

Knowledge in Economic Theory – Changing Perceptions of Knowledge and Intellectual Assets as Property

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The economists' views of knowledge is rooted in the Industrial Revolution of the late 18th and early 19th century, when capitalized innovation did result in general expansion of markets and increases in wealth, and knowledge production was considered a rent-seeking activity. The idea that knowledge is a public good nearly disappeared during that period, and economists saw a direct relationship between innovation and gaining market advantage. Today, the notion of knowledge as a nation's most valuable asset, along with the right to profit from it, has become commonplace. In the past years though, the idea of restricting others to use knowledge as main incentive for knowledge creation has become less attractive in some industry sectors, and alternative economic models based on knowledge as abundant resource are gaining attention in the corporate world, namely in the media and entertainment industry, pharmaceutical industry and partially in the software industry. Knowledge production and diffusion in the information society may be different from the industrial age is taking root and new economic model of the value of knowledge are emerging.