – facilitated by availability of high quality Indian, Chinese and Russian graduates
2. The 'development of digital taylorism'
3. The 'consequent new divisions within managerial and technical jobs'

These features 'have threatened many middle class jobs while intensifying positional competition for entry to elite universities, (and) creating a new form of correspondence between higher education and "knowledge work"'.

This has also

1. 'Fundamentally changed the nature of questions relating to social justice and inequality, particularly in relation to higher education'
2. Challenged 'both consensus and conflict theories of the education-economy relationship.'

### **Engagement with the key argument**

I am persuaded by the overall argument of the paper but there are some issues I wish to raise.

1. The first concerns the reference to the 'skill formation strategies' of TNC's.

I would have liked more discussion on this issue – what exactly are these strategies?

What the paper conveys is where knowledge workers are sourced and where knowledge work is undertaken.

The former is about the recruitment strategies of the TNC's and the latter is about where knowledge work is located?

What I am missing is why then the reference to 'skill formation', and the precise 'skill formation' dimension in these changes.

Use of the terms 'skill formation' gives the impression of an active involvement on the part of TNSs in the production of knowledge workers or at least in aspects of their education and training. Is this the case, and if so what is the content and processes and mechanisms of 'skill formation'?

2. The notion of a 'global auction for high skilled work', as one feature of 'economic globalization' is interesting.

In as much as the large supplies of high quality graduates may be from Asia and Russia, it seems to me that for various reasons (level of economic development, language, geography and quality of graduates) a number of smaller countries could also be strongly inserted into the global auction'.

What are the particular implications for the economies and societies of these smaller countries - like South Africa perhaps? What factors would shape the extent to which these countries would be suppliers of high quality graduates or otherwise?

3. If the key features of 'economic globalization' are resulting in 'contradictions between higher education and the labour market' in the advanced capitalist countries, what is the case in China, India, Brazil or South Africa? Is a different dynamic is operating in these other countries, and if so why?
4. For the reasons that Prof. Lauder describes, 'competition for entry to elite universities' is indeed 'intensifying'.

In a recent paper, Hans Weiler writes about 'four major crises that American higher education has to face these days' – a 'crisis of purpose', 'a financial crisis', 'a crisis of competitiveness', and 'a political crisis. (2010:3)

He goes on to note that 'it is interesting to note that one thing one might have expected to happen in a time of crisis has not happened: A decrease in the demand for high-quality, high-priced college education.'

Instead, 'virtually all major American universities, public as well as private, report for 2010 significant increases...in their numbers of undergraduate applications over 2009...Almost necessarily, of course, this means that the "admit rate" (the percentage of applications admitted to a university) has dropped correspondingly' (Weiler, 2010:6).

What will be the responses of elite universities – maintain numbers and take the 'best', or increase enrolments?

What also is the impact on other universities and other institutions of post-school education?

In the US, Weiler indicates that major problems will arise when 'local community college(s) run out of capacity and money' and 'can no longer absorb the demand of young people for entry into higher education' (2010:15-16)

What are the responses of other universities and other institutions of post-school education?

5. Finally, it is suggested that 'a new form of correspondence between higher education and "knowledge work"' is being created – this claim being made on the basis of the work of Naidoo and Jamieson which postulates a correspondence between the curriculum and pedagogy of what are called 'lower ranked' universities and 'digital taylorist work;' ('the routinisation of production platforms and processes' – which also helps to cheapen costs of knowledge workers by 'codifying', standardising and dispersing work).

It would be useful to know how this 'correspondence' – if it is that - comes about: through institutional planning on the part of the lower ranked universities which have identified a niche for themselves in relation to 'digital taylorist work?'; through an institutional response to student demands for a certain kind of learning-teaching?; through an institutional response to employer demands for a certain kind of student?; through state policy which incentivises a certain kind of learning-teaching and the cultivation of a certain kind of student?

What kind of agency – if any – is involved here?

Are what are called 'lower ranked' universities as a function of their curriculum and pedagogy strategies necessarily low quality – according to who?

Are we back to some kind of gold standard – like the 'world class university' – with universities to also be judged by how well their graduates do to escape becoming part of the global auction?

And then what of the idea that differentiation and differentiated and diverse institutions are a good thing given the varied requirements of economy and society, of the local, regional, national and global?

We could be back to the reproduction theories of the 1970s of Bowles and Gintis and Althusser – attractive claims but short on questions of agency and mechanisms.

## **General comments**

I have three general comments.

1. The focus of the paper is on *qualitative* changes taking place in relation to the technical division of labour and the occupational structure.

What are the implications of the changes for the *quantity* of jobs?

2. The focus of the paper is also on TNCs and *knowledge* workers.

Sometimes knowledge workers and skilled workers tend to be used interchangeably in the paper.

While every knowledge worker may be a skilled worker, not every skilled worker will necessarily be a knowledge worker.

What is happening within the TNC workforce with respect to skilled workers?

What are the implications for post-school institutions?

3. Regarding diminishing returns on funds expended by individuals on a university education, it seems to me that the strategies of families and individuals may be shaped by the social and economic structures and conditions of societies

- Perhaps the more unequal the society and the greater the income differentials (like South Africa/ Brazil et al), compared to, say, Scandinavian countries, the greater are the benefits to be derived from investment in post-schooling education

- It will surely also depend on national state policies in terms of the balance between private and public funding in post-school education – levels of public subsidy and levels of tuition and residence fees

## **Specific comments**

I also have a number of more specific comments. I will confine myself to the most important.

