

**Dividing labour – sharing knowledge: innovative spaces in a knowledge society – Ernst Helmstädter (Economics), Institut für Arbeit und Technik (Germany)**

*The starting points*

The knowledge issue of Economics is based on two different fundamental aspects. The one concerns the microeconomic and static point of view. It has been developed over several phases during the last four decades in the frame of the “Economics of Information”. The other regards the macroeconomic and dynamic perspective. It was formulated first by Adam Smith (1723-1790) in his path breaking analysis of the division of labour. Heinrich von Storch (1766-1835) and Charles Babbage (1791-1871) have proposed a supplementary process: division of knowledge. Friedrich A. von Hayek (1899-1992) added a specific version, understanding economic competition as a search process of its own. The first aspect comprehends knowledge as a specific economic good; the second understands knowledge as a process. The paper follows this process-oriented approach because it helps to understand the factors of economic development, and leads to political advices for a “knowledge based economy”.

*Carrying out the introductory remarks*

The paper emphasises the role of competitive societal interactions as creative processes that bring about new knowledge for innovative economic use. Two types of competition must be differentiated: economic competition against reputation-(or status-)competition. Understood as spontaneously unfolding processes they need their specific institutions. “New Institutional Economics” has developed during the last twenty years the system of institutions for the transactions under economic competition. This exchange process itself detects a specific type of knowledge, the knowledge of the prices and the very distinct side conditions of time and space. Knowledge I gets known in small parts only to the competitive agents. But the society uses this dispersed knowledge fully via the exchange process. We nominate this type as Knowledge I. The second type of new knowledge gets found by professional research in firms and the science system: Knowledge II. The essence of these two types of knowledge, practical

tacit knowledge and explicit codified knowledge, must be united in successful innovative activities. The institutional topics of reputation competition and co-operation in the frame of knowledge II processes are still not fully developed. The previous experiences of the New Institutional Economics may help to go ahead with this item. The basic difference is that goods can be exchanged between individual agents but knowledge must be shared under the members of a scientific community. The paper discusses the institutional framework of open spontaneous knowledge II processes in some detail. One final conclusion refers to a policy which takes into account that the science process gets not more “creative” by more economic competition, but only by the right institutions for reputation competition and co-operation. The second policy advice is directed to the right mixture of knowledge I and II.