Precarious Work:
Causes, Consequences, and Alternatives

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Sharp changes have occurred in labor market institutions since the mid-1970s

• 1945-1975: a “golden era” of sorts
• The term “Fordism” arose to describe this period’s labor market institutions
  • Large, centralized bureaucracies provided full-time, permanent employment with decent wages and benefits
  • The “standard” work arrangement, fostering orderly careers and life narratives
• The so-called “job for life”
Roots of the standard work arrangement

- Firms internalized their supplies of *material* resources (coal, iron, rubber)
- They did the same with their *human* resources
  - "Internal labor markets" provided opportunities for mobility within the firm
  - Benefits, wages, job security all expressed the firm’s commitment to its workforce
- The “standard work arrangement” was by no means inclusive
  - ~10% of labor force – but 40% of working age men, & *most* white men
- It supplied the norm, and a key source of social stability
Aerial photo of the Ford River Rouge plant in Dearborn Michigan. A model of vertical integration, finished in 1928 -- the largest integrated factory in the world. 100 miles of railroad track, dedicated electrical plant, steel mill, and glass factory. Employed 100,000 workers in early 1930s.
Farewell Fordism. Hello Flexibility

• Beginning in the mid-1970s, Fordist institutions began to unravel
• Early 1980s, a new economic logic emerged
• Corporations now minimized their commitment to their workers, seeking greater flexibility over the employment relation
• The result: Precarious work has begun to haunt a growing sector of the labor force across the advanced capitalist world
• Results are different across societies, with varying effects on different groups
• But the trends are unmistakable—and they pose real threats for many workers, affecting individual well-being and the social cohesion of the nation state
Precarious work takes many forms

• Some are obvious
  • Marginal part time work (e.g., “mini-jobs”)
  • Agency work
  • Short-term contracts (in UK: “zero-hours contracts”)
  • Dependent (“bogus”) self-employment
  • Freelancing

• But other manifestations are less clear

• In the USA, out-sourcing and downsizing commonly impact workers in full-time, “standard” work arrangements

• Hence, difficulty of measuring the growth of labor market prekärität
One definition: precarious work involves

1. Employment that is uncertain, unstable, and insecure,
2. in which employees assume risks previously borne by the firm, and
3. where workers are excluded from social benefits and regulatory protections available to other workers (Kalleberg and Vallas, 2018)

Some speak of a “precariat” – a social class whose members are suspended in a liminal economic space (Standing 2011)
The magnitude of the trend varies, but evident across the advanced capitalist world

- In Europe: non-standard work accounted for *half* of all job growth from 1995-2013 --and rose to 60% from 2007-2013 (OECD 2015)

- In Japan, non-standard work rose from 27% in 2001 to a third of the labor force in 2010 (Osawa, Kim, & Kingston, 2013).

- In USA, specifically precarious work makes up almost *all* of the job growth during the decade from 2005-2015 (Katz and Kruger 2016)
In Europe, the young are especially exposed to temporary work:

<table>
<thead>
<tr>
<th>Poland</th>
<th>France</th>
<th>Germany</th>
<th>Netherlands</th>
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Short term contracts affect a rising share of workers under MV3

Source: Eichhorst 2017

Vallas / Precarious Work, Fragile Societies
Why do the under 30s rise so much more than the others? These numbers -- approaching or exceeding 50% -- are striking. But is there some element of demand by young workers voluntarily taking temporary jobs during college, etc? I’d like to see more detail on the stats -- and more acknowledgment that the majority of workers are still in permanent jobs.

Matt Vidal, 12.12.2017
Precarious work is convenient for employers, who gain flexibility and competitive advantage. But can be highly problematic for individuals and their families. For individuals, it often means:

- An inability to plan one’s life—to marry, establish roots in a community, or envision a career.
- Spain: 80 per cent of youth < 30 still live with parents.
- Italy: 60 per cent of those 18-34 live with parents (*bamboccioni*, or “big babies”).
- Japan: rise of “unmarriageable men” (those failing to land permanent jobs).
The societal consequences are equally real

The erosion of the Fordist work arrangement imposes economic, social and political costs on whole societies

- **Economically:**
  - Costs of social support rise (e.g., de facto wage subsidies of WalMart workers in USA)

- **Socially:**
  - Boundaries arise between “insiders” and “outsiders” in much of Europe, including esp Germany

- **Politically:**
  - As Fordism and the welfare state weaken, instability rises apace (e.g., ethno-nationalism as a politics of fear)
How can we explain this sea change in our economic institutions?

