

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

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River Rouge plant
nearborn Michigan
model of vertical
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**hed in 1928 --
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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, w 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

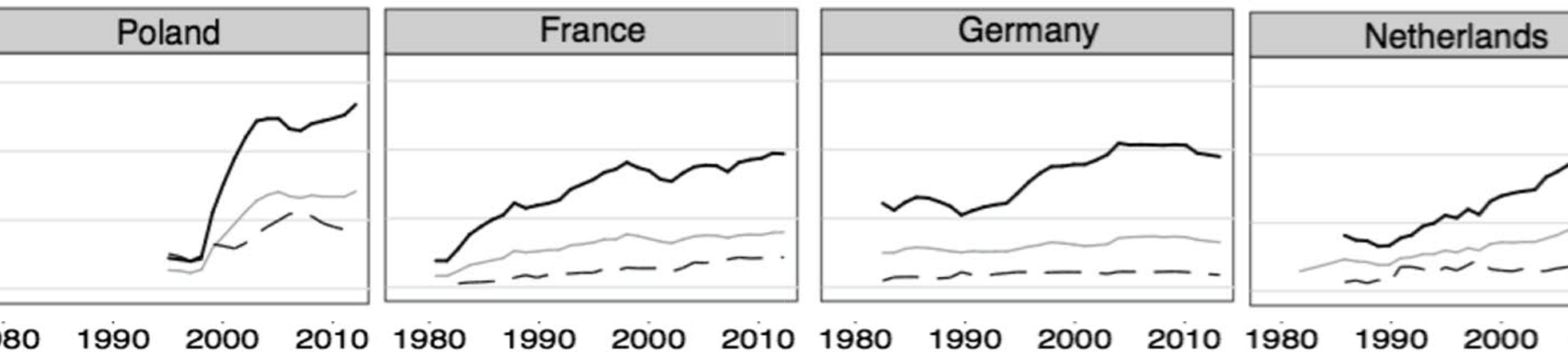
1. Employment that is uncertain, unstable, and insecure,
2. in which employees assume risks previously borne by the firm, and
3. where workers are excluded from social benefits and regulatory protections available to other workers (Kalleberg and Vallas, 2018)

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

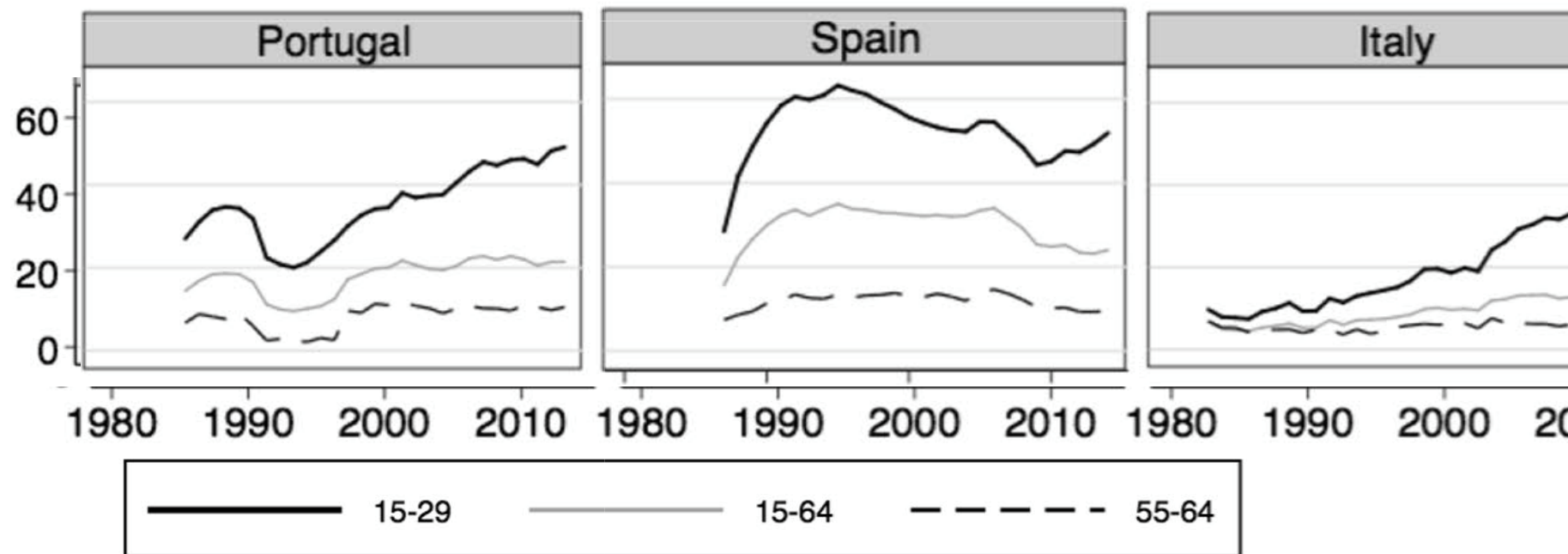
- In Europe: non-standard work accounted for *half* of all job growth from 1995-2013 --and rose to 60% from 2007-2013 (OECD 2015)
- In Japan, non-standard work rose from 27% in 2001 to a third of the labor force in 2010 (Osawa, Kim, & Kingston, 2013).
- In USA, specifically precarious work makes up almost *all* of the job growth during the decade from 2005-2015 (Katz and Kruger 2016)

