



“Summary of article by Martin Carnoy and Manuel Castells: Sustainable Flexibility: A Prospective Study on Work, Family and Society in the Information Age” in Frontier Issues in Economic Thought, Volume 4: The Changing Nature of Work. Island Press: Washington DC, 1998. pp. 208-213

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While flexibility, a hallmark of the Information Age, enables businesses to respond to rapidly changing conditions and markets, it can also wreak havoc on human life and society. Tension between the flexible, networked global economy and the need for economic security can best be resolved if the basis of security shifts from permanent jobs to learning-centered social institutions.

THE TRANSFORMATION OF WORK AND EMPLOYMENT

Information technologies and globalization have complex effects. Information technology both creates and destroys jobs, deskills and reskills the workforce. It reverses the salarization of work and the socialization of production that have been typical of the industrial era in favor of decentralized management, individualized work, and customized markets that fragment work and segment societies. Globalization increases competitive pressures on industrialized economies, but it also opens new markets for goods and services. Outcomes depend on the interplay between institutions, firms, and labor force characteristics. Existing social welfare systems, meant to smooth out occasional interruptions in employment, are inadequate when instability becomes the norm.

Flexibility and networking are facilitated by information technologies and have become key elements of the transformation of work. Flexibility means constant adaptation to changing products, processes, and markets; it requires higher skill levels as more for the increased autonomy and responsibility are vested in the workforce. Networking, a form of organization well suited to fluid conditions, operates internally among levels and actors in firms and externally among firms.

Since firms often adjust by reducing hierarchies and displacing labor, micro-level activity is volatile. Yet, at the macroeconomic level, research shows no significant employment problems emerging from technological change; some countries even report modest net employment gains. The OECD 1994 *Job Study* concluded that unqualified generalizations are unwarranted “because positive and negative effects do not coincide either in time or in space; adjustment takes time, and industries and types of workers that will benefit from technological change are different from the ones that lose from it. Also, institutional and systemic factors affect the capacities of countries to efficiently generate employment through development, acquisition, and diffusion of technologies.”¹

World-wide trade, investment, and resource exploitation are centuries old. What defines the new global economy is the ability – recently achieved with the advent of computer-based communications, machines, information systems, and transportation – to conduct core, strategic activities in real time on a planetary scale. Labor markets are becoming more interdependent with segmentation of work across borders. Global trade favors skilled workers in developed countries, but their unskilled workers face competition from low-wage developing countries.

Although institutional constraints vary, flexible work is increasing in OECD countries, forming a core labor force of information-based managers and analysts, and a “disposable labor force that can be automated and/or: hired/fired/offshored, depending on market demand and labor costs.”[16] Flexibility pushes many individuals into contingent or self-employment positions, or segments of firms under outsourcing and subcontracting agreements. Flexibility can eliminate benefits, job security, and career path, but it can also supplement primary jobs, adjust work sharing among household members, and encourage gender equality. The key is to harness flexibility with the least social cost.

SOCIAL CRISIS

The transition to the information society is characterized by various forms of crisis under different institutional arrangements. In Europe unemployment is widespread, particularly among youth (except in Germany). Many workers leave the labor force by the age of fifty-five; worklife is shrinking even as life expectancy is increasing. Even though only forty percent of a man’s life is spent in full-time employment, social policy is still organized around work. The United States, which created millions of jobs (with high-skill jobs growing faster than low-skill jobs) still experienced an average weekly earnings decline of eighteen percent from 1973 to 1993. Households maintained living standards only by sending additional members into the labor force. Income inequality in the United States is the highest of any industrialized country, with more families (particularly those headed by women) in poverty, along with other signs of social disorganization, such as addiction, crime, homelessness, and violence.

In Japan, despite the recent economic slowdown, unemployment for the core labor force is low; however, this affects only 30-50 percent of the workforce, while temporary and part-time workers (mostly women) absorb fluctuations in labor demand. Redundant workers at large companies are often sent to smaller firms in the same supplier networks (*keiretsu*). In times of economic difficulty the government subsidizes employment and companies retrain core employees. Nevertheless, the growing integration of Japan into the global economy will make it harder to protect workers. It is already more difficult for young workers to enter core positions.

Everywhere these crises disrupt the institutions on which society depends: the family, the community, and the state. This removes psychological, social, and financial supports and deepens the crisis in a vicious cycle that is difficult to break without a general overhaul of the relationship between work and society. “Developing individual work flexibility and creativity while creating the conditions for sustained productivity and social co-operation is the historical dilemma posed by the current transformations of work and workers.”[24]

CRITIQUE OF CURRENT POLICIES

OECD countries employ three strategies in response to the crisis in work. The *U.S., neo-conservative* model promotes decreased state regulation and increased labor market flexibility relying on the family and voluntary organizations to reproduce values such as honesty and diligence which are essential for productivity. While a dynamic private sector is necessary in a competitive environment, proponents wrongly assume that deregulation alone can increase both employment and wages. They do not connect declining wages and increasing inequality with stresses on family structures. They also ignore the limited resources available to voluntary organizations and the divisive effects that selective distribution of these resources can have on civic life.

