

INTRODUCTION

The New Economy

Are All Our Woes Virtually Solved?

Dave Broad and Wayne Antony

Imagine. You just finished your day's work — all three hours of it. Yesterday and today you worked at the Car Company developing software to run the latest fuel efficiency engine modules. For the next three days you will be over at the Computer Company helping to put together the latest voice command modules. The work is pleasant. After all, not only did both companies hire you based on the contract proposal you submitted for the jobs, but the work itself consists mostly of spending time with a team of other information technology professionals experimenting with various voice inflections to see if computers can accurately respond to irony. After these two jobs, you're not sure, you just might take a few days off to finish that novella you are writing. With the money from those two contracts, you won't really need to work again for a week or two. Sound impossible? Well, this scenario is not too far off in some of the more optimistic visions of the New Economy (NE).¹

Most accounts of the New Economy say it is based on advanced information and communication technologies (ICT). Drawing on the early work of Daniel Bell (1973; see Chapter 1 below), many authors have argued that we are witnessing an industrial revolution driven by computerized production of both goods and services. The impact of computerization has without doubt been dramatic. We find computers and computer chips everywhere, from automobiles to cash registers to bank machines to musical greeting cards. Digital technology now controls television and telephone systems around the world, with cell phones multiplying exponentially. Many homes in First World countries have more than one personal computer (PC), and digital telephones and audio-visual systems on all levels.

One of the first people to use the term “New Economy” was Canadian management guru Nuala Beck (1992), who actually trademarked the term! Alan Murray (2000: 7), a leading proponent of the New Economy, has described it in glowing terms:

The New Economy... is like the Istanbul bazaar, that five-hundred-year-old covered maze where thousands of vendors sell carpets and curios, icons and samovars. The orderly world of a generation ago, with its limited choices and fixed prices and clear lines of distribution, is being transformed into a chaotic, bustling, teeming global marketplace. Countless sellers court countless buyers, with an array of merchandise. Prices aren't fixed. Each merchant tries to extract the highest price for his wares; but each customer has the power to walk to the next booth in search of a better deal.

Murray goes on to tell us approvingly that "globalization, deregulation, and digitization are turning the entire world into a modern version of the Istanbul bazaar." But unlike the old economy, "there is a new twist: pervasive information." Because of the so-called information technology revolution, both buyers and sellers are, ostensibly, much better informed about market opportunities. In his book, Murray highlights the major changes that underlie the New Economy, particularly developments in computer and information technologies, deregulation of financial and labour markets, and the dizzying expansion of market trading. Indeed, trading in shares on the technology-heavy NASDAQ Composite Index rose from less than 1000 points in 1994 to over 5000 points in 2000, but it crashed later that year and has levelled off at around 2000 points since 2001, the so-called "dot-com crash" (in reference to internet companies like Amazon.com and eBay; see below).

As Murray's definition indicates, this New Economy is, first of all, global. The ICT revolution has made possible changes in communication, production and transportation, so that economic structures are no longer constrained by geography (or political boundaries). Virtually everyone around the world is tied into one global economy. We often call this globalization.

The impact on work has been equally dramatic. ICTs and globalization have transformed work processes and created and destroyed jobs. For example, bank machines have replaced bank tellers and so on, while opportunities have opened up for computer programmers and computer tenders. Not only have the kinds of jobs changed in the New Economy, but the nature of work has also been altered. For example, we are often told that the days of having a life-long career with one employer are long gone.

Finally, the nature of government has changed with the emergence of the New Economy. Within the processes of globalization, the role of government in the New Economy is supposedly much more minimal than in the years up to the 1970s. Government is supposed to provide the conditions for international economic competitiveness, and reduce barriers to economic

globalization and be less concerned about the social welfare of individual citizens (which, as we will see, will be taken care of by economic growth). That is, government is supposed to be a midwife to the New Economy.

Thus, the New Economy (NE) has three key features: a newly globalized economy, restructured — i.e., new forms of — work (both supported and driven by the new electronic technologies), and a new form of politics. Each of these key features, in turn, consists of several important elements (which are very briefly alluded to above, some of which are discussed in detail in the rest of this book). There is considerable agreement about the features of the NE, but there is equally considerable debate about the NE. In very general terms, there are two main schools of thought on the New Economy.

