

LABOUR IN THE THIRD WAVE

: THE FUTURE OF WORK IN AMERICA AND THE WORLD

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According to Alvin and Heidi Toffler, the Third Wave economy has arrived and is changing the way that wealth is created. First wave civilization was based on the agricultural revolution. Thus, little more than muscle was required to be an active participant. The Second Wave society, which began with the industrial revolution 300 years ago, is still dominant in many parts of the world today. It is driven essentially by low-skill, interchangeable work. By contrast, the Third Wave is based on knowledge – broadly defined as “data, information, images, symbols, culture, ideology, and values”(A. and H. Toffler, 1993, p. 66). This is a revolutionary change because knowledge can be used as a substitute for all inputs. Unlike the traditional factors of production – land,(primarily low-skill) labour, and capital – which, more or less, are finite resources, knowledge is inexhaustible and can be used by two companies at the same time. Knowledge is specialized labour, furthermore, and, thus, it is not so easily interchangeable(A. and H. Toffler, 1993, pp. 67–69).

This essay will examine the changes that knowledge has wrought to the labour sector in the Third Wave. Essentially, knowledge increases productivity and, therefore, much less labour is required to do the same(or more) amount of work. Thus, there are "massive layoffs and dislocations" as the shift to the Third Wave unfolds(A. and H. Toffler, 1993, p. 247). Presently, this is what is occurring in both the West and the Third World. This essay will begin by discussing the downturn in global employment rates. Then, it will outline the social consequences of this change. Third, the actions of various national economic elites during the transition will be delineated. Fourth, and finally, this essay will consider the types of alterations in policy that can be expected from governments and transnational organizations(both governmental and non-governmental) in response to the transformation which is presently underway.

Worldwide unemployment is at its highest level since the Great Depression of the 1930's. Presently, there are more than 800 million people who are unemployed or underemployed(Rifkin, 1995, p. xv citing International Labour Organization press release of March 6, 1994). According to the I.L.O., this represents about 30% of the global labour force(Chomsky, 1994, p188). Unemployment in the United States has increased from an average of 4.5% during the decade of the 1950's to an average of 7.3% during the decade of the 1980's(U.S. Department of Labor, 1994, p. 182). Although the situation has improved in the 1990's, economic downturns in other parts of the world once again

threaten the well-being of the American economy. Every Western European country is experiencing worsening unemployment. Presently, one out of every nine workers is without a job(Wall Street Journal, July1, 1993). In Germany, Helmut Schmidt recently stated that "more people are unemployed in Chemnitz, Leuna or Frankfurt an der Oder than in 1933, when people there elected the Nazis"(Fortune, June 13, 1993). Japan's official unemployment rate is 2.5%. Some analysts claim, however, that if the discouraged unemployed and the unrecorded jobless are added, the figure might be closer to 7.5%(Financial Times, July 22, 1993). This, in a country where the word "unemployment" is hardly ever uttered.

The situation in the Third World, generally speaking, is far worse. In each of India and Pakistan, unemployment is above 15%(U. N. Development Program, 1993, p. 35). In Mexico, 50% of the labour force is unemployed or underemployed. All in all, more than 700 million people are expected to join the labour force in developing countries between now and the year 2010. This is larger than the entire labour force of the industrialized world in 1990(Rifkin, 1995, pp. 206-207).¹⁾

Exacerbating the demographic pressures in the Third World are technological developments in the West. Taking the textile industry by way of example, technological developments have

1) To exacerbate matters, the gap in wealth between richer and poorer countries has also increased—from 30 times wealthier in the 1960's to 150 times in the 1990's(Brzezinski, 1993, p. 184).

reduced the labour component to little more than 30% of the production process. Thus, industrial nations are now becoming cost competitive with low-wage nations in textile production. As this process of technological development continues, countries like India and China might have to switch over to mechanized production because it will be cheaper. In fact, between 1960 and 1987, it was capital investment which led to more than two-thirds of the increase in output of developing countries. So, the advantage of human labour over machines is fast diminishing (Rifkin, 1995, pp. 139–140, 203–204).

The social consequences of technological displacement, in a growing number of industrialized and developing countries, has been a dramatic rise in crime. The situation in the United States is probably the best documented. In one study, researchers found that a one percent increase in unemployment results in a : 2.4% increase in property crime ; 3.4% increase in violent crimes ; and, a 6.7% increase in homicides. In real numbers, an increase in the unemployment rate from 5.5% in mid-1990 to 7.5% in mid-1992 meant 223,500 additional property crimes, 62,607 additional violent crimes, and 1,459 additional murders. An increase in income inequality also leads to increased criminal activity. A 5% increase in income inequality between 1979 and 1988 led to 1.87% increase in property crime, a 2.05% increase in violent crimes, and a 4.21% rise in murder (Merva and Fowles, 1992, pp. 1–2). Increases in criminal activity due to economic dislocation can be found in Western Europe, Russia, and Latin America among

other places(Rifkin, 1995, Chapter 14).

The response of economic elites to these economic and/or social developments has been similar in much of the world. As the Tofflers put it : "the rich want out"(A. and H. Toffler, 1993, p. 255). A new phrase has been coined to designate the newly rich in Third Wave economies : the overclass. Its members manage or provide services for corporations or conglomerates. They are starting to replace old capital as the dominant social group in every industrial democracy(The Sunday Times, August 27, 1995).

There is one very big difference between the overclass and old money, especially in the United States. A sense of noblesse oblige does not exist among the former. Instead, members of the professional overclass are withdrawing into gated communities with private police forces(The Sunday Times August 27, 1995). According to one estimate, between 3 and 4 million Americans live in such communities. Edward Blakely, a city and regional planning professor at the University of California at Berkeley, states that this is a way of both enhancing security and "internalizing their economic position and privilege and excluding others from sharing it"(Washington Post, April 9, 1994).

