

Book Review

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Andżelika Kuźnar – “Międzynarodowy handel produktami wiedzy” (“International Trade in Knowledge Products”), Warsaw School of Economics, Warsaw 2017, p. 365

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It is widely recognized that the role of trade in knowledge products in the global economy is increasing just as does the influence of knowledge on the benefits of producers of goods and services. The growing share of knowledge in production processes and in shaping the role of countries in the world economy is also being witnessed. However, these processes have not been examined empirically to a degree comparable to that of other factors affecting the position of countries in international trade and the benefits they derive from trade. One of the most interesting books covering important aspects of international trade in knowledge products is the currently peer-reviewed one, recently published by the Warsaw School of Economics, which is the author's main achievement in her habilitation process.

The originality of the book stems from the fact that it is devoted to international trade in knowledge products. The author distinguishes three groups of knowledge products in international trade: tangible products of explicit knowledge, intangible products of tacit knowledge, and intangible products of explicit knowledge. Such an approach has forced the author to first define concepts related to the issues she examines, since – as is often the case in economics – individual researchers propose a slightly different approach to the issues discussed in the book.

And it is the definitional and methodological issues that are discussed in the extensive (76 pages long) first chapter of the book, titled “Knowledge in Economics”. The author treats knowledge as one of the factors of production, allowing more efficient use of resources, and an inherent, immaterial component of our reality. Knowledge as an economic good may be privately owned and exchanged at the market. In this chapter, the author makes many divisions and classifications of knowledge into various types (e.g., division of knowledge into explicit and tacit, and its consequences), which she then uses with high precision in further parts of the book. The most important achievement of this chapter is her own classification of knowledge products in international trade. Three consecutive chapters of the book are devoted to the so-distinguished types of knowledge products.

In the first chapter, the author also presents (p. 62) a very correct and unambiguous division into “goods” and “services” (after T. P. Hill) and consistently uses this division in her entire book, simultaneously promoting this very useful method of division of “commodities” in scientific research, which is not widely recognized in Polish economic literature. On page 50, the author too narrowly treats the concept of “just in time” as a method of production, whereas, in fact, it also relates to the system of supplying a company with various raw materials and intermediary products necessary for the production and the management of distribution of final products.

The second chapter is devoted to the examination of international trade in tangible products of explicit knowledge, i.e., high-tech goods, such as aerospace, computers and office machines, scientific instruments,

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pharmaceuticals, chemicals, electronics and telecommunications, electric and nonelectric machinery. The author has found unique statistical data that have enabled her to analyze the share of the above-mentioned high-tech goods in the global exports of the main exporters, which include mainly developed countries, but also, in the case of some high-tech goods, China, India, Singapore, and Hong Kong. When examining the imports of high-tech goods, the author (on p. 112) notices that global imports of these goods are greater than their exports, and yet, on a global scale, imports should be equal to exports. However, this is not happening, and the author gives five reasons for this. In my opinion, she omits two more important reasons. First, it is the fact that many products are shipped at the end of the year. Their value is included in statistical data for a given year in the exporter's country, but as they reach the importer's country in the following year, their value is included in its statistics that year. And second, exchange rates often change, which also distorts these statistics. In this chapter, the author has devoted a lot of space to the protection of intellectual property (IP). In the study of the dependence of trade in high-tech goods on the degree of IP protection, she has used the gravity model and formulated interesting but cautious conclusions on this basis.

In Chapter 3, the author analyzes international trade in intangible products of tacit knowledge, concentrating on knowledge-intensive services. The service sector has shown a steady increase in its share in world trade and in the domestic economies, especially in developed ones, increasing its share in terms of both gross domestic product (GDP) and employment. This causes, among others, the growing interest of researchers from different countries in making analyses of this sector. Knowledge-intensive services are among the three categories of knowledge products distinguished by the author.

On this occasion, I would like to refer in a polemic way to the use by the author of the term "trade" in relation to services. I would like to note that trade – as is generally known – is also a service that has the largest share in the services of virtually all countries, except for some developing countries, and therefore, instead of "trade in services", it would be more correct – in my opinion – to use the terms "turnover" or "exchange" of services (which is used by many Polish authors, including me). Moreover, the author uses these terms: for instance, on p. 21, she writes that knowledge can be "exchanged" at the market. The term "trade", instead of turnover (exchange), is widely used throughout the book, with one exception, when the author – on p. 241 – rightly writes about services "in international turnover".

In the final chapter, the author deals with the international trade of intangible products of explicit knowledge, to which the author included IP rights. In this chapter, we find a comprehensive description of the rules related to IP rights, the methods and purposes of IP protection in historical terms, as well as the practices of many countries in this regard. The methods for transferring IP rights, as well as the size and directions of international trade in IP rights, have been widely described. I noticed a certain inconsistency in this chapter: if the author uses the abbreviation "USD" for US dollars in the whole chapter, she should consistently use the international abbreviation "EUR" and not the full currency name "euro" (p. 278 and later).

The book ends with the synthesized chapter "Conclusions and final remarks", in which the author summarizes all the research contained in the reviewed book and indicates the desirable directions for further scientific research.

The book has been prepared for print very carefully, and there are rare minor errors and inaccuracies, which I present below as a careful reader and reviewer. First, the author consistently uses a three-sector division of the national economy in her work, but, for instance, on p. 109, she writes that scientific apparatus is applicable in "various sectors of the economy", instead of in "various industries". Similarly, on p. 266, she writes about the "wine sector", and on p. 222, "in the science sector", where it would be more appropriate to write "in the field of science"; finally, on p. 320, she writes about "sectors of the economy" instead of "industries of economy".

At the end of this review, I would like to refer to the main hypothesis formulated by the author in the Introduction to this book. It reads as follows: "since the beginning of the 21st century the world economy has experienced rapid acceleration of international trade in knowledge products" (p. 14). This is an intuitively correct formulation, maybe a bit too general, but the author's merit is to prove it in a multifaceted manner by gathering and interpreting rich factographic material as well as difficult-to-obtain statistical data. However, the phrase "rapid acceleration" used in the hypothesis is not very precise and unambiguously defined.

One can only suppose that the author is writing about the acceleration that occurred in relation to the 20th century, which is an undeniable fact. There has been a significant increase in the use of knowledge in the economy and a dynamic development of knowledge management in economic sciences.

Treating the in-depth review as my duty, I would like to draw attention to a few minor errors that I noticed in the text, mainly of an editorial and stylistic character. I strongly believe the author will be able to use my remarks in her further publishing activity. In several places (e.g., on pp. 13, 62, 209, and 225 twice), she writes about the “production”, instead of the “provision” of services, which is a more appropriate term, because we rather produce material goods, and services – we provide. There are also some inappropriate usages of several Polish words.

Despite some critical and polemical remarks of a different nature, I would like to emphasize that I highly appreciate the reviewed book due to its innovative and comprehensive treatment of international trade in knowledge products. The work is very richly documented (it contains 287 footnotes, >290 literature items, and >100 Internet sources, mainly in English), and the conclusions and statements formulated in the book are convincingly proven, and each time, the reasons for the analyzed phenomena are presented.

The book should be interesting to both academics and students doing research on international trade, as well as to the Patent Office of the Republic of Poland, due to the fact that the institution may use valuable content contained in the second and fourth chapters.