The Reconfiguration of Work and Employment Relations
In the United States at the Turn of the Century

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Prepared for the ILO Symposium,
“L’avenir du travail, de l’emploi et de la protection sociale:
dynamique du changement et protection des travailleurs”

Lyon, France
17-18 January, 2002
This paper reviews the evolving structure of work and employment relations in the United States over the last two decades. The focus is upon the collapse of the structures that emerged in the immediate postwar period and the traces of a new system of labor regulation that are appearing to replace it. Particular attention is devoted to three issues: 1) the shifting boundary between the social and economic realms; 2) the structures of work and employment security emerging in place of the sheltered internal labor markets attached to the productive establishment or enterprise; and, 3) the new international governance structures emergent in the process of globalization, especially in the U.S. through NAFTA. These three issues are the focus of the second part of the paper. The first part summarizes the characteristics of the old system and the emergent alternative.

PART I: The Old Structure and the Emergent Alternative

In the early postwar years, there emerged in the United States a fairly well-defined and coherent system of work regulation and employment relations. The system was structured and defined institutionally by legislation, administrative regulations, and managerial practices that grew out of the Great Depression and World War II and were consolidated in the immediate postwar period.

The system was one in which the Government set minimum substantive standards which defined the floor of the labor market. Above that floor, it created a set of procedural standards, but left the substantive terms and conditions of employment to be determined privately within the procedures it had laid out. Essentially, those procedures guaranteed the right of workers to form and join trade unions, and of those unions, once formed, to negotiated wages, hours, and other terms and conditions of employment through collective bargaining,

Below the substantive floor were a series of “uncovered” jobs, largely in agriculture and in certain menial services such as laundries and hospitals. Coverage was extended to most of these jobs in the course of the 1950’s and 1960’s.
As a result of the government-sanctioned procedures in the broad, middle tier of the wage distribution, employment conditions were effectively set and regulated by collective bargaining. Trade union coverage was extensive, and firms which were not actually organized were forced to follow collective bargaining settlements to forestall union organization of the shops. Managerial and professional employees at the top of the wage hierarchy were exempt from coverage and their terms and conditions of employment were determined by the market, albeit a market conditioned by the governmental sector that employed a substantial portion of the highly educated labor force and where employment conditions were set by bureaucratic rules and procedures. In the middle and upper tier, employees had, in effect, long-term job security. For professional and managerial employees this security was basically absolute, although it was not explicitly recognized. In the middle tier of the labor market, governed by collective bargaining, what tended to involve was an elaborate system of lay-offs and recall, in which seniority and carefully delineated jobs played an important role.

Key Institutions and Underlying Assumptions

This system was built around four key institutions and a series of assumptions about the role they played in an industrial economy: the family, the productive enterprise, the trade union, and the nation-state (in the U.S. context, the Federal Government). In the economy itself, the key productive institution was the corporate enterprise. The enterprise was understood to be a stable, well-defined and enduring unit to which employment rights could be attached. The family was the key social institution. Like the enterprise, it was understood to be stable, well-defined and enduring. It was assumed to stand outside the productive economy, but to be represented there by a single, dominant male wage earner whose income was its primary means of support. Conflicts between the social and the economic realm were to be reconciled by adjustments to the terms and conditions of employment of the male wage earner (and family head). Rank-and-file workers were organized into and represented by the third major institution, the trade union, which thus effectively mediated between the social and economic realm by negotiating with the productive enterprise. The employment system was embedded in a
relatively closed, national territory, placing the government of that territory (the Nation-State) in a position to exert effective control over macro-economic conditions and the competitive environment of individual industries.

The implications of this assumption were played out in the design of a variety of other, supplementary, institutions. The system of public assistance to those who did not work was, for example, targeted at female-headed families where, for some reason, there was no male support.

A final assumption important in the design of the American system of work relations was the idea of mass production as the dominant technological form and one that made it possible, and efficient, to lay out work in terms of a series of well-defined tasks. The tasks were in turn combined into jobs. Those jobs defined the responsibilities of the worker and the terms, and conditions of employment negotiated in collective bargaining were attached to these job definitions.

