

Foreward

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"What do you do?" is typically the second question asked when meeting someone for the first time. Occupation establishes one's identity. It demarcates a particular place in society, and implies a set of values and ideals. There is nothing new in this. The slave, the serf, the skilled craftsman, the warrior, the nobleman were all defined by their roles in society. But it is a peculiarity of modern life that the question must be asked at all. Until quite recently, in historical time, the answer was obvious. One's "job" was conferred by birth, part of a given set of social obligations and standings.

In modern society, there are assumed to be choices, and the choices are assumed to reflect the unique attributes of the answerer. For some – professionals, artists, caregivers, evangelists, others with personal missions – what they "do" gives meaning to their lives. That they are paid to do their job is almost beside the point. For many others, a job is a means of gaining enough money to do what they want outside of paid employment. The job may give their lives structure, but not meaning. But what they value most comes from things they are not paid to do, such as caring for their children, or writing, or working in a soup kitchen, or visiting with their friends.

It is only very recently, and only in the middle and upper reaches of the world's richest societies, like America's, that significant numbers of people can make conscious choices about what they "do" for a living, and how they allocate their lives between paid and unpaid work. That is partly a consequence of prosperity. But it is also a result of the changing nature of work, as many of the essays summarized in this volume make clear.

The age of mass production is ending. Relatively fewer middle-class jobs are to be found any longer in factories or in what had been routinized services like banking, insurance, sales, or office clerical work. Many routinized or standardized jobs are on their way to being done by a computer (i.e., stored in digital memory) or else are being farmed out to people around the globe who are eager to do repetitive tasks for a fraction of American wages. This trend is leaving just two broad types of paid work in all advanced nations: technical jobs, which entail solving problems, and interpersonal jobs, which require a human touch.

Mass production demanded full-time employees who would report to a certain place and remain there, usually five days a week and at least eight hours a day. But the emerging economy allows a greater range of possibility, and less predictability. The most sought-after technicians are the successful inventors, surgeons, lawyers, investment bankers, and software engineers who are compensated for the quality of what they produce, not the quantity. I have elsewhere described their work as being symbolic and analytic.¹ The same is true for gifted and skilled providers of interpersonal services – the "rainmakers" who bring in clients, "dealmakers" who consummate transactions, and top sellers, marketers, and management consultants who effectively advise and persuade their corporate customers.

Lower-paid technicians (e.g. installers, repairers, troubleshooters of all kinds) are also in demand in the emerging economy, as are lower-paid providers of interpersonal services (e.g., teachers, caretakers of children, the sick, and the elderly, executive secretaries, and personal trainers). They are working particularly hard when demand is high, in order to make up for fallow periods when demand slackens. There is less and less steady work in the new economy. So even for them, "jobs" are taking on more varied meanings, and the borders between paid work and unpaid work is blurring.

But the bottom third of the nation is coming to have less choice than before. What they "do" requires exceedingly long hours and, increasingly, multiple jobs. Mass production work had been a gateway into the American middle class during the last half of the twentieth century. But the decline of mass production work has reduced the bargaining power of workers without the education, skills, or the connections needed to become technicians or interpersonal workers. Wage-setting institutions of all kinds are disappearing: "oligopolies" that once coordinated wages have given way to highly-competitive industries without clear borders; regulated industries, whose prices and wages were established by commission, have been deregulated; and labor unions, whose organization had been premised on large numbers of people working together at a single place with similar tasks and predictable routines, continue to shrink as a percentage of the workforce. As a consequence, real average hourly earnings of production workers, most of whom have only high-school degrees, dropped from \$13.75 in 1979 to \$11.80 in 1997 (in 1997 dollars). Those who left high school before completion have experienced an ever more precipitous drop in hourly wages, from \$9.50 an hour to \$6.80.

The United States is rapidly becoming a two-tiered society, composed of the "have-mores," who enjoy ever greater choice over the nature of the work they do, and the "have-lesses," whose choices are becoming more constrained. The wealthiest 1 percent of the population now owns almost 39 percent of the total household wealth of the nation. Excluding the value of homes, they own 47 percent. The top fifth owns 93 percent. While hardly a representative sample, Bill Gates, the chief executive of Microsoft, has a net worth larger than the combined net worth of the bottom 40 percent of American households. This accumulation of wealth at the top has few parallels in American history. Perhaps the closest analogy is the Gilded Age of a century ago.

A major challenge for this nation in the next century is to reverse this troubling trend. To do so will require several steps. Again, the essays summarized herein establish some of the context for understanding why these steps are important. First and foremost, we must bring all our young people to a high minimum level of competence. This means establishing national educational standards, putting extra resources into schools in poor areas, paying teachers enough so that top-quality people are attracted to the teaching profession, and giving parents a choice of which public school to send their children to.

Secondly, the nation will have to subsidize the wages of people who are working, but who do not earn enough to lift themselves and their families out of the range of poverty. A "reverse" income tax is already in place, providing about \$3,000 per year to full-time workers who earn the minimum

wage of \$5.15 an hour. But this refundable tax credit will need to be expanded. In addition, the current unemployment-insurance system – designed for people who are temporarily laid off from their jobs – must be changed into a "re-employment" system, reflecting the fact that most people who now lose their jobs lose them permanently. Those who lose their jobs and get new ones at lower pay should have a portion of the difference subsidized, for a certain length of time, so as to make the transition easier.

Third, the nation must provide health insurance to all its citizens. At this writing, almost 18 percent of the population lacks access to health care, including more than 20 percent of the nation's children.

All three of these initiatives will be expensive. But the cost of failing to act could be much greater. A two-tiered society is ultimately an unstable society. It will require ever-greater expenditure on police, prisons, and private security. Already, an estimated 3 million American households live within 20,000 "gated" communities, featuring private security guards and electronic surveillance. In 1970, there were fewer than 2,000 such entities.

A two-tiered society also is susceptible to political backlashes against trade, immigration, and vulnerable groups. To take but one recent illustration: At the close of 1997, the U.S. Congress refused to give the President the authority he sought to move trade treaties quickly through Congress without amendment. Trade is good for a nation, but it also can impose special burdens on workers who are displaced by it, and they (and others who see their displacement) are the ones who are most in fear of declining wages and lost jobs. Their insecurities were reflected in Congress's decision to withhold "fast track" authority from the President. The tension between economic nationalism and globalism is already emerging as the most significant fissure in American politics today. Economic nationalism is replacing cold-war nationalism as a rallying cry for blue-collar voters who have been frustrated by their inability to get ahead. When the economy slows, the debate can only intensify.

The choice for America in the 21st century is clear. Other advanced nations face a similar choice. If adequate steps are taken to bring more people into the circle of prosperity, a strong economy can become even stronger, and nationalist and protectionist backlashes can be avoided. But if the nation fails to act, and allows the economic divide to remain wide, or to widen further, it may gradually become two societies. Its most prosperous citizens will become citizens of the globe, engaged in global production, technology, and finance. But its poor and working-class citizens may seek to secede from the rest of the world behind a veil of nationalism.

The central political question is whether those who have gained the most from the current prosperity will be willing to sacrifice some of their fortunes in order to create new opportunities for those who have lost ground. The essays summarized in this volume do not answer that question, but they do provide a context for understanding why it has become so vitally important.

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1. *The Work of Nations*, Robert B.Reich (Alfred A. Knopf, 1991).