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Harvesting People: Toward the Political Economy of a Knowledge Society

Main Description:
The role of Knowledge is still epistemologically ambiguous in economic discourse which has dominated management praxis for the last thirty years. Both discourse and praxis have been less prone to scrutinizing the current use/abuse in the patenting of “life” and in the economic “harvesting “of people in the commerce of life, health and death.

The strategic importance of patents to Knowledge Management in a globalizing economy is under-stated as are the ethical, regulatory and inter-generational questions that need scrutiny in the privatization of human inheritance and the associated role that current, and future, “body shops” do, and will, play.

Short Description:
The present patenting of “life” and the rush to economically “harvest” people warrants the Knowledge Management discourse to broaden its focus and its time horizons.

Keywords:
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Introduction

“Knowledge is Power” (Bacon, 1561-1626).

“Knowledge is Value” (Microsoft, 2000).

In matters of life and death, the law counts for little. A man or woman confronting their own mortality will acknowledge few restraints on their behaviour. That is why the trade in human organs is booming (Laurance, 2002: 10).

That economic globalization should precipitate a multi-levelled crisis for public policy at national, regional and local levels is increasingly understood by political actors across the ideological divide. That economic globalization also precipitates an epistemological crisis for the "dismal" science of economics is not, yet, fully appreciated. As Latham (1998: xix) observes, globalization has left political parties and politicians, across the spectrum, struggling for solutions: "The small government policies of the political “Right” have not been able to show, once the active role of government is withdrawn, how individual liberty, alone, can answer the insecurity and remorseless inequity of an open economy, Equally, the political “Left” has found it difficult to sustain the conventional functions and fixed structures of government as a workable response to new sources of social and economic exclusion.

The international mobility of large holdings of capital and the "seamless" movement of information and finance between nations, with an enhanced mobility of commodity production, has helped to integrate economic markets. In Australia, as elsewhere, this economic integration of markets raises complex public policy issues of a "conflict between economic nationalism and internationalism; highlights the re-emergence of social populism; accentuates the fragmentation of social values and community identity; and, collectively, results in a widespread public cynicism with parliamentary-based governance", increasingly unable to respond to the complex policy regimes requiring multi-levelled responses to "footloose" capital (Latham, 1998: xix).

In Australia, at least, political parties are striving for new "paradigms" of governance suited to the demands of an information society and economic globalization - new paradigms that acknowledge that "Knowledge" has joined "Capital" and "Labour" as a core factor of production (Latham, 1998: xxi). At a time when Neo-liberal Economics has dominated, so overwhelmingly, Policy and Management discourses (Kouzmin, Korac-Kakabadse and Jarman, 1996;
Kouzmin, Levesley and Korac-Kakabadse, 1997; Dixon, Kouzmin and Korac-Kakabadse, 1998; Dixon, Dogan and Kouzmin, 2004), the conspicuous inability of such Neo-classical Economics to theorize about the strategic emergence of “Knowledge” as a central variable in increasingly information-driven contexts is particularly startling.

Latham (1998: 52) notes, following Drucker (1993:167), "so far, there are no signs of an Adam Smith or a David Ricardo of knowledge." Quite remarkably, new pools of knowledge are regarded as outside the parameters by which economic growth is modelled within conventional theories of Neo-classical Economics. The fact that information technology (IT) companies, which generate employment multipliers of twenty times that of heavy industry (Latham, 1998: 52), can be ignored in economic policy should be a concern to many – especially, theorists of “Knowledge Management.”

Factors of technology and management in economic analysis are, conventionally, disregarded as "externalities" (Marglin, 1971) - an epistemological device known only to the discipline of economics as it assumes away the complexities of industrial, increasingly corporatist, economies. Supply-side Economics, believes that it has finally surmounted the twentieth-century "problem" of the cost of labour while, paradigmatically, being unable to recognize the strategic importance of investment in human capital, knowledge-based industries and research and development.