Europe, the young are especially exposed to temporary work:



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MV3



ce: Eichhorst 2017

Folie 9

MV3

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 acknowledgement 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)

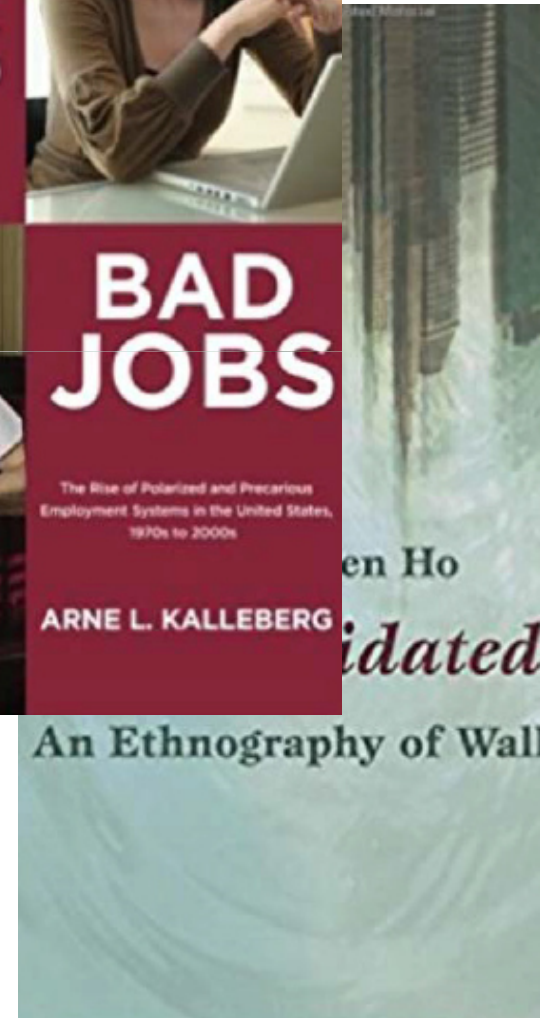
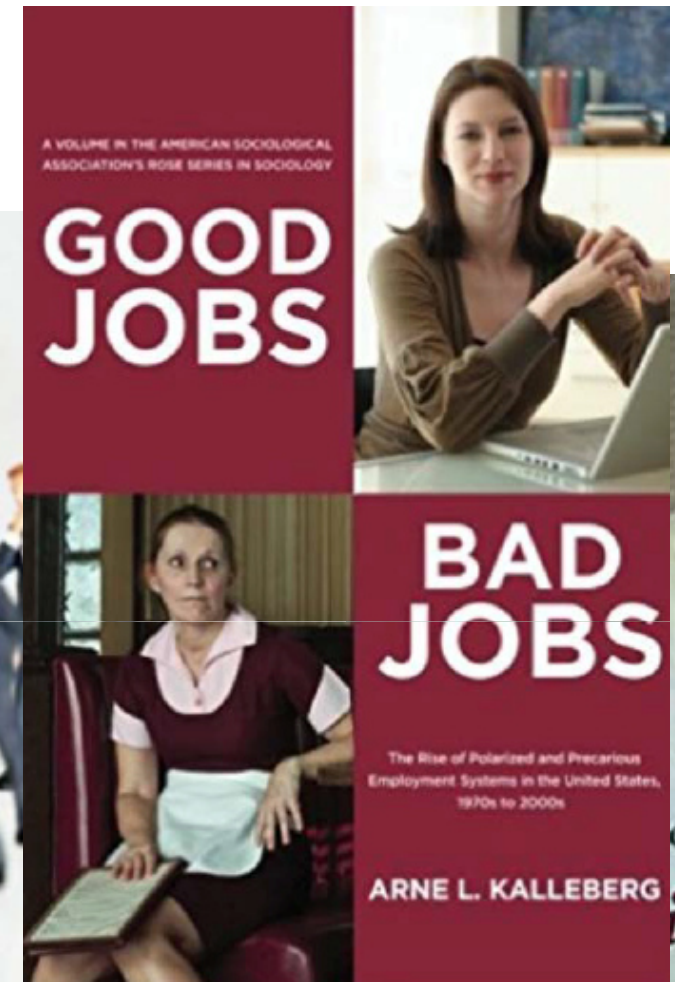
The societal consequences are equally real