According to one kind of assessment and analysis, the New Economy is a good thing. It will promote economic growth in part by increasing labour productivity. Indeed, the package for the Microsoft Office program for PCs proclaims that the product is “What Productivity Means Today.” New Economy growth will also be promoted because of increasing investment opportunities. Members of this school sometimes describe the New Economy as a post-industrial, post-modern, post-capitalist society — for some, capitalism has been superseded, for others, capitalism has triumphed and rejuvenated; in either case, we will all be better off than in the industrial capitalist past. As to the economic benefits overall, promoters believe that the New Economy will reboot the world economy to promote economic growth, just as rebooting our PCs will clear out all the system blocks that are impeding the workings of the system.

Very importantly (especially for this book as we are mostly concerned with the impact on the world of work and the welfare of workers), promoters state that the NE will provide new and exciting employment opportunities. There will be plenty of work for everyone, work will be flexible, well-paid and consume less and less of our time. These authors, discussed throughout the book, speak enthusiastically about the many opportunities available, especially for a growing class of “knowledge workers” — those in relatively senior positions doing primarily mental as opposed to manual work. Beck (1992: 133), for example, several years ago identified three groups: “1. Professionals, such as doctors, engineers, lawyers, accountants and actuaries... 2. Engineering, scientific and technical workers... 3. The very senior ranks of management.” In particular, the term “knowledge workers” now refers to people who work with ICTs. These workers are the symbol of the NE in the world of labour.

This rebooting of the economy and work is aided by neoliberal public policy change. According to the NE’ers, and to use another computer analogy, governments will clear out system viruses like environmental, labour,

and tax regulations that impede the free flow of capital. Governments that do not act in this way will be condemning their populations to the deprivations of global uncompetitiveness and, ultimately, to the dustbin of history.

Others disagree. Authors and researchers in this second school of thought argue that while ICTs have had a significant impact, a global economy is developing and governments' behaviour is changing, we are not, in fact, witnessing the emergence of a truly new economy. Rather, we are in thrall to an old economy — the same old capitalism based on fundamental social inequalities — re-developing and attempting to recharge itself. Further, proponents of the second school of thought argue that current economic restructuring is producing at least as many negative as positive results, with the positive results most often not being evenly distributed.

Regarding globalization, this line of analysis does not dispute a charged-up form of global integration — the obvious global reach of the familiar transnational corporations is clear evidence. But as many point out, capitalism has an inherent tendency to expand, and historically, capitalism has been expanding from its onset. Nor has this new globalization provided the economic opportunities promised; the ones that have emerged have often proved to be fleeting. Indeed, the dot-com crash of 2000–2001 is a clear warning sign of the fallibility of the New Economy. Interestingly, we can note that Murray's (2000) enthusiastic account of New Economy stock trading was written before the so-called dot-com crash of 2000–2001. Neither Murray nor Beck, who wrote three books on the subject in the 1990s, appear to have published any major works on the New Economy since the year 2000. (For more on the dot-com crash see Chapter 2 below.)

Not surprisingly, the world of work, while changed, is still fundamentally one in which employers have the upper hand. The NE has not opened up good jobs for all, and the ones that have been created are certainly not the high-paid, secure jobs predicted. In fact, for many, the so-called flexibility of the NE is actually insecurity in terms of pay, advancement and protection. Even in the much-touted ICT sector, the knowledge workers so loudly proclaimed do exist but are not nearly as plentiful nor as well off as predicted. In fact, many knowledge workers are simply data entry clerks and even those with interesting jobs often work in precarious circumstances.

The New Economy government is much in evidence. Those who take this second line of analysis, like their NE promoter counterparts, point out that governments in almost all industrial countries have cut back on the social safety net (witness the cutbacks to education, social assistance, health care, environmental protection and the constant drive to cut taxes). Where they do take issue is in assessing these changes. This second school regards these changes as actually making the situation worse for the majority of citi-

zens whose lives have already been made more precarious by the economic and work changes in the NE. In fact, most in this school would argue that far from minimizing their impact on the lives of citizens and their economies, governments have been willing and necessary partners in the emergence of the NE.