Much research on this question...
Much of the literature focuses on the experience of labor market precarity

- Why white collar workers blame themselves for systemic failures
- How workers internalize a “career management” ideology
- Alison Pugh (The Tumbleweed Society, 2015): a “one way honor code” has emerged among workers and firms
- My own research on the long term unemployed:
  - Job seekers refer to themselves as “damaged goods”
  - Identities become unclear
  - Many are compelled to use “personal branding” techniques, marketing themselves to no avail
Other studies focus on the structural causes of precarious work

• Four major factors have been stressed
  • **Erosion of union membership** (hence, growing power of large corporations, stagnant wages, falling job security)
  • **Financialization** (rising influence of investors demanding high ROI, not investment in productive capacity)
  • **Globalization** (threat of capital mobility erodes quality of employment in many industries)
  • **Digitalization** (deskilling; displacement; rise of "gig economy")

• All this is important, as we can easily see.
Eroding union membership: An EU-wide trend since mid-1970s

Sweden and Finland are exceptions

Collective bargaining weakened too
Financialization

• Firms are now governed by the “shareholder” conception of the firm
  • CEOs are forced to rely on financial instruments and strategies (downsizing, outsourcing, stock buybacks) as strategies
  • Investments in productive or operational capacity lose out
• Even non-financial corporations rely on this logic
  • Result: declining employment of manual workers, rising inequality within large firms (Lin 2016)
Growing ratio of financial assets to GDP, select European nations, 1999-2016

EU wide expansion by 40%

Trend esp pronounced NE, UK, BE

Less so in DE, AU, IT

Source: Stolbova et al., “Financialization of Europe,” 2017
Globalization

- Not simply capital mobility and off-shoring of production
- Key: the “logistics revolution,” using techniques inherited from the military (Bonacich & Wilson 2008; Lichtenstein 2006)
- Retailers learn to undercut domestic suppliers by developing elaborate supply chains, using satellites and ITC systems
- Example: Wal-Mart and other big box stores connect each purchase to globally dispersed factories (“Nikeification”)
- Factory jobs erode, replaced by low-wage warehouse & retail workers
Digitalization

• Starts in 1950s, but matures with the internet in 1990s and web 2.0 in 2000s

• Two critical shifts:
  • Use of digital hiring systems remake the labor market (“algorithmic regimes”)
  • The rise of the platform economy (Uber, TaskRabbit, Mechanical Turk) erodes the wage labor relation

• Consequences:
  • Workers are redefined as independent contractors, stripped of legal and social protections
  • Just-in-time labor supply
  • Completes shift “from careers to jobs to tasks” (Davis 2016)
Economic policy: an additional cause

- Government policy has failed to address many of these shifts, or even actively fostered them.
- De-regulation, the weakening of collective bargaining, thinning of welfare state have increased market pressures on workers.
- Regulation of temporary work has often been ineffective.
- Labor laws often allow for the abuse of self-employment as a category (hence recent struggles at Uber, Deliveroo, foodora.
- “Active labor market” policies have failed to strengthen the position of workers at the bottom of the labor market.
A larger argument

• These influences are not simply additive
• They *combine* in mutually reinforcing ways, forming a structure that “precarizes” many forms of work
• The result inaugurates a new stage in contemporary capitalism
• Needed is a clear understanding of the social, cultural and political consequences of these shifts
Figure 1. The Ensemble of Factors Fostering the Precarization of Work.

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Point of the model:

• The emergence of these mutually reinforcing factors has given rise to a new stage of contemporary capitalism, for which we are ill prepared to manage
• Policy makers have elected to rely on market liberalization to an ever greater extent
• But this has exposed advanced industrial societies to increasing forms of risk, fueling crises that take many forms
• This is why Ulrich Beck saw ours as a “risk society” – “a catastrophic society. In it, the exceptional condition threatens to become the norm”
Ulrich Beck’s theory of the ‘work society’

• In two important books – *Risk Society (1992)* and *Brave New World of Work (2000)* – foresaw a crisis of the “work society”

• For centuries following the Reformation, the performance of wage labor provided personal fulfillment, social inclusion, and cultural respectability

• Now, the erosion of the standard work arrangement begins to “cancel the foundations” on which the work society once stood

• What results are deep running cultural tensions and contradictions as features of a “work society” that lack the structures it once enjoyed.
Signs of the crisis emerge periodically and take varying forms

- EuroMayDay movements, indignados, Occupy
- Also: Ethno-nationalist and anti-immigrant movements in post-crisis years

_Tension arises between a culture based on the notion of the “worker-citizen” and economic institutions that only weakly support this norm_

To understand the result of these tensions in the USA, I draw on the classic work of Albert Hirschman (1970)
Hirschman’s classic 1970 study suggests three ideal type responses to the crisis of wage labor:

- **Exit**, in which workers withdraw from participating in a game they sense they will lose.
- **Voice**, in which workers challenge the rules of a game they feel has lost its legitimacy;
- **Loyalty** to the game (redoubled consent to its terms).