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

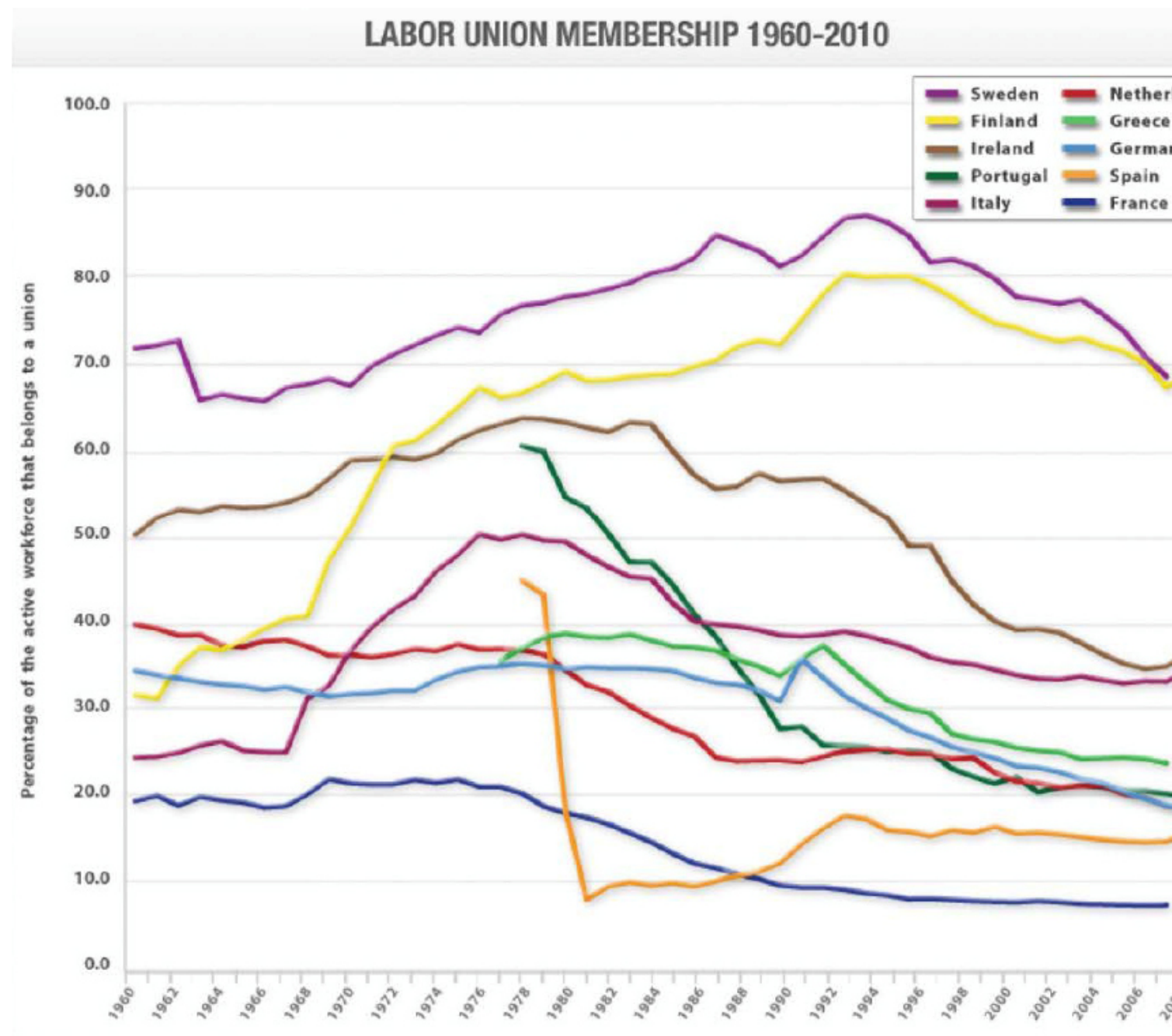
Other studies focus on the structural causes of precarious work

- 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.