New technologies, accompanied by economic globalization and the shift from social welfare to neoliberal state policies, have led to increased employer strength and weakening trade unions, to work speedup and unhealthy work environments, and to increasing unemployment and underemployment, while state regulation and provision of social welfare benefits have been eroded. In short, the capital accumulation process is being rebooted at the expense of workers, their families and their communities. This second school of thought believes it is unlikely that the global New Economy will indeed reboot the capital accumulation process in the long run. Nevertheless, its impact is significant and should be addressed by those interested in promoting social welfare and social justice.

The authors of this book subscribe to the second school of thought. We provide a critical analysis of the various trends that are being discussed in the name of the New Economy; however, our main concern is with the impact of the New Economy on work, and the implications for the welfare of workers and their families.

Chapter 1 begins by more clearly defining the NE and situates it historically and in relation to the concepts of corporate globalization and neoliberal state policy. The chapter then undertakes a discussion of views and meanings on globalization and the New Economy. To provide an understanding of these processes and a critique of globalization and the New Economy, Dave Broad and Wayne Antony review theories of economic growth, development and work. Despite broader views of social-economic development put forward in the 1960s and 1970s, the post-1980 era of neoliberalism has returned us to earlier models of development that emphasize economic growth per se as the basis for both economic and social advancement. Thus, the assumption of the New Economy is that increased productivity and economic growth will eventually benefit us all. Corresponding theories of work in the early 1970s, that presumed the coming of a post-industrial, post-capitalist society based on the new technologies from which we would all benefit, have also been revived to support the idea of a New Economy. Also in Chapter 1, we counter these assumptions about development and work with critical theories that explain how a new packaging of socio-economic structures does not alter the fact that they are capitalist in nature and, as such, will not improve the lot of the majority of humanity. In fact, the environmental and social consequences of globalization, neoliber-

alism and capitalist market application of ICTs have led to a deterioration of conditions for many.

In Chapter 2, Dave Broad, Jane Cruikshank and James Mulvale provide an overview of recent changes to work and the labour market in the Western countries, with a focus on Canada. The authors present information on areas of growth and decline in employment, and on the impact of ICTs on work. Of particular interest is the extent to which the so-called New Economy is producing “good jobs” or “bad jobs” with respect to the intrinsic (quality) and extrinsic (pay and benefits) characteristics of work (several aspects of which are explored in this and ensuing chapters). Available information shows that some good jobs have been created as a result of the NE, but more generally, there have been increases in global unemployment and underemployment. The Director-General of the ILO, Juan Somavia, recently announced to the World Economic Forum an “unprecedented global jobs crisis of mammoth proportions.” For some years now the ILO has been saying that we are experiencing an unfair process of globalization and a “decent work deficit.” Many in the Third World face unemployment and the informal economy of underground and unregulated work. And in the First World we have seen higher unemployment and a proliferation of precarious and casual work as employers attempt to construct “flexible” labour markets, notably in the much-celebrated knowledge work of the New Economy.

Janice Foley discusses how employer organizational practices have been changing in recent years as a result of advances in information and communication technologies in “Managing Change” (Chapter 3). These practices include organizational restructuring and downsizing, increased use of contingent workers, flexible work hours, lean production, high commitment human resource management practices and co-operative labour-management relations. She examines critically the outcomes of these practices in terms of their impact on organizational productivity and efficiency, and on employee growth and well-being. Foley’s survey of contemporary organizational and management practices in the New Economy shows that economic restructuring has strengthened the position of employers vis-a-vis labour, often with a negative impact on job quality and employee well-being. There are some new human resource practices that could improve quality of work, but Foley finds that, with the weakening of trade union strength, most positive developments are extra-contractual and therefore subject to the whims of employers. Countering the rising vulnerability of workers in the New Economy will require input from labour and social justice organizations in workplace and industrial decision making.

Do we need lifelong learning for success in the current and emerging

labour markets? This is the basic question asked by Jane Cruikshank in Chapter 4. Canadian policies on skill acquisition for the knowledge-based economy assume lifelong learning to be vital for Canada's global competitiveness. However, lifelong learning policies have failed to deal with issues of credentialism, de-skilling of work, and the underemployment of many well-educated Canadian workers. Cruikshank explains that, without dealing with these issues, government will leave workers with poor prospects regardless of their training or education. However, the role of training ideology is important to understand because it keeps people from questioning socio-economic structures and individualizes their responses to economic change. As to what can be done, Cruikshank says we need to question the rhetoric of the so-called knowledge society, and move beyond training to construct a broader and more inclusive model of lifelong education as an agent of social change.

