

# Volume Introduction

by Neva R. Goodwin

The eighty-six articles that have been summarized for this volume present an interweaving of observation and theory that will be of use to the many people who are concerned about the topic of work and about its future in a time of rapid globalization and technical change. It is relevant to workers in general, including those who care about the evolution of unions; to people who are involved in a wide variety of work-related policy issues; and to journalists who write on allied subjects. It also has an important function for scholars. We expect this volume to be read and used in classes by labor economists, as well as by scholars in related fields who want an efficient means of surveying the writings that are most likely to lead toward new understandings of work in the twenty-first century.

While the editors have come to this material primarily via the discipline of economics, we believe that students and scholars in such related fields as political theory, sociology, history, anthropology, and philosophy will find this a good introduction to what contemporary economics can contribute to an understanding of the changing nature and conditions of work. We also believe that economists have much to gain by exploring, in this format, the frontiers of their own field, along with some of the most relevant work from neighboring disciplines.

The series, *Frontier Issues in Economic Thought*, has developed a unique format for providing access to the topics it covers. In this volume, for example, summaries of eighty-six articles, along with nine Overview Essays, tell an intriguing story about the forces affecting our working lives and the interrelations between production, labor organization, and technology.

The editors of *The Changing Nature of Work* have taken pains to present this material in nontechnical language. We hope that this will make this volume widely accessible. At the same time, we believe that, in order to understand what is happening in the world, it is necessary to do more than look at the facts. Indeed, it is rarely possible to “look only at the facts”; we understand what we see by supplying, from our mental models of the world, some kind of interpretation. The function of theory is to provide a framework for such interpretation. Hence many of the articles summarized here are theoretical, in the sense that they attempt to see the underlying patterns in accumulated experiences, or to suggest generalizations that embrace a range of specifics.

## Three Points of View on Work

The topic of work may be viewed from three quite different perspectives: that of (1) the workers; (2) the stockholders, owners, and managers whose interest is in the profits accruing to a production process; and (3) the whole of society. From the workers' point of view the topics of interest include what the worker is paid. Wage influences, and indeed largely determines, what the worker and his or her family can purchase and consume. This is, of course, a major issue. However, the quality of life is not only a function of the consumption of marketed goods and services that occurs outside of work; to an important extent it is also determined by the quality of the work experience. Occupying a large part of most people's lives, work affects not only the feelings of anxiety, trust, boredom, challenge, empowerment, ignominy, and self-respect that may be engendered during the work process, but also carries over into the rest of life, shaping character, aspirations, and the sense of self.

From the point of view of owners and managers, the relationship between work and profits hinges on labor productivity—that is, the value of output that can be contributed by each hour of work. From this point of view, the complex issues of work are often boiled down to a single one: motivation. If productivity is what you want from your workers, motivation is what you have to foster.

According to some management theories, the principal motivators are the carrot of monetary reward and the threat of dismissal. Other theories focus on that intangible issue, morale, which is more clearly tied to other aspects of workers' experience. For example, it has long been recognized that owners and managers can create or enhance an atmosphere of trust by setting standards and practices of fair dealing. Managers know, too, that they can ratchet up or down the level of anxiety in a workplace through myriad ways of applying pressure. They are also aware of the importance to worker morale of the many intangible aspects of the work experience. Yet it seems inevitable that a tension must remain between the owners' interest in morale and motivation as means to the end of productivity versus the workers' experience of morale as resulting from a quality of experience that is an end in itself.

The interest of society at large embraces all of the issues of the first two views, with some refinements. Since the well-being of its members is a major societal goal, the experience of people in their roles as workers must be—or should be—an important focus. To the extent that societal goals are defined in a longer time frame than individual goals, there should be an added interest in the education that occurs through work—in the economist's terms, the development of on-the-job human capital. The importance of this extends beyond "labor productivity" as such; demoralized, cynical workers are diminished in their capacity to be good citizens or good parents. Conversely, those who have opportunities at work to stretch their capacities, think creatively, and take responsibility also have more to offer to others and to themselves in the rest of their lives.

Thus, there are substantial overlaps between the meanings to workers, and to society at large, of the issues concerning quality of worklife and its concomitant, morale. The larger society also has a keen interest in the closely related issues of motivation and productivity that concern owners, shareholders, and managers. Again, however, there is a slightly different twist to society's interest.