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membership: An
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Financialization

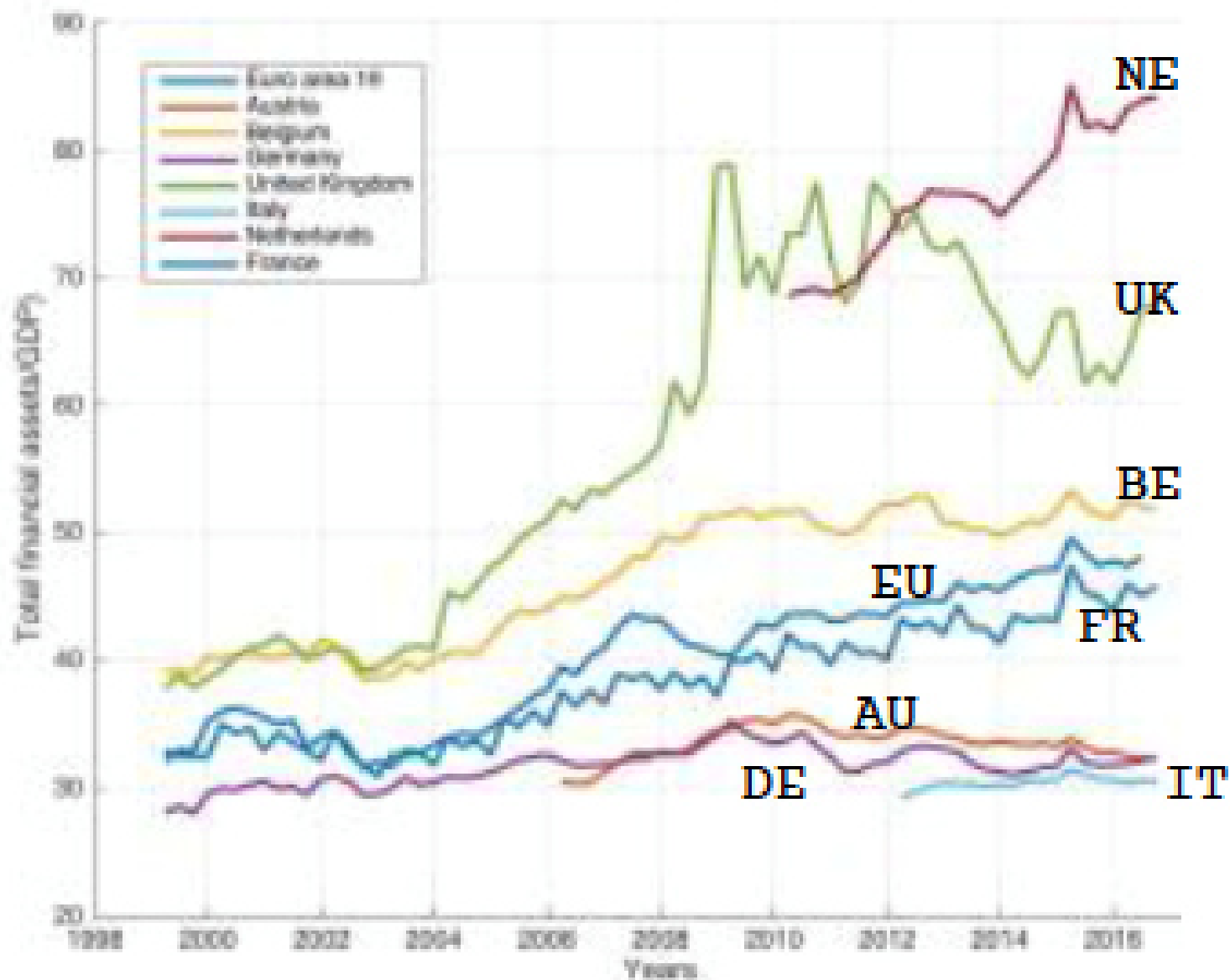
- Firms are now governed by the “shareholder” conception of the firm
 - CEOs are forced to rely on financial instruments and strategies (downsizing, outsourcing, stock buybacks) as strategies
 - Investments in productive or operational capacity lose out
- Even *non*-financial corporations rely on this 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