The Emerging Knowledge Economy

Contrary to Neo-classical and even more ideologized Neo-liberal Economics, “Knowledge” is, now, seen at the centre of global economic transformation (Bell, 1978), competitive advantage of organizations (Mayo and Lank, 1994) and a shift from “Info-War” to “K-Warfare” (knowledge warfare) (Baumard, 1996). Increasingly, “Knowledge” is seen as out-stripping traditional resources such as land, labour and financial capital and is considered the key source of comparative or competitive advantage (Grant, 1996; Swan and Newell, 2000). For some, “Knowledge” constitutes “economic ideas” (Wiig, 1997) or “intellectual capital” (Stewart, 1997; Van Buren, 1999) and is talked about in terms of “stockpiles”; “reservoirs”; “exchange”; “capture” and “utilization”; without questioning whether it can actually be managed or understanding its epistemology – knowing it exists and understanding its context and, hence, its importance (Swan and Newell, 2000).

Practitioners see “Knowledge” as having distinctive characteristics of a marketable commodity. It is non-monopolistic - once produced it can be re-used by others; non-excludable - it is difficult to protect once in the public domain; and indivisible - it can be aggregated to a certain minimum scale to form a coherent
picture before it can be applied (Johnstone and Blumentritt, 1998). Knowledge is of limited commercial value unless “bundled” in some way. For example, a line of a software code is of little utility until it is combined with other pieces of software to constitute a program (Teece, 2000: 37). For others, “Knowledge” is a commodity that “shares attributes with money in that it seems of value only when it is moved and used” (Murray, 2000: 186).

Drucker (1993), coining the term "Knowledge Worker," argued that, in the "Knowledge Society," the basic economic resource is no longer capital, natural resources or labour, but is, and will be, knowledge. Drucker (1993) further suggested that one of most important challenges for organizations would be to build systematic practices for managing self-transformation. Knowledge received explicit acknowledgement in economic affairs by the Neo-classical economist Alfred Marshall (1965: 115), who argued that capital consists, in a greater part, of knowledge and organization and that knowledge is the most powerful engine of production. Theories of learning (Bateson, 1973; Argyris and Schon, 1978; Senge, 1990), amongst others, also tried to understand knowledge and processes of learning in organizations.

Knowledge Management is about exploitation whilst "Knowledge" is all about exploration. The “Knowledge” debate is emerging from an individual-knowledge focus of the 1970s and 1980s to a group-knowledge focus in the 1990s and 2000s. Similarly, the debate is moving from a focus about the generation, as opposed to the transfer, of explicit knowledge which appears to have been overwhelmed by the emphasis on tacit knowledge implied in what has become known as “the Action Turn” (Reason, 1998). However, this shift of emphasis from explicit knowledge to tacit knowledge overlooks the issue of how tacit and explicit knowledge interact – “the Generative Dance” (Cook and Brown, 1999).

Over the last 30 years, business communities around the world, in their never-ending search for profit, have happily accepted the wisdom of Neo-classical Economics and latched on to the Neo-liberal, managerialist meta-myth surrounding its efficiency-oriented agendas of "commercialization"; "corporatization"; "de-regulation"; "privatization"; "down-sizing"; "out-sourcing" and, more recently, public-private-partnerships (PPPs) (Dixon and Kouzmin, 1994; Kouzmin, Dixon and Korac-Kakabadse, 2001; Peters and Savoie, 1998). With the whiff of new profit opportunities in their competitive nostrils, business entered tender battles over profitable public services, not least of all in health/death (other enticing targets were nationalized railways, public utilities, mandatory pension provision and education services) (Dixon and Hyde, 2001; Dixon and Kouzmin, 2001a; 2001b). Unfortunately, but quite predictably, some found their performance slipping, with their only safety-net under the control of fickle politicians.
The dilemma that has now emerged for both business and government is that there is a gap between the managerialist-inspired aspiration for profitable services and the financial and political realities. This performance gap (Dixon, Dogan and Kouzmin, 2004) is a source of frustration, and inspiration, to those who see the profit-driven, corporate private sector as a driver of a “New World Order.” The search for new property rights and sources of “economic rent” had become paramount.

Economic Harvesting of People: From Exploiting the “Mind” and the “Stomach” to Farming “Body Parts”

Old age is, increasingly, a human rights issue as well as a growing arena for entrepreneurship. In the US, 126 medical schools represent 3 departments of geriatrics - every UK school of medicine has its own geriatric department (Bennedict, 2001: 22). How complicated and costly it is to “age” in the US represents public policy crisis proportions of the first order - long-term care in an industry that is labour intensive, sees slender Medicare reimbursements and is perceived to have no medical prestige (Bennedict, 2001: 22). However, in a late-modernist, post-service-oriented globalizing world, Post-modernist “narcissists”, as well as those in the Knowledge Management “industry,” constitute an individualistic domain for highly profitable health and aged-related commerce.