Work free of negative health impacts was one of the promises of the New Economy. Promise broken says Michael Polanyi in Chapter 5. Job control, psychological demands, job security, work-life balance, fairness of pay and rewards, all aspects of work in the old economy are still key determinants of health in the New Economy. Polanyi explains how these health-influencing conditions have been shaped by the expansion of information technology, the rise of cost-cutting (e.g., downsizing, flexible staffing), and output-enhancing strategies (e.g., lean production). In particular, intensification of work combined with less employment security and low wages cause workers and their families greater stress. Studies show this stress has negative impacts on people's mental and physical health. These conditions affect all workers, yet women, people of colour and low-paid workers experience much more pronounced negative health effects. To deal with the negative health outcomes of the New Economy, Polanyi outlines a democratic approach for improving the health of workers. This entails promoting availability and security of work, adequacy of income and benefits, appropriateness of work arrangements and demands, active participation of workers in decision making, and demonstrating appreciation of workers. To fundamentally improve working conditions, Polanyi says we need to change power relations by creating more inclusive occupational decision making structures.

In Chapter 6, Garson Hunter and Dionne Miazdyck-Shield examine the shift in welfare program delivery from needs-based eligibility, social entitlement and labour market exclusion programs to models that emphasize selective entitlements, active programming and maximum participation in wage labour. Along with neoliberal deregulation of labour markets, national standards for social welfare have been eroded and national programs for

welfare replaced by local experiments in delivery. In the United States, this is a “work-first” model for welfare programming. In England the model is viewed as “third way” policy making. This chapter argues that Canada has followed the U.S. in welfare programming but has blended the US model with ideology borrowed from Tony Blair’s third-way approach to produce its own hybrid welfare programming model. The authors argue that welfare experimentation in Canada is prompted by the ongoing harmonization of social programs. This is brought about by the North American Free Trade Agreement (NAFTA) as part of economic globalization, with the result that state support for basic welfare rights is being replaced by forced “workfare,” or work for welfare, programming. Hunter and Miazdyck suggest that social welfare is too important to be left to official public policy makers. Workers and community members need to be involved in social policy struggles such as those that gave us public education and public welfare, important state programs that need to be defended and advanced.

In Chapter 7, James Mulvale examines the impact of the New Economy on the labour movement. He discusses responses by trade unions to the introduction of ICTs and the struggle for social justice. Despite the neoliberal assault on labour, Mulvale shows that many unions have risen to the challenges posed by the New Economy, fighting to defend the interests of working people, and organizing workers of the new ICT sector who fall outside the traditional occupational groups represented by private or public sector unions. Labour has worked to develop new forms of “cyber-activism” using ICTs as organizing tools and means of building solidarity within the labour movement and with other social justice movements, both within Canada and internationally. Mulvale ends the chapter by arguing that the age-old labour movement goals of better working conditions and social welfare have not changed and, while new technologies can be useful to trade unions in their struggles, they will not replace the flesh and blood struggles of workers and their communities.

The evidence presented in this book tells us that the New Economy is not all that it was cracked up to be. Work is not more pleasing, healthy and well-paid for all; learning potentials are being squandered; management still aims to control rather than empower workers; and welfare policy is leaving growing numbers of working people in more precarious circumstances. The new virtual technologies will apparently not solve all our woes. Does this mean that all is lost? In Chapter 8, we tackle the thorny issues in the age-old question: what is to be done? The chapter begins with a review of the neoliberal prescription for job growth through the New Economy, then discusses the International Labour Organization’s proposals for a decent work program. While the ILO’s program should be supported, there

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are limits to labour reforms within a capitalist market economy. A more significant social transformation through social movement activism is necessary to confront problems posed by our technology-based economy. The chapter argues that the current degradation of labour, life and the environment under global capitalism cannot be sustained. A transformation of the world capitalist system must and will come about, but the final results cannot be predicted because they depend on the struggles for social change themselves. However, if we want to create a better society, social justice activists must engage in these struggles.

Note

1. Following the practice in the literature, we will use the term New Economy with capital letters to distinguish current socio-economic trends from those that might be entailed in constructing a truly new economy.