Labor productivity is valuable to owners and managers because it reduces cost per unit of output. It can be equally valuable to the rest of society if several conditions are met. To wit:

- If the income produced by the sale of society's total product is shared sufficiently widely among the members of the society, then there is a broad base of people with enough income to be able to purchase that product. At its most fundamental this has to do with how the income from production is divided between labor and capital.
- Another way for the results of labor productivity to be shared widely in the society is for cost reductions to be passed on to consumers. This objective explains economists' emphasis on competition: wherever there is an uncompetitive concentration of economic power (e.g., in monopolies), productivity will do less to benefit the consumer (through lower prices) and more to benefit the owners (through higher profits).

The two issues just cited have to do with how a society's total income (i.e., its gross national product) is shared, between owners and workers and between owners and consumers. It is a curious fact, requiring a sociological explanation that will not be attempted here, that the second division, between owners and consumers, is a respectable economic subject, with considerable agreement that more competition is virtually always better than less. In contrast, the first division, between owners and workers, is far less often discussed these days, and then usually by people regarded as radicals within the economics profession.

There is also a third issue that determines how valuable labor productivity is to society at large. This one receives, if anything, even less attention from economists than the division between labor and capital:

- Labor productivity is socially valuable not simply to the extent that it produces "more," but with some regard to the question, "more of what?"

For example, there is general agreement that we do not benefit from increases in the productivity of those who produce and distribute illegal, addictive drugs. Given the growing awareness that nicotine is also a harmful and addictive drug, it is an interesting question whether or not productivity increases in the production and sale of tobacco products are actually desirable. Probably most members of the public would say, "of course they are not." It is not so clear what answers to expect from economists.

As another example, similar questions could be raised about the effectiveness of the advertising industry in general (which may be thought of in terms of the

labor productivity of the workers in this industry). One of the academic defenses of advertising is that it makes no difference in consumers' preferences—it simply ensures that they have all the relevant information. Obviously this industry would have much less business if this defense were based in fact. Instead it is evident that advertising is creating a culture of consumption in which wants are actively created—wants for particular things and for consumption in general. As discussed by various authors in the two previous volumes in this series, there is considerable reason, both empirical and theoretical, to believe that human well-being is decreased by the effectiveness of this industry. Again the question can be raised: Is it always better to be more productive, no matter what the product?

How are questions such as these related to the specific investigation of work and workplace issues? To answer that requires a little more explanation of the special character of this book, as part of the Frontier series.

### **How Topics Were Defined, and Articles Selected, for This Book**

The projected volumes in the Frontier Issues in Economic Thought Series are as follows:

- Vol. 1: A Survey of Ecological Economics (published 1995)
- Vol. 2: The Consumer Society (published 1997)
- Vol. 3: Human Well-Being and Economic Goals (published 1997)
- Vol. 4: The Changing Nature of Work (this volume)
- Vol. 5: The Political Economy of Inequality
- Vol. 6: Fully Sustainable Development

This volume may be seen as part of an ongoing exploration of a closely interlinked set of topics, with one fundamental issue threading through them all; that is, the question of what is the ultimate purpose of economic development—of economic progress. A summary of our answer to that question may be inferred from the title of Volume 3: we have accepted the assumption that human well-being, most broadly understood, is the central goal that defines economic progress. By contrast, the maximization of physical output, which is often accepted as the goal of economic development, should, in fact, be regarded as intermediate—a means to the ultimate end of increased human well-being. When this means/end distinction is forgotten, the result is often an exclusive focus on maximizing physical output that makes it easy to ignore such critical issues as:

- who gets that output (e.g., the division among rich and poor, workers and owners, or among different nations and groups)

- how access to a society's product is related to the work of individuals, and what this relationship means for individuals and for society
- how the processes of production and consumption feed back into the health of the natural world
- how these processes affect the aspects of human well-being that are often swept aside as "just" moral, spiritual, or cultural issues.

Volume 2 (The Consumer Society) gave an important focus to these issues with the question: If consumption is not the final goal, what is? As we continued to pursue these issues into our fourth volume, it became clear that, given the scope of this topic, not all aspects of "the changing nature of work" could be covered. The following is a brief description of how we proceeded to accommodate this reality.