Responses will vary by country and class, and each response will exhibit internal variants.
<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Exit</th>
<th>Type of Response</th>
<th>Loyalty</th>
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<tbody>
<tr>
<td><strong>Action Orientation</strong></td>
<td>Refuses to play a losing game; withdraws from participation</td>
<td>Views the game as becoming rigged, challenges its rules</td>
<td>Doubles down on participation in the game</td>
</tr>
<tr>
<td><strong>Institutional Manifestations</strong></td>
<td>Falling Labor Force Participation; Growing rates of addiction, disability; informal economy</td>
<td>Populist mobilization &amp; voting realignment. E.g. Tea Party, Occupy, Fight for Fifteen</td>
<td>Use of social media, self-help books; active networking; support for mindfulness, fitness, etc.</td>
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<tr>
<td><strong>Predominant social base</strong></td>
<td>White working class women and men in decaying regions; Blacks excluded via criminal justice system</td>
<td>White working class men/educated men sensing threats to their privileged positions.</td>
<td>White educated men and women emulating corporate images; some strands of hip hop &amp; black culture</td>
</tr>
<tr>
<td><strong>Predominant emotional state</strong></td>
<td>Resignation</td>
<td>Indignation</td>
<td>Aspiration</td>
</tr>
<tr>
<td><strong>Identity</strong></td>
<td>The damaged self -- stigma of LTU or criminal record</td>
<td>The angry self</td>
<td>The entrepreneurial self</td>
</tr>
<tr>
<td><strong>Consequences</strong></td>
<td>Reproduction of precarity</td>
<td>Restoration of Fordism (right/left)</td>
<td>Reproduction of precarity</td>
</tr>
</tbody>
</table>
• Three important manifestations in the USA—
  1. Unprecedented rates of long term unemployment; subjection to “algorithmic exclusion”
  2. Sharp declines in labor force participation rates among men 25-54
      (Partly but not entirely a function of hyper-incarceration)
  3. Rising rates of mortality among middle aged whites with HS degrees (Case and Deaton 2015)
Also declining union density?
Matt Vidal, 13.12.2017
Long Term Unemployment as a Share of the Unemployed, 1948-2012

- LTU at historic levels for > 3 years
- Current rate is 26% --previously reached only during the Reagan recession

• Rising mortality due to addiction, suicides, alcoholism

• Trends linked to economic shifts in trade, loss of mfg (Pierce & Schott 2016)

• Spikes are greatest among white wkg class women
  
  Data from CDC; Cherlin 2016
Voice

• Left manifestations are ephemeral, episodic
  • Euro May Day movement of the “precariat” (Standing, 2011)
    • Temporary/contract workers allied with immigrants
  • Occupy
    • “Graduates with no future”

• Right manifestations are enduring, resonant
  • Support for authoritarian politics that speak of restoring white male privilege
    • “Reactionary refusal” of neo-liberalism
  • The “strength of strong ties” – primordial ties are powerful
Loyalty

• Explosive growth in career advice literature, social media
• Spread of fitness, wellness -- market-friendly forms of life politics
• Key: the proliferation of “personal branding” as an entrepreneurial discourse
  • Conjures the self as a commodity one must market (Vallas and Cummins 2015; Christin 2018)
  • Most pronounced in communications, high tech, sales occupations
  • Micro-political rituals producing the “enterprising self”
Implications of the argument

• Crisis most pronounced in liberal market economies
• In the EU, dual tendencies arise, with “insiders” protected against precarity while “outsiders” are not.
• But all capitalist societies are affected.
• Growth alone not sufficient to resolve the crisis when “virtual corporations” dominate the economic landscape (Davis 2016)
• An era of AI, robotics, and platform firms will exacerbate things
• Two possibilities: dystopian and utopian
Solutions to the Crisis?

- Dystopian view: the crisis is transitional
- The worker-citizen will give way to the individualized “entrepreneur-citizen,” responsible for his or her own fate
- Unlikely; collective traditions are too deeply established.
- Our job: *to formulate alternative conceptions of “work” that can restore the dignity that Fordism provided, but now in forms that are broader and not tethered to the market*
  - Provide a 4th column in the chart (slide 32)
  - Beyond the “value imperialism” of the labor market
Practical implications

• Need for studies of tendencies that lead in this direction
• The solidarity economy – public trusts, worker cooperatives, collective forms of innovation, the “people’s Uber”
• “Civil labour” (Beck 2000) – community-based forms of work (the “third sector”)
  • Flexible life trajectories, allowing for transitions based on family formation, career changes, stages in the life cycle, education

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