Intellectual property has been well developed recently for the burgeoning commodification and consumption of culture – an economic harvesting of the narcissistic and the cultured mind? Economic rents from the enforcement of newly-created property rights across the “industries” of music, film, software and expropriated cultures are now well identified and highly contested. One industry estimate of the profits lost to the “piracy” of copyrighted CDs, films and computer software, in China alone during 2004, is $US 2.6 billion (King, 2004). In less cross-culturally-sensitive terms, the Free Trade Agreement between the US and Australia could have the Australians “forking” out tenfold more in copyright licence fees (Cochrane, 2003).

Profitable capacities in the arenas of genetically-modified (GM) food-chains and the enforcement of the global consumption of GM crops are expanding notwithstanding global opposition to the “Regulatory Takings” (Epstein, 1985) – based “blackmail” by globalizing corporations (Brown, 2004) – a form of economically harvesting the hungry, and the not so hungry, stomach. Even cloned animals are deemed safe as food by the US Food and Drug Administration (Pollack, 2003).

Trading in the Genome “Knowledge Management” Project and the live, and not so live, “body parts” industry (Cheney, 2004; Lusetich, 2004) are not far behind in being at the forefront of lucrative, patent-driven commerce. Public policy has
yet to address the imminent opportunities afforded by the “economic harvesting” of the post-modernist-inclined “body”. For business eager to capture the rewards of on-going and strategic privatization initiatives, such “Knowledge Management” opportunities are tantalizing.

Perhaps, one of the worst, and best, examples of private entrepreneurship and Knowledge Management/Intellectual Property opportunities in health, but where government regulation or effective intervention seems to have failed, is in the spare “body parts” market. There are highly positive and negative discourses, especially through the rhetorical discourses related to “caring” and “curing,” but the evidence may suggest another reality (Anonymous, 2001). The commodification and use of the human body through exchange of property rights for spare body parts is one of the fastest growing global markets. Yet development of this market crosses the greatest of all medical taboos - the sale of body parts - and leaves many ethical issues, which governments and corporations do need to address, largely unanswered. This market has high-investment, high-stake, potential public good and private interest outcomes. This market represents a “gold mine” in terms of Intellectual Property and patent – driven economic rents and Knowledge Management use/abuse.

More dramatically, though, for donors and recipients or their families, there can be highly negative legal, ethical, social and physical consequences of this health/knowledge management market. Sylvester (2000) reports that the “body shops” of the future will be directed towards the production of human parts through cloning and genetic engineering – even to the extent of scientists growing spare body parts in animals (The Sydney Morning Herald, 2004:3). The “Resurrection Men” in the burgeoning American cadaver trade is now a problem for regulatory measures (Cheney, 2004; Lusetich, 2004). Klein (1993), Smith (1999) and O’Bannon (2000) contend that the selling of human baby parts, as an example, is a lucrative sideline for businesses such as abortion clinics. While direct payments for these transactions are now illegal (at least in the US), payments for harvesting, transporting, collecting, storing and renting space, in relation to these foetal parts and transplant and research markets, can be made to circumvent the law. One of the critical issues here is informed consent, a voice often missing from this discourse. Another is the Intellectual Property, “New Patent,” and Knowledge Management dimensions of such globalizing markets.

The transplant industry is usually bound by government legislation, which might support consent to organ removal after death and to live-related and unrelated (to the person) transplants. Critical voices suggest that the transplant industry is no better than “noble cannibalism” (Kass, undated, cited in Meilaender, 1996). Even the re-definition of death some years ago in the US supported the transplant industry. While death usually now means brain dead, a heart, for example, that is to be transplanted can continue to beat through mechanical means after a person is declared legally-dead. Should legal euthanasia or legally-assisted death become
generally supported by governments, organs for transplant could be taken as part of a legally-assisted death. Such economic and ethical issues, seem for the moment, to remain largely un-examined by governments which will need to consider the potential consequences of their policies, especially with such an active industry as the body parts industry (Arnold and Younger, undated, cited in Meilaender, 1996).