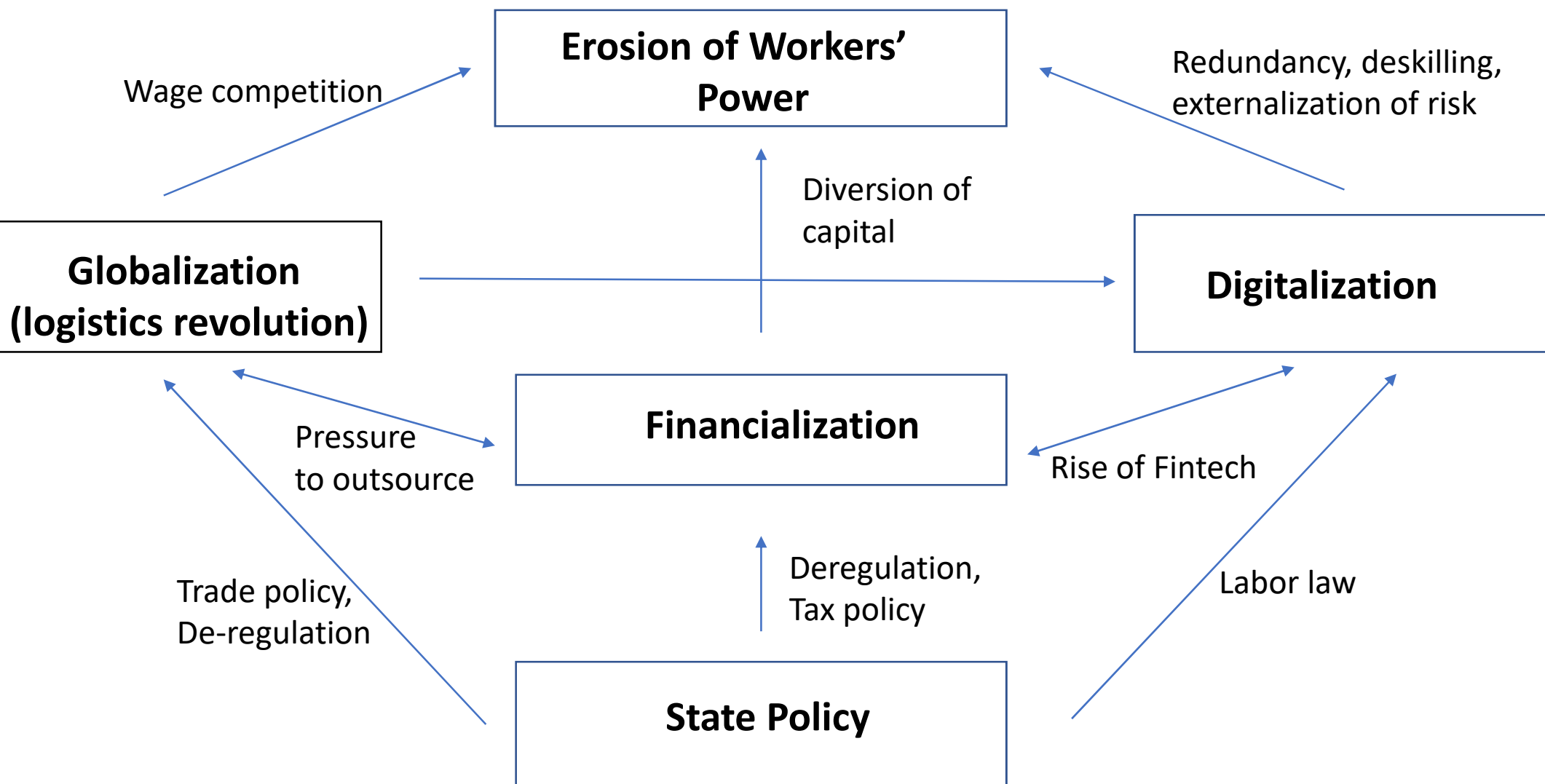


Figure 1. The Ensemble of Factors Fostering the Precarization of Work.