Under the *Keynesian welfare state*, as found in Europe, government investment in infrastructure and support for consumption generates employment. This model worked when a few highly industrialized economies had well defined national markets large enough to support a cycle of productivity and wage growth that produced revenues sufficient for new private sector investment and for the public provision of health, education, and social insurance. The competitive environment of the late twentieth century diminished the ability of the state to raise revenues leading to budget deficits and cuts in social spending. Many elements of the welfare state are worth preserving, but its grounding in secure, lifetime employment is no longer sustainable.

The *work sharing* model, most actively promoted in France, assumes that technology destroys jobs and that remaining work must be redistributed in a shorter work week. In the short-run this strategy may preserve jobs when a firm is restructuring, but it has not proven to be effective at creating jobs. Significant employment growth would require the flexibility of part-time, less permanent work. Without a redefinition of the relationship of work to the social context, work-sharing cannot stem the present trend towards a two tier structure of better and worse jobs. Right now “human investment benefits (health care, educational and training opportunities, pension funds, access to child care services)”[31] are linked to full-time employment. This job-centered approach means that without full-time employment for all, equity cannot be achieved.

ALTERNATIVE STRATEGIES: IN SEARCH OF SECURITY

Each of these strategies has its own shortcomings, but one flaw afflicts them all: the failure to recognize that the work system is changing “away from permanent jobs as the locus of work toward a complex network of learning institutions, including the workplace, families, and community schools.”[26] Though this will not create more jobs by itself, such a learning network “provides the basis for greater productivity, greater equality, and the reintegration of individualized citizen-workers.”[33] Flexible information-based systems of work reward workers who have higher skills and the ability to learn and adapt to change. A society that institutionalizes lifelong learning will develop workers who are able to match these requirements. In a learning society, workers may periodically withdraw from the workforce to enhance current skills or learn new ones, relieving pressure on employment or translating new knowledge into self-employment.

Families, schools, communities, and the state will play important roles in a learning society. Families will not only be production or consumption units as they were in the past, but also investors in human capital. At times one adult may be the main source of support while others in the family attend school or start up a new business. The education of children will be an important focus of family activity and of community resources, a center from which other social networks may emerge (as in a program in Bologna that brings elderly citizens back into the classroom).

Schools will also need to address the kinds of learning needed in an information-based society. More and more workers will need not only the higher-order problem-solving skills now taught in post-secondary schools, but also the skills to work together in teams that are cooperative, innovative, and internally motivated and managed. Education will need to foster the ability and motivation to learn and to teach within cooperative frameworks. As the lifespan reorients around learning, schools should expand their domain to include all elements of human experience from early childhood development to parenting and networking skills to retraining in the face of new technological and social needs to preparation for involvement in community activities.

The state has a long tradition of involvement in education and should participate with households and learning networks by providing educational services, school-to-work transition programs, and service activities linked to training opportunities or tuition remittances. The state can support adult learners with income, benefits, or child care while they go back to school. Such policies can provide a hedge against the risks inherent in a flexible job market, both supporting families and individuals in times of transition and preparing them to meet new challenges.

In many OECD countries the military has been an effective and widely accepted training program and, particularly in the U.S., has been a force for equalizing skills and opportunity for youth. “Properly organized, other forms of service ... could be a valuable and valued apprenticeship, combining skill acquisition, an enhanced sense of self through helping others, and learning in a co-operative work environment with other young people from diverse backgrounds.”[48] When government absorbs the cost of education and the dissemination of information, small firms and networks of firms benefit as well as individuals, becoming better able to compete against large corporations.

“Society pays an enormous price when it allows the market alone to set incomes.”[51] The state can develop policies that promote solidarity, equality, and cooperation to mitigate the harsh effects of extreme individualization and competition. These policies should begin with a focus on universal enhancement of capabilities rather than entitlements, equalizing learning for all children and expanding its reach over the lifespan. But this will not solve all problems that citizen-workers face, particularly during this period of economic and social transition. Not all older workers can easily acquire new skills, nor should they be forced into low-wage jobs. Early retirement and community service are options, as well as adult education and tax incentives to employers. A solidarity policy will maintain and strengthen efforts to guarantee a minimum income - minimum wage, unemployment insurance, anti-poverty programs and social security programs that vary inversely with need.

Notes

1. OECD, *OECD Jobs Study -- Facts, Analysis, Strategies* (Paris, OECD, 1994), 164; quoted by the authors, 13-14.