Our selection criteria started from a broad interest in the ways that work is important to human well-being (from the three points of view described earlier). Then, of necessity, we also applied several other screens. One (relating to the title of the volume) was the question: Which are the work-related issues where significant change is now occurring? Another asked: Where is there a body of constructive new thinking? By overlaying these questions on the issue of how work affects human well-being we defined the area of the intellectual frontier to be explored in this volume. The critical topics that emerged from this process include:

- *Work opportunities, wage differences, and varieties of labor markets:* influences on labor supply and demand, work opportunities, and the price of labor (including discrimination, education, and socialization) that appear significantly different from influences in other markets.
- *The experience of work:* the forces that increase or decrease involvement, autonomy, shared authority, and other generally positive aspects of the work experience, as well as negative aspects (often summarized as alienation).
- *Management and industrial relations:* the evolution of production systems (e.g., away from Taylorist/Fordist approaches), the institutions through which workers and owners relate, and the goals sought through these institutions.
- *Globalization:* how international competition, in particular, affects the changing nature of work.
- *Technology:* its role in determining the distribution of different types of jobs, and its interactions with management practices and other aspects of the work experience.

Two points should be noted regarding this list. One is that, while a number of the parts of this volume have headings that are close to one or another of the

topics just listed, every one of these topics is to be found in more than one part, and most are themes that run throughout the book. The other point is that the list suggests many places where issues of economic power and inequality arise. However, these issues have been dealt with relatively lightly, because they will be the focus of the next volume in the Frontier series.

Another constraint on our selection of material for summary has been the necessity to limit our literature search, for practical reasons, to English language publications. Beyond these specific constraints is the most general one, emerging from our commitment to presenting frontier writings in the area of each book in this series. The frustrating implication of this commitment is that, where the literature—even that on the frontier of economics or the other areas surveyed—has not reached a topic that we regard as important, we cannot represent that topic in the summaries that make up a major portion of the book. In this case we use our Overview Essays or (as in this case) the Volume Introduction to define the research agenda that still lies ahead. Some notes toward such an agenda will be offered later. Before getting there, we will take a detour to lay out the theoretical backdrop against which it is necessary to understand contemporary economic contributions to the subject of work.

## **The Two Legacies of Adam Smith**

Neoclassical and Marxian economics—both offsprings of Adam Smith's political economy—have each to some extent avoided positions and topics most strongly associated with the other. At some point in the development of neoclassical economics, this paradigm—now prevailing in the West and rapidly spreading into formerly communist countries—was impoverished by some of what it ceded to the Marxian stream. The areas surrendered by neoclassical economics included the Marxian recognition of the importance of power and inequality, both as explanatory and as normative categories. In particular, issues of power and inequality in the workplace gained special attention in a theory whose proponents saw labor as the source of all value.

The economics of power and inequality will be the focus of Volume 5 in the Frontier series, while the current volume aims to bring back to a central place in economics a general focus on work. However, this statement is not meant to suggest that neoclassical economics has altogether neglected the topic of work. On the contrary, this is an area where there has been much excellent analysis and description, so that *The Changing Nature of Work* will summarize more writings from mainstream economics publications than any of the previous volumes in the series. At the same time we find that, in relation to the topic of this book, an unusual amount of institutionalist, Marxist, and neo-Marxist thinking

has been given a hearing in the mainstream, since these other approaches were filling such obvious lacunae.

How can we best describe the way in which neoclassical economics biased its own approach to the topic of work? The answer is, in fact, implicit in the two previous *Frontier* volumes: *The Consumer Society and Human Well-Being and Economic Goals*. The goals of neoclassical economics—the goals, for example, that are to be achieved through the means of economic efficiency—do not relate to the whole of human experience, but only to one part. Economic efficiency is intended to maximize output. That, in turn, is intended to maximize consumer choice. Neoclassical economics pays lip service to the idea of maximizing general human welfare, but in fact what it shows how to maximize is one aspect of consumer welfare: the opportunity (for those who have the purchasing power) to consume goods and services produced through the market.

Economic theory has traditionally conceptualized people in the labor force as though they were divided into two parts—the worker and the consumer. This convenient fiction is, indeed, so common, that much of the time its fictional quality is not remembered. Given this division, neoclassical economics has structured its goals with respect to a particular conception of the well-being of the consumer, while Marxian economics focused on the well-being of the worker. However, it is not possible in reality, and perhaps not desirable in conception, to divide people into the two roles of worker and consumer. When either the consumer's or the worker's needs are neglected the whole person will suffer; and many of us also identify with other significant roles (such as parent, citizen).