Economic elites attempting to shield themselves from the rest of society is not confined to the United States. For example, in China, areas along the southern coast are among the fastest developing in the world. Entrepreneurs in Guongdong are plugged

into the global economy. They are taking the Asian "tigers" as their economic models. Increasingly, they are ignoring Beijing's edicts. In Brazil, a similar split exists among rich and poor. The south generates about 76% of the country's G.D.P. but is routinely outrepresented in the government by the north. This has led to the creation of a separatist movement in Rio Grande do Sul (A. and H. Toffler, 1993, p. 255–257).

This leads the Tofflers to surmise that many of the rich are thinking : "We can buy our needs and sell our goods abroad. Why saddle ourselves with an army of malnourished illiterates when our factories and offices might actually need fewer and higher-skilled workers in the future as the Third Wave advances?" (A. and H. Toffler, 1993, p. 257). These are the types of cleavages that can explode into violence. Actually, humanity saw a manifestation of this in the last century. Discussing the wage system in the 1830's, Karl Polanyi, in his classic study The Great Transformation, writes : "Never perhaps in all of modern history has a more ruthless act of social reform been perpetrated ; it crushed multitudes of lives...." Almost immediately, however, the "self-protection of society set in. ... factory laws and social legislation and a political and industrial working class movement sprang into being ... to stave off the entirely new dangers of the market mechanism..." (Polanyi, 1957).

Thus, political pressure is likely to change the policies of governments and transnational organizations in the coming years.

First, at the domestic level, a shorter work week can be expected. Second, government intervention in the volunteer sector might be in the offing. Third, at the international system level, transnational organizations in the volunteer sector might start receiving greater support from Western governments and private organizations. Fourth, and finally, transnational corporations could yet come to an agreement on a code-of-conduct in developing countries. Each of these points will be looked at in turn.

First, a shortening of the work-week might be in order. Again, this is nothing new. Economic historians point out that dramatic productivity gains made in the first stage of the industrial revolution led to a shortening of the work-week from eighty to sixty hours. Similarly, in the twentieth century, as the industrial economies shifted from steam to oil and electric technologies, increases in productivity led to a decrease from sixty to forty hours worked per week. With the Third Wave on the horizon, a growing number of observers are suggesting that the work-week again be reduced, this time to thirty or even twenty hours (Rifkin, 1995, p. 222).

This is an idea that is starting to take hold in Europe where, as noted, unemployment is higher than in the U.S.. Trade unionists in Italy are using the slogan "Lavorare Meno, Lavorare Tutti" (work less and everyone works). In France, President Mitterand has spoken favourably about the prospects for a four-day work-week. Both workers and management are starting to see

the benefits of such an arrangement. In 1993, Europe's largest automaker, Volkswagen, announced intentions to switch to a four-day work-week in order to save 31,000 jobs. Although take-home pay will be cut by 20%, lower taxes and the spreading of holiday bonuses over the entire year are expected to soften the impact. Although this is an idea that American Chief Executive Officers have strongly opposed, their resistance might lessen if American unemployment continues to rise due economic dislocation caused by the Third Wave. After all, this would mean that their own consumers lack purchasing power. Thus, at some point in the not-too-distant future, talk of distributing work more equitably might start to ring in Congress(Rifkin, 1995, Chap. 15).

Second, the government might well start becoming more involved in the volunteer section of the economy. With jobs becoming scarcer in the private sector while governments scale back their own numbers to save money, providing a social wage, instead of welfare, for working in the non-profit sector makes sense. This would help people to forge bonds with their neighbors and help them share in a commitment to improve their communities. The American government is already moving in this direction with its present welfare reforms(Rifkin, 1995, Chap. 17).

Third, transnational organizations like Civicus can be expected to receive greater assistance from Western governments and corporations in the future. This organization was created in the early 1990's to boost volunteerism in the Third World. Initial

financing was given by the Charles Stewart Mott, Kellogg, and Ford foundations and the Carnegie Corporation. Miklos Marschall, the deputy mayor of Budapest is the first executive director of the organization, said that : "the nineties will be the decade of the third sector because throughout the world there has been ... a great deal of disappointment concerning the traditional established institutions such as trade unions, political parties and churches." Marschall argues that the power vacuum has been filled in dozens of countries by community groups and small non-governmental organizations. He says that Civicus "will provide a forum for these groups, an opportunity for international advocacy, and serve also as a moral World Court"(New York Times, December 21, 1995 ; and, Rifkin, 1995, p. 278). Such organizations can help soften the blow as developing countries shift to Third Wave economies. They also might help promote democracy and peace. Thus, Wilsonian idealism which has played a major role in the formulation of American foreign policy throughout this decade might also be played out, in part, through organizations like Civicus.

Fourth, global pressure might still prod transnational corporations to come to an agreement regarding foreign direct investment(F.D.I.). The World Bank has published guidelines as to how F.D.I. should be treated by host governments. There are no similar guidelines for foreign investors, except at the most general level. An attempt by transnational corporations to develop a code of conduct on their own but this broke down in July 1992(Chomsky, 1994, p. 181). It could well be the case that

economic dislocations in the Third World might impel transnational corporations to try again.

The world in which we live is very different from that of our grandparents. The planet of our grandchildren might be changed in ways that we cannot even imagine right now. One of the most fundamental ways in which it is likely to be changed concerns humanity's relationship to work. It might well be the case that the end of history (Fukuyama, 1992) will be followed by the end of work. If handled properly, this transition could mean the rebirth of the human spirit.

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