One current challenge for governments is that global demand for transplantable organs is ten times greater than supply, even with high-technology-related deaths (Fox, cited in Meilaender, 1996; Lloyd-Roberts, 2001). There is a major global trade in organs, especially where organs are removed and transported trans-nationally for recipients with private health insurance. Such exploitation of the poor to benefit the rich, beyond the serious impact on the poor of economic Neoliberalism, evokes pitiable voices in some instances but ones which are often silenced by governments and supra-national in-action, overall (Laurance, 2002:10). However, one, albeit limited, benefit from the horror of September 11 and the grounding of aircraft in the US is reported by Taylor (2001) who indicates that patients on local transplant waiting lists became the recipients of organs that could not be transported as intended.

Patenting "Life": Pharmaceuticals and Genetic Engineering out of Control?

There are, of course, many exemplary areas of the health industry that reinforce uncertainty about governments' roles and responsibilities in Privatization, Knowledge Management and, through regulation and the definition of ethical parameters, the future of research and development-related medical discovery (Elliot, 2001). The global pharmaceuticals market, as one of the biggest, multi-national markets in the world, gives every indication that there is major “capture” of governments or, at least, intent to capture, with patents being significant market “distortions” relying on explicit government interventions in creating 17-year monopolies (Baker, 2001:13) and facilitating profitable "copycat" research rather than the required stimulus to new cures. There is the burgeoning expenditure on prescription drugs, estimated to be US $1.5 Trillion over the next ten years - a greater amount than Bush's tax cuts over the period. Along with privatized safety reviews in drug testing and 800 waivers of financial conflict, the Federal Drug Administration's (FDA's) control over testing raises further obvious concerns about the “capture” of regulatory provisions in increasing pharmaceutical opportunities within medical and healthcare provision (Washburn, 2001:17; Groozner, 2002; 2003).

Furthermore, the spectre of “the privatization of human inheritance” (Goozner, 2000: 23), or the privatization of “immortality,” would find little support if the industry's arguments were widely known. Patenting naturally-occurring
substances in the name of “innovation” offends sensibilities (Goozner, 2000:23) but not the profit motive. The "genetic gold-rush" involves the US Patent Office “co-operating in the "looting" of the human genome in opposition to the scientists whose work made it possible to gene patent”(Goozner, 2000: 24-25). Any concerns about patenting impacts on science and its delivery of health benefits have not curbed privatization - with one pharmaceutical company already holding 500 of these patents, having 6,000 patents pending and making dozens of new applications each week (Goozner, 2000: 24; Dreyfus, 2001).

A 1997 National Science Foundation Study of Bio-medical Patents found that only 17.0 per cent of key discoveries came from industry - the vast majority being generated by public, not-for-profit and foreign laboratories (Goozner, 2000:27). Not only are tax payers funding research that is duly expropriated, but government funding is now being sought for "long-term life sciences", with time horizons of fifty-year research to be conducted in government agencies and universities. Such research is being foreseen as the "public interest" being prepared for inter-generational exploitation of medical provision, patents and “healthcare.”

“Future Shock” and Inter-Generational-Focused Knowledge Management

While this paper, so far, has simply touched upon some of the critical issues in the economic harvesting of mind, stomach and body relating to intellectual property, patents, profits and Knowledge Management, governments' roles in this regard, and the competing voices promoting both public good, markets and Knowledge Management opportunities, as acceptable responses to Neo-liberalism, will provide increasing community and public debate challenges over the coming years. The future ethical roads will need to be determined beyond some vague concern and issues of risk and safety addressed. Yet, there is disquiet which suggests that governments tied to market-based and Knowledge Management-based models of economic exchange may be reluctant to stifle the spirit of health-industry entrepreneurs, in this instance, and that the consequences for all may be way beyond the basic ethical and legal issues of today (ABC Radio National, 1999).