With the collapse of eastern European communism, neoclassical economics has become the dominant paradigm for virtually all of the world. This dominance may finally permit economists to forget the sibling rivalry that had constricted the field. An effort to make economics whole requires both giving equal weight to our working selves as to our consuming selves, and also reintegrating, within economic theory, and within our broader culture, these two halves of our selves.

Insofar as there are Marxian or neo-Marxian (or institutionalist or other unorthodox) writings that accomplish some of these ambitions, they have been summarized in this volume. However, some of the topics we would have liked to represent here simply could not be found in sufficiently thoughtful and informed treatments in any school of economics. Those topics are proposed in the next section.

## **An Agenda for Research on Work**

In considering the gaps we have found in contemporary research, let us start with the question that was raised earlier, but not answered: Is it always better to

be more productive, no matter what the product? Economic theory assesses the worker's achievement, or product, according to how it is priced through the forces of demand and supply that create economic value. A very different assessment relates to the contribution to human well-being of each piece of work. The problematical relation between these two evaluations is revealed in the fact that, roughly speaking, the more an act is essential to the survival of the human species, the lower its monetary reward is likely to be. Economics has long prided itself on being able to explain this hierarchy<sup>1</sup> (e.g., Adam Smith's paradox of the relative value of diamonds and water), but what it means for human life is only barely beginning to be recognized as a core problem for market economies. A few authors, summarized or discussed in Part VIII, represent a small movement, which has not yet penetrated far into academic discourse, that explicitly addresses the problem of the wage divergence between human values and economic values.

Insofar as domestic activities, along with some of the other work that supplies our basic needs, receive little compensation in either pay or recognition, we face the reality that the quality of civilization and the very possibility of human life may increasingly depend on the willingness of a sizable part of the human population—most often women—to continue to perform these tasks with ever-less economic incentive. Our very definitions of a nation's economic success may be read, in this respect, as sign-posts for trouble. Broad equality of opportunity is a widely accepted and benign social goal. At the same time, a vision of "the good life" defined in terms of high income and high consumption creates a more questionable, but also widely accepted, goal. Where there is real success in achieving both of these together, what will motivate people to do the jobs that are necessary for the social weal?

The dilemma is that, on the one hand, we have not found ways to reward, with the means for a decent livelihood, much of our societies' most important work. On the other hand, our system contains strong rewards and incentives that motivate people to do and to produce many things that have a negative impact on human and ecological health and well-being. Incentives that diverge sharply from human values can lead to counterproductive growth: that is, increases in economic output whose benefits are outweighed by their costs (e.g., to the environment, as with polluting effects of production and consumption; to culture, as with media or chemical products that have a mind-numbing effect; or to health, as with excessive consumption of fatty foods). Counterproductive growth becomes increasingly likely as a society gets richer, both because the absorptive capacity of the natural environment becomes increasingly saturated, and because the marginal value of more stuff declines as people fill their most urgent needs, then their dearest desires, and so on, through less and less urgent or meaningful wants.

In capitalist societies (and conventional economic theories) today, there is no

place for a discussion of ways of evaluating work other than in terms of the market value of its output and the wage it can command. A lack of jobs, or insecurity about future access to jobs, causes such distress and hardship that there is little effort to focus on the distinction between work that produces genuine human well-being and work that detracts from it. Instead, efforts on behalf of workers tend to rate the creation of jobs only according to the characteristics of the job (especially wages), regardless of the output. Yet valueless jobs may, in the long run, turn out to be as harmful for society as jobless growth. (The worst of all, of course, is valueless, jobless growth.)

There is a difficult transition ahead, to progressively reduce incentives for the jobs that drain society's resources without enhancing well-being; to shift our focus to creating and valuing (in economic and other terms) more of the jobs that are needed by society; and to find ways of sharing fairly among all members of society the income, respect, and product that result from useful work. Until this transition is managed, we will be stuck with a severe misallocation of human, financial, and other resources: doing work that does not produce well-being, and remaining unable to afford much of the work that is sorely needed.