**The Trade Union Collapse**

The proximate cause of the system’s decline was the collapse of trade union membership. Membership reached its peak in the mid-1950’s, but the decline thereafter was very gradual and did not lead to a perceptible shift in union power until the 1970’s. In the second half of the 1970’s, union membership declined noticeably, and in the 1980’s it virtually collapsed. In the face of that collapse, unions were forced to engage in a process of concession bargaining in which many of the gains of the early postwar decades were relinquished. Indices of strikes and other forms of labor unrest fell to virtually zero, and the direction of determination was reversed, so that the nonunion sector began to set the pattern that unions were then forced to follow.

The collapse of collective bargaining in the 1980’s ushered in a period of rapidly rising inequality of income (although the causal connection is much disputed). Median earnings stagnated throughout the 1980’s, and most of the 1990’s as well (the stagnation actually began in the mid-1970’s); earnings in the lower half of the distribution fell, and those of higher income workers rose substantially. The premium for education and experience rose. These trends moderated slightly in the last two years at the peak of the
boom. However, the recession that now appears to be developing very rapidly seems destined to aggravate them once again.

Income and employment insecurity also increased. The data do not show the impact of job tenure that one might expect, and in this sense, are ambiguous, but the institutional environment changed fundamentally. The de facto guarantees which accompanied professional and managerial jobs were eliminated and the de jure protections for lower levels of workers were widely repealed.

One of the puzzles of the current period is why these trends in income and security have been so little resisted. There has been virtually no protest or general social mobilization. As noted earlier, indices of labor unrest have fallen over the last twenty years to historic lows.

**Other Factors in Collapse**

More fundamental reasons for the collapse of the old system include: a shift in political power toward management; deregulation and globalization, which increased competitive pressure on wages, particularly at the bottom of the labor market; the breakdown of the enterprise as a stable and enduring institutions, as many companies were under threat of bankruptcy and were forced to lay off workers; the development of new organizational structures that called into question the boundaries of the enterprise and with them the structures around which collective bargaining had been organized; and, new production techniques, on the one hand, and the overall instability of the business environment, on the other, which make the well-defined jobs to which employment rights had been linked in collective bargaining increasingly anachronistic and inconsistent with managerial efficiency.

All of these factors have been discussed at length in other writing. They played an important role in virtually all industrialized countries in this period. Three factors may have made the American crisis more acute. First, the centrality of the well-defined and stable jobs to the American system of work regulation through collective bargaining. Second, the U.S. has a unitary system of worker representation, rooted in the shop itself, and extending from there in a single organization to the plant, company, industry and national level. Hence, it is not easy to make concessions in the shop without calling into
question the institution as a whole. This is very different from the situation in Germany where the works councils in the shop are separate and distinct from the unions, who operate largely outside the company. Or even Great Britain, where there is an independent shop steward tradition. Third, there is a long American tradition of extreme managerial hostility to trade unions that is not present in many European countries – or at least not with the same degree of intensity and ideological furor.

**Emergent Alternatives**

The labor market that developed in the wake of the collapse of collective bargaining in the 1980’s has been widely viewed as being under unilateral employer control, market driven, and/or social anarchy, depending upon your perspective and political predisposition. In so far as it is the expression of a coherent theory, it is an expression of an idealized neoclassical model of a competitive labor market.

**High Road/Low Road Dichotomy**

At the time, a number of us looking at developments in the manufacturing sector thought that employers exercising the newly achieved discretion in a competitive environment shaped by the new technology, deregulations, and, above all, competitive pressure from the global marketplace could pursue one of two alternative strategies. One strategy was to compete on the basis of cost. This was likely to result in increased pressure on wages and other employment benefits and a speed-up in the pace of production on the shop floor, but without any fundamental change in the way in which work was organized and managed. The alternative strategy was to move up-market, competing on the basis of quality and product differentiation through an increasing variety of product offering, more rapid response to changing market conditions, and the like. This second response required the introduction of a variety of new work practices and managerial techniques, many of which had been pioneered in Japan. The new practices required increased commitment on the part of the workforce, greater labor-management cooperation, and a reduction in the distance between managers and workers. We presumed that to achieve this new relationship with the workforce, firms would have to maintain wages and offer enhanced employment security, as was the practice at the
time in Japan. Blue collar workers, it seemed, would be treated more and more like managerial and professional employees. Hence, we used as a shorthand for these two adjustment paths “the low road” and “the high road”.