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
- Each response will exhibit internal variants

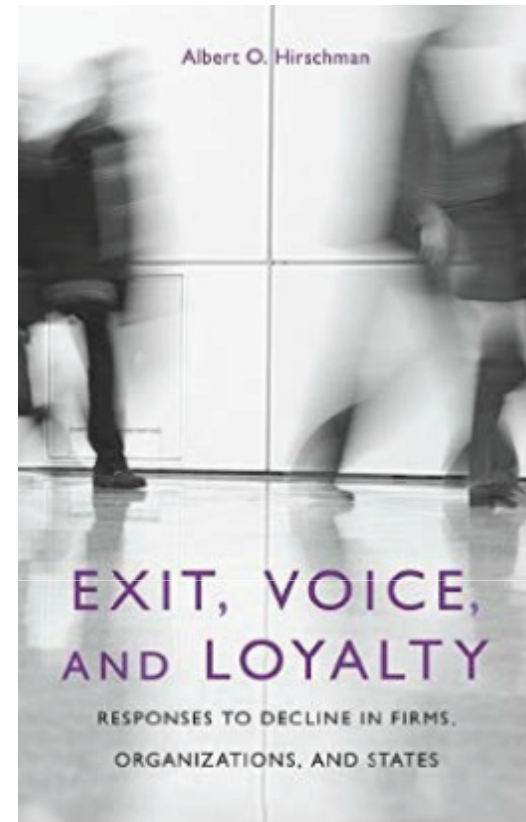


Table 1. Responses to the Crisis of the Fordist Regime

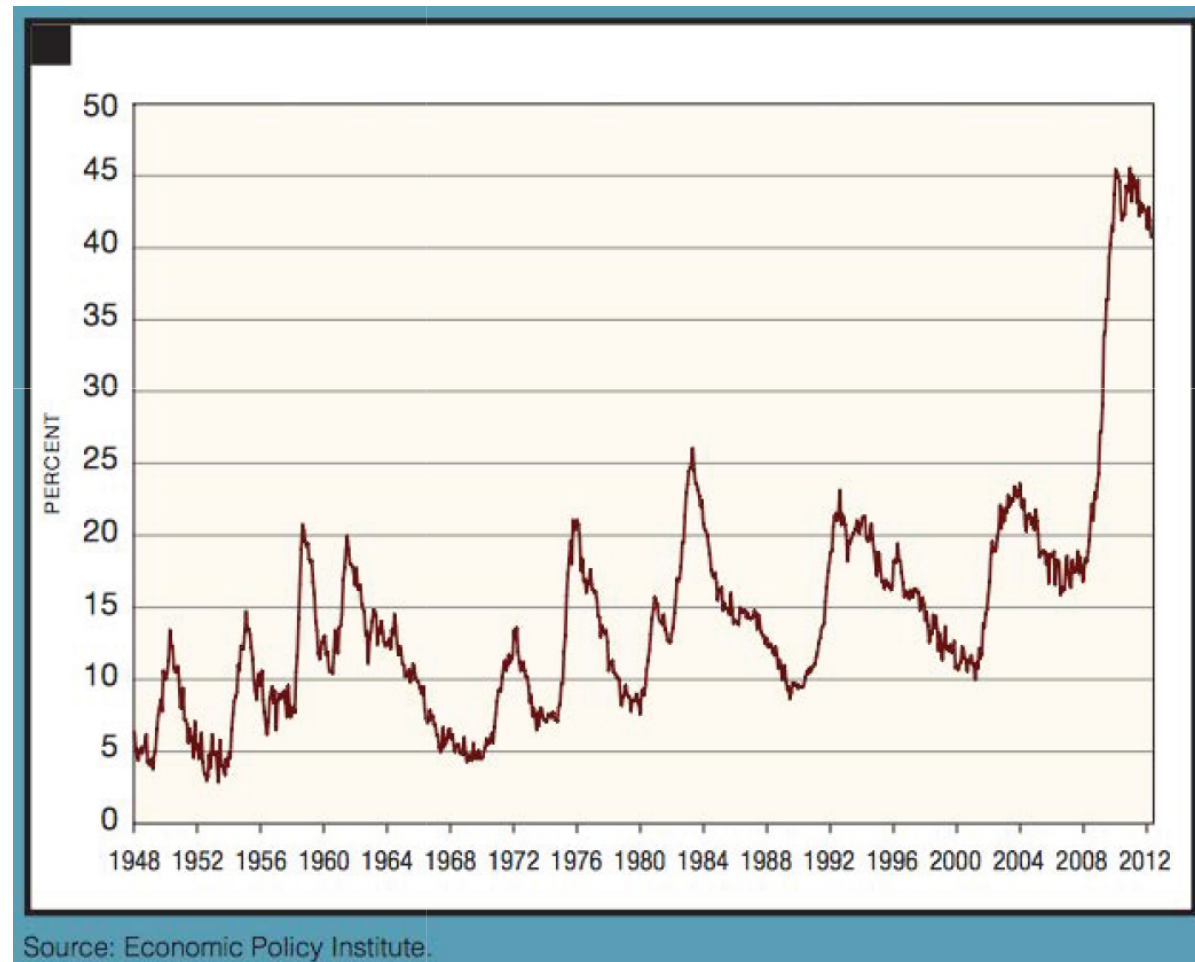
Characteristics	Type of Response		
	Exit	Voice	Loyalty
Action Orientation	Refuses to play a losing game; withdraws from participation	Views the game as becoming rigged, challenges its rules	Doubles down on participation in the game
Institutional Manifestations	Falling Labor Force Participation; Growing rates of addiction, disability; informal economy	Populist mobilization & voting realignment. E.g. Tea Party, Occupy, Fight for Fifteen	Use of social media, self-help books; active networking; support for mindfulness, fitness, etc.
Predominant social base	White working class women and men in decaying regions; Blacks excluded via criminal justice system	White working class men/educated men sensing threats to their privileged positions.	White educated men and women emulating corporate images; some strands of hip hop & black culture
Predominant emotional state	Resignation	Indignation	Aspiration
Identity	The damaged self -- stigma of LTU or criminal record	The angry self	The entrepreneurial self
Consequences	Reproduction of precarity	Restoration of Fordism (right/left)	Reproduction of precarity