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Prof. Lauder argues that there is a 'loose correspondence between social class, the type of university attended, the understandings, skills and socialisation received and the labour market opportunities'.

I am a little surprised by this conclusion, given the arguments? Not a total correspondence sure, but just 'loose'?

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Regarding the 'war for talent', it is noted that TNCs seeks out elite universities for the 'best' and 'talented' few who are 'fast tracked' into leadership/senior management posts. This is because the global nature of business needs new skills for leadership, and only a few are deemed to have these.

I would welcome some light to be shed on 'what this 'talent' comprises, which TNCs apparently know all too clearly.

I have a suspicion that there may also be strong class, race, gender, cultural and linguistic dimensions to this talent?

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There is a critique of both consensus and conflict theories regarding their assumptions about the nation state.

However, the nation state, even with a reduced margin for manoeuvre is still important. What are the alternate terrains on which one must work at the level of policy and practice?

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Would be useful if Prof. Lauder could explicate which 'minority' is enjoying greater 'creativity and autonomy' and which 'majority' is 'being confronted by routinisation' – encompassing what work?

Is the greater autonomy related in any way at all to institutional location or specific domains of work? - to university or science institutions or ICT sector - though even in universities the new paths and practices being pursued are eroding the autonomy of scholars

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The availability of highly educated labour in Asia and elsewhere means it can be sourced more cheaply than that in US and UK. This has 'profound implications for middle class aspirations in America and Western Europe.'

So what strategies are available to the US and Western Europe to keep the middle classes happy? – state restrictions on TNCs?; middle classes move to underdeveloped societies to secure decent jobs and salaries?

What does this mean for higher education internationalisation where such internationalisation has been historically used to secure knowledge workers for advanced capitalist countries (as opposed to making good 'export earnings' – like Australia)

Isn't the whingeing of white middle classes in SA of similar kind - competition from black graduates ('affirmative action') and almost a cry for protection?

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'social classes are structured through the labour market in interaction with nation state policies, therefore unless we understand the changing nature of the labour market we cannot comprehend the changing relationship between class and education.'

'changes in the global division of labour are having a fundamental impact on the nature of the class struggle for credentials and hence on the issues of social justice, which raise questions about the role of the nation state and the focus of conflict theorists in seeking to redress inequalities in education'.



Conclusion - Aims of paper:

‘to argue that existing theories of the education-society relationship have been challenged by economic globalization and to show why this is so through an account of recent changes in the global division of labour.’ - ‘Here we showed that these developments would lead to tensions if not outright contradictions between higher education and capitalism. There are two related tensions that we have highlighted. The first concerns the opportunity trap, here middle class families will invest more heavily in higher education for less return in the labour market for their children. The second relates to the wages, lifestyles and opportunities that those in Britain and America can expect.’

‘A majority of Americans no longer believe that a good education and hard work is enough to find good jobs and financial security. In turn this breaks the basic contract between citizens and the state by which Americans and arguably Britons over the past thirty years have seen education as the key to opportunity and prosperity: a contract in which the state provided the educational opportunities to enable workers to become employable so long as they were highly motivated and invested in their education. It is hard to tell precisely at this time of economic depression what the consequences of the breaking of this contract will be but we believe they will be profound.’

**Usefulness and applicability to South Africa?**

No oversupply of graduates – if anything undersupply and also problem of quality at school and some universities

Beneficiary of ‘offshoring’ – constrained by undersupply and also problem of quality at school and some universities

Effects of digital taylorism re quality and quantity of jobs

Role of the state

Noted that Oxford and Cambridge have student principally from wealthy socio-economic backgrounds; also largely the case with US Ivy Leagues – function of

entry requirements, costs etc; - better represented in top economic positions and command better salaries

Also the case in South Africa re the big 5/6

## Conclusion

Finally, the paper very usefully reminds us that we continue to suffer from 'the presupposition that *either* education serve(s) to maintain the existing order *or* it (is) a mechanism for its transformation'. In both instances there is a failure to seriously analyse the relationship between education and other social conditions (Wolpe, 1991a:3).

Education continues to be 'accorded immense and unwarranted weight as a mechanism of either social reproduction or social transformation'. However, the economic, social or political conditions 'which may either facilitate or block the effects of the educational system or which may simultaneously favour or inhibit them, are... given no serious attention (1991a:2-3).

Hans Weiler made a similar point 30 years ago, when analysing the relationship between education and development in an article aptly sub-titled 'from the age of innocence to the age of scepticism'. He argued that:

There is little evidence to suggest that education, even with a tremendous effort at reducing...its own internal disparities, is likely to have an appreciable impact on the achievement of greater distributive justice in the society at large, as long as that society is under the influence of a relatively intact alliance of economic wealth, social status and political power which is interested in preserving the status quo (1978:182).

In other words, 'education *may* be a necessary condition' for bringing about certain economic and social changes, but 'it is not a sufficient condition', and also not 'an autonomous social force.' From the standpoint of social change the struggle for social transformation, 'structures and processes of educational change must be linked to changes in other social conditions and institutions' (1991a:3).

## **References**

Weiler, H. (2010) Higher Education in Crisis: Is the American Model Becoming Obsolete? Presentation at the Stanford Club of France, 8 April