As the adjustment process has played out over the last two decades, it has become apparent that the dichotomy was both over-drawn and, given our own values, over-optimistic. The new work practices have spread very widely, although often piecemeal and not in the form of the complete “system” that we envisaged. But they have not been accompanied by either the higher wages or the enhanced employment security we foresaw. If anything, managerial professional workers are treated more like blue color workers; not the other way around. Indeed, the labor force does not seem to require particular incentives to be drawn into these new cooperative regimes, and the effect of the work practices on employee welfare depends largely on labor market conditions and labor power in the form of union organizations (or the threat thereof). Thus it would be hard to say that the market constitutes a benign form of social regulation or even that it has the potential in the current period to do so.

An Alternative System

But, in fact, the elements of a system of social regulation, very different from the market, but different as well from the postwar period, had already begun to emerge in the late 1960’s, when the postwar structures were at their apogee. The broad lines of that alternative are now readily apparent. The key is a series of governmentally imposed substantive terms and conditions of employment which now extend well beyond the floor of the labor market, which was regulated under the old system, to the employment hierarchy as a whole. The regulations derive from federal legislation, as detailed and interpreted by a panoply of new administrative structures created to implement them, and reviewed by the courts. The courts have also been active in extending direct government regulation and oversight of employment on their own. This process began with Title VII of the Civil Rights Act of 1964, which was designed to prohibit employment discrimination on the basis of race and created the Equal Employment Opportunities Commission (the EEOC) to enforce that prohibition. Similar protection was extended in the course of the 1970’s to other minority and socially stigmatized groups: women and
ethnic minorities, people with disabilities, the aged, and, at the state and local level, gays and lesbians. Substantive regulation of health and safety in the workplace also expanded in the 1960’s and 1970’s. The Federal government created a special agency to supervise private pensions plans. Other obligations that were legislatively imposed include advance notice of layoffs and the Family Leave Act. The courts have moved to abrogate the doctrine of employment at will and have become increasingly willing to infer the existence of an individual employment contract and to enforce its provisions. Because judicial rights were created through extensive litigation, whose outcome was initially very problematic, the first cases concerned only the most lucrative employments at the very top of the wage hierarchy. But as the judicial precedents have accumulated, the rights that are being established have become accessible to workers more generally.

The emergent system of substantive regulation is tremendously cumbersome economically and burdensome to the firms upon which it is imposed. Because the regulations have developed piecemeal, there is no place in the system or point in the process in which their overall burden is assessed and the costs of different regulations weighed against each other or against the economic survival of the enterprise and the value of the jobs which are at stake. Responsibility for the enforcement of the regulations is moreover spread across a number of different administrative agencies and levels of government, and responsibility is divided between these federal agencies, overlapping state and local agencies charged with similar mandates and the courts, again at the federal, state, and local levels.

Thus, enterprises are faced with multiple reporting requirements and multiple inspectors and site visits. They have responded in two ways. One has been to create internal administrative mechanisms designed to insure compliance and deal with the external institutional environments. These mechanisms are lodged in the human resource departments and in the special groups charged with insuring and managing “diversity”. The effect of these developments is to foster the development of internal personnel management codes and insure their enforcement in a way in which they come to substitute for (and where unions still exist, supplement) collective bargaining agreements. The way in which the emergent system of regulation supports such codes and extends to areas of the employment relationship not directly covered by government regulation is
suggested by the issue of sexual harassment of women: it is impossible to prove that particular personnel actions which punish women workers do not constitute sexual harassment unless there is a personnel code which establishes these regulations and is applied to male workers as well.