These are issues that should be of central interest in economic theory. Why should the profitability of counterproductive activities not be viewed by economic researchers in the same way that cancer is viewed by researchers in biology?—not as an immutable fact, but as an unfortunate by-product of the system, something we should try to understand in order to find the levers for change. When it suits economists to do so, they claim to be “pure” researchers, doing “positive science.” However most of the best economists do some normative work, developing theories and policies aimed at increasing consumption in one part of the world or another. If it is legitimate to espouse the normative goal of increasing consumption, it is equally legitimate to ask the question, “consumption of what?,” and to follow that with proposals for finding ways to encourage the consumption (hence the production) of some things (e.g., food grains, social services), while discouraging the consumption of other things (e.g., unsustainably harvested meat and fish products, weapons).<sup>2</sup>

To conclude, several additional topics for a research agenda arise from the earlier sections of this introduction. One is the need for a more constructive and realistic understanding of the relation between what continue to be posed as two separate sets of interests: those of the consumer and those of the worker. Why does this conflict appear so strongly in modern economic theory? Such a division is not nearly so marked in other studies of human behavior. Are the rest of the social sciences overlooking something critical that is only apparent through the lens of economics? Or has the discipline of economics in this respect made an error in how it organizes its subject matter?

A related topic, also mentioned earlier, is the need for more attention to the value of work to the worker. At the same time as it ignores the possibility of

viewing the work experience as an end in itself, mainstream theory privileges two presumed goals—to maximize consumption and to maximize profits. What are the consequences of embedding economic goals within models where workers are only the means to these other ends? As will be noted in several later essays in this book, this bias downplays or makes invisible a number of important realities about the human values that may be achieved through work, as well as practical facts about the human nature of workers.

The failure to develop theory that can adequately recognize the far more complex reality, in which not all consumption is good and not all work is in itself bad, is connected to the poverty of the goal structure of neoclassical economics. That poverty (as was suggested in *Frontier Volume 3, Human Well-Being and Economic Goals*) is, in turn, related to a reluctance within the discipline to admit that it does operate in relation to internally articulated goals.

If economic theory were to expand its goal to the enhancement of the welfare of humans as whole beings—including their working as well as their consuming selves—there might be significant increases in the efficiency with which we approach this overarching goal. The current, neoclassical logic shows work leading to income, leading to consumption, leading to well-being. For some aspects of each working person's life this logic could be abbreviated, with meaningful work leading directly to well-being.

An economics that defined the goal of the economy as human well-being would recognize ways in which work can be an important means of achieving human values; it would also seek ways of recognizing the social, as well as the economic, value of the output. We hope that this volume, while not yet providing the full basis for such an economics, will at least indicate the areas to which research effort should be devoted in order to achieve a better understanding of the many ways in which work affects human well-being.

## Notes

1. The counterintuitive finding that wages tend to decline as the human value of their output rises may be briefly explained as follows.

There is, of course, a large demand for the things that most people value highly in their lives, such as food, health care, and education. However, the majority of the people in the world are poor, and while they spend a large proportion of their money on basic needs, the price they can pay remains low, hence their demand is “ineffective.” When it is not backed up by purchasing power, it is invisible to a market economy.

On the supply side, the skills required to supply basic needs, while often extensive (consider the knowledge requirements for tending a baby or growing a crop), tend to be very common; if they were not, the human race would not have survived. Thus the most essential skills are available at low cost, while richer people can pay higher prices for luxuries and novelties that often require new skills that are hard to acquire, rare, and, hence, expensive.

2. In this note I will be more specific about my opinions on the existing misallocation of resources, as viewed from the perspective of well-being. (Though I could cite supporting evidence, such conclusions are more appropriately termed opinion than fact.)

An unprioritized, incomplete, but suggestive list of areas where the appropriate application of more resources would increase human well-being includes: nursing; day care; repair services (for many items whose useful life is curtailed for lack of repair possibilities); social protection (e.g., police); teaching (especially precollegiate); genuinely educational, ad-free TV for kids; foster parenting and other care for children whose parents can't care for them; social casework to assist with foster children and to give support to nursing, daycare, and other areas; and maintenance of public spaces, parks, and natural resources.

In contrast, the following are areas where too much is being produced and too many resources are being used: weapons; addictive drugs, including tobacco and alcohol; violent, degrading, overly sexualized films, TV programs, video games; advertisement; and status goods (i.e., things that are sold, and bought, primarily to enhance the purchaser's status. This is a zero sum game that can never add to overall well-being.).

The second list does not constitute a proposal for banning or otherwise restricting any specific activities. The point, instead, is to apply creative practical and theoretical thought to the question of how resources can be diverted from producing goods and services of the second type, toward the first. Of course, recognizing that others would generate somewhat different lists, such a goal remains well in the future. It must be preceded by public and academic discussion of how to distinguish between the productive activities that enhance, and those that detract from, human well-being.