Under a patent and Knowledge Management-driven model of privatization, Giddens (2000) argues that there needs to be an effective balance between public good and private interest. Yet, such a model inevitably potentially diminishes social responsibility when services are provided for profit and shareholders' interests become primary to public interest. The unstated voice of Agency Theory, supporting Neo-liberal Economics, does not proclaim, publicly, that governments now act as agents in the interest of their principals, the capitalist elite (Johnston and Kouzmin, 1998). Nor does this voice say, for example, that, by 2009, it is estimated that nearly 20 per cent of the US population will be un-
insured for health services (Laszewski, 2002). The question is whether governments have mis-understood the principles of public good or are, purposively, driven by electoral interest and power, which are now supported by donations from capitalist elites, governmental reciprocity through corporate welfare and the pressing demands of Knowledge Management requirements.

Health Administrators, for example, like Knowledge Managers, need to learn to incorporate a "rights framework" in the way they prioritize issues. Within the context of governance accountabilities, transparency and severe reactions to the “rhetoric of intransigence” (Hirschman, 1991) that dominate privatized services (Dixon, Dogan and Kouzmin, 2004) and Knowledge Management, litigation and, more specifically, class action may spur much needed critical scrutiny. Yet, the evidence, so far, would suggest an in-capacity by governments and Knowledge Managers in relevant institutions to lead intellectual debates about these critical issues of commercial exploitation of intellectual property related to the “economic harvesting of people”. What is even worse, is that governments and corporations, to a considerable extent, appear to have failed, cognitively, to recognize the magnitude of the issues that they face - are Knowledge Managers the ultimate vanguard of twenty-first-century corporate imperialism?

If this governmental, and Knowledge Management, failure results in a declining global health status for populations in many developed countries, let alone developing economies, the aggregated domestic cost will become an enormous global opportunity cost that will eventually mitigate against international trade and the continuing support for Neo-liberal-Economic, efficiency solutions to service health provision challenges. This will be particularly pertinent if private interest in the area of biological and technical discovery in health continues to dominate these fields - beyond the equity of access in public-service provision (McNally and Wheele, 1999). Such a trend, which supports global, capital business interests will, inevitably, have a major, negative impact upon inter-generational utilities, which, otherwise, could be leveraged when human capital, across socio-economic strata, is valued more than a capacity to pay.

**Conclusion**

The paper uses examples from “commodified” health and the “abuse" of patent rights to illustrate some of the challenges and dilemmas corporations and governments face in the arena of Knowledge Management and the rapidly developing Knowledge Society. Some Knowledge Management issues that the paper touches upon are whether there is an in-capacity of governments, and organizations, to understand the potential, negative consequences of their actions in making the area of health, and Knowledge Management, so contestable - whether there has been an intellectual, cognitive or ontological failure in this regard (Dixon, Dogan and Kouzmin, 2004). The consideration of the implications
if private interests overwhelm public good in the commodification of health, through biological and technological discovery, was also canvassed. It is also suggested that the opening up of the healthcare services' markets provides a new global opportunity for Knowledge Management interests but, also, poses a global threat to citizens, especially in terms of inter-generational utilities.

The daunting challenges facing governments and corporations intent on further privatizing patent-abuse and health provision are at least three-fold. First, who should be obliged to pay what price - and receive what form of government support (if any) - for what form of benefit, whether payable in the distant or near future, in the event of which medical contingency, purchased from what types of market or partnership providers operating in what type of increasingly outsourced, partnership environments? Secondly, governments must design a set of regular pre-arrangements that can protect the public interest, in perpetuity, in an environment where private interest goals can easily come into conflict with public interest goals. Finally, public policy must resist calls for government subsidies to support the "economic rent," or excessive profit, expectations of partnership providers and Knowledge Managers.

To meet these challenges, the “Privatized State” must learn to become the "Smart State" (Kouzmin and Jarman, 2002). The policy dream - that mandatory market and partnership provision of healthcare, for example, will allow governments to reduce fiscal deficits or even to limit or reduce future tax burdens - may very well become a public interest nightmare if policy success encourages governments and knowledge-driven corporations to create mandatory private, medical health markets to facilitate the retrenchment of public expenditure on, or the divestiture of, government responsibility for public programmes that address other insurable social risks - such as old age and the patent and research and development–driven search for highly-profitable surrogates for this “eternal” condition.

How much basic science should/could be patented and considered proprietary commercial knowledge and how much should/could be left in the public domain (Kuttner, 2004)?

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