Exit

- Three important manifestations in the USA^{MV27}—
 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)

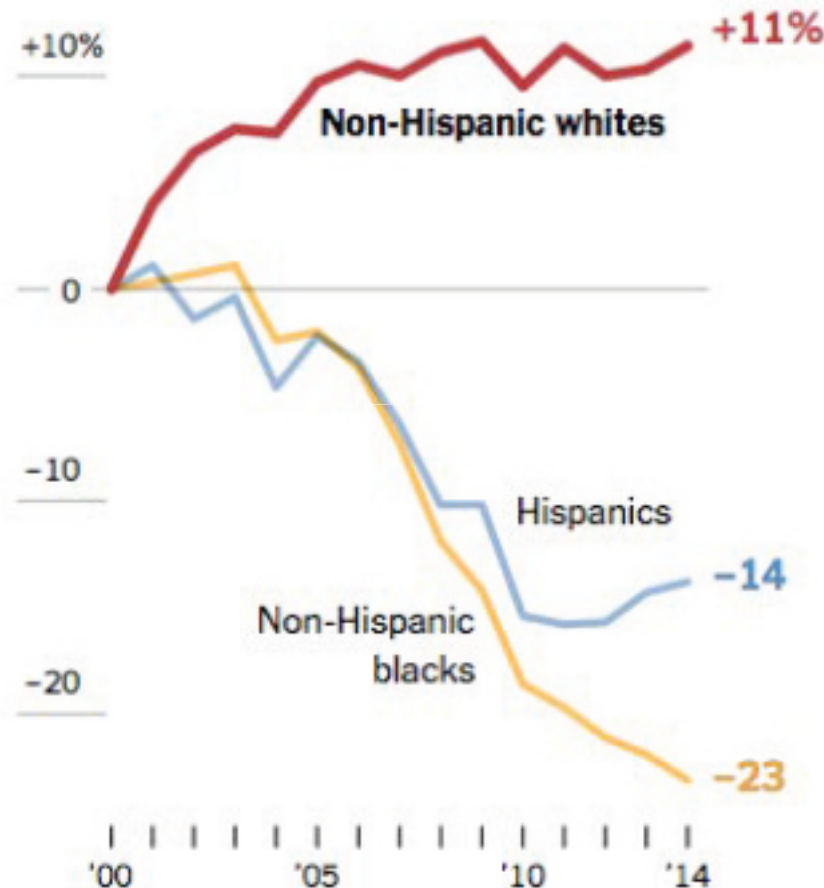
Long Term Unemployment as a Share of the Unemployed, 1948-2012

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



Whites' Rising Death Rates

Percent change in mortality since 2000 among those ages 25 to 54.



- 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 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