A second reaction which began in the late 1980’s and has spread throughout 1990’s is a form of employment contract in which prospective workers are obliged to agree to take all employment complaints to private arbitration instead of pursing administrative and judicial remedies. These agreements were initially of very dubious legality. But in a major decision last spring, they were upheld by the Supreme Court. As a result they will undoubtedly spread very rapidly. But, judging from the evolution of judicial supervision of arbitration in collective bargaining, the courts will now develop a set of standards governing these arbitration proceedings and the judicial review that would seem inevitably to follow. And this new form of private arbitration will become the capstone of the new system of labor regulation.

Part II: Three Basic Issues

Behind these developments in the social regulation of employment lie a series of more fundamental trends in the evolution of the social and productive structures. We focus on three of those here.

1. Shifts in the borders between the society, the economy and politics.

As noted earlier, the postwar system of work and employment relations assumed a sharp division between the economic and social realms, each with its own characteristic institutions, the enterprise in the economic realm and the family (or household) in the social. The two were connected by the dominant male wage earner, the pater familias, who moved back and forth between them. In the economic realm, this wage earner had a clear identity as a worker or professional. Other identities, in terms of religious and ethnic affiliations, which have always been quite important in the United States, were social in character. Ira Katznelson has argued that this division was reflected in politics, and led to a separation between work issues from other political issues. This would help
explain the rise of the ethnic political machines in large cities of the North and the absence in the United States of a labor party.

The distinction between these different realms, or at least the way in which they are defined, has broken down in the last two decades. The breakdown suggests an explanation of the new system of social regulation in the workplace. It also helps us to understand the tolerance of the society for the increasing dispersion of income and the deteriorating conditions of employment at the bottom of the labor market and the difficulty of union revival.

The most important factor in the breakdown of the old division is the enormous increase in female labor force participation. Now over 60% of women with children under three years of age are actually active labor market participants. Adjustments in the wage of male workers are no longer either necessary or sufficient conditions for adjustments in the welfare of the family. The tension between work and family depends in part on certain kinds of social arrangements such as those for custodial care for children, the sick and the aged, the remedy for which is not necessarily to be found in the workplace, particularly if the workplace itself is no longer willing or able to provide continuity of employment.

A second factor, related but distinct, is the way in which women and other socially stigmatized groups have come to see their problems in the workplace as related to their social identities and not to their identities as workers. This conceptualization actually began, not with women, but with the civil rights movement in the 1960’s. In that period, the leading black organizations made a strategic decision to model their pursuit of employment opportunity in the workplace on their experience with desegregation in education. As a result, they chose legislative and judicial remedies for employment problems rather than strategies which would have worked directly through workplace organizations, i.e., organizing trade unions and asserting their political power within the labor movement. The civil rights movement created the models of action and of institutional arrangements that all of the other identity groups (women, ethnic minorities, the physically handicapped, the aged, gays and lesbians, etc.) subsequently used. As a result, these other groups came to define their problems in the workplace, as black workers had defined their problems, as an outgrowth of their social status broadly
conceived rather than their status as workers. (The alternative strategy was that of the Jewish and Italian labor movements in the garment and construction industries in the first half of the twentieth century.) Having defined their problems in this way, they, like the blacks, sought solutions through legislative and judicial remedies rather than union politics and collective bargaining. This in turn reinforced the shift from the postwar system where the government created a procedural framework for collectively bargained workplace regulations, to the emergent system of the direct substantive regulation of work by the government.

By judging economic developments in terms of the original postwar model, which emphasized social class, rather than the new model, which emphasizes identity affiliations, we may have misunderstood the welfare implications of the changing work and employment arrangements. Judged in terms of social class, there has been an enormous deterioration of welfare at the bottom of the labor market and an apparent regression in worker rights. The result is quite the opposite when measured in terms of the social welfare of these identity groups. The vocal identity groups today were all treated as second-class citizens in the workplace regimes that grew out of the trade union movement in the 1930's. But, in the last several decades, there have been significant advances for all of these groups in terms of job access and in the creation of barriers to harassment by fellow workers and by managerial supervisors. For women, these advances are reflected in a reduction in the earnings differential. Other groups, particularly blacks and certain ethnic minorities, have not experienced a similar improvement in relative earnings, but they have experienced an enormous improvement in their social position more broadly conceived, and to the extent that they do not see work issues a separate category, but rather as part and parcel of their social position more broadly, any deterioration in wages and working conditions is compensated by gains in other aspects of their lives.

Once people begin to measure progress in terms of these identity groups rather than in terms of social class, moreover, the reference point in social comparison begins to shift as well. They no longer compare themselves to earlier generations of workers in comparable jobs but to earlier members of their own identity group. And here people who occupy the lower positions in the income distribution must have an enormous sense
of progress. This is particularly so because the lower positions are increasingly made up of women and immigrants from abroad. Relative to the position of their parents, and, in the case of immigrants their opportunities at home, the position that the current generation of these groups now occupy in the American labor market represent considerable upward mobility. Indeed, one can argue that social mobilization in the United States historically should be understood in terms of identity politics rather than working class politics. The two great periods of worker mobilization in the United States, the period of the 1930’s and the period of the 1960’s, were also the periods in which social mobility relative to earlier generations of the same ethnic and racial groups were blocked. The 1930’s was a period when social mobility for the children of immigrants was blocked relative to that of their parents. The 1960’s was a similar period for the children of black migrants from the South to the North.

In many ways, the most radical change in U.S. social regulation in the last twenty years was the abolition in 1998 of the U.S. system of public assistance which was created as part of the New Deal social legislation in the 1930’s. Viewed from a social class perspective, this reform appears as the final victory of neo-liberalism. But in the context of the changing boundary between social and economic life and the reconceptualization of social welfare in terms of identity groups based on race, sex and ethnicity, this reform too appears very differently. The old public assistance system reflected the model of the family as a stable and well-defined institution represented in the labor market by a male head. On that basis it was designed to support single women with small children at home. These women were originally widows who had lost their husbands; in the postwar period, they were increasingly women who had never married or had been deserted or divorced. As both divorce and single motherhood became more and more common and even married women with small children typically worked, the system became increasingly anachronistic. The single women supported by the state at home began to appear as a privileged class. But from this perspective, the reform was contradictory. It phased out income support and forced the clients into the labor market. But in an attempt to facilitate the transition, the reform offered the former clients special services, daycare, transportation, and job training. These services reproduce the inequity, and perpetuate the privileges of the old welfare clients. And in fact, in some states (the states were given
the freedom to design these services themselves using federal money), the new services generated by the reform process have been made available to all women. It remains to be seen whether these services will survive the current recession, which has placed the budgets of state and local governments under great strain, and if so, whether they will remain generally available. But if they do survive and remain open to all women, the welfare reform will be an important development in moving the focus of identity issues away from the workplace, where such work related services have been sought in the past, and into general politics. Once issues at work that affect women have been moved into the political process in this way, the way might ironically open for the revival of workplace organizations narrowly focused on issues that workers have in common.

In the workplace itself, these identity groups play a peculiar role. They do not compete directly with unions, which, where they exist, have increasingly tried to incorporate these other forms of organization within themselves. But the identity groups (or affinity groups, as the employers like to call them) seem to have an episodic existence, becoming active around particular issues, but then seeming to atrophy for relatively long periods until another issue becomes important. Their activities moreover focus sometimes on issues within the workplace (such as domestic partner benefits for gays and lesbians) but sometimes on issues related to the politics of the group outside (e.g., an effort of get the company to shift its sales conference out of Denver in protest against a Colorado ballot referendum prohibiting local anti-discrimination laws).

The new arbitration procedures represent a key moment for the evolution of these different groups and the relation between them in the workplace. If the new procedure is to be equitable, it must have provision for independent worker representation. One can imagine this representation as being provided by trade unions; but, as so many of the laws involve equal employment opportunity, it could also be provided by the identity groups, all of which have important legal defense funds (modeled on the NAACP, i.e. African-American, Legal Defense Fund). Or the two kinds of organizations could develop a new kind of working relationship with each other.

2. Work Organization, Employment Security and Career Mobility
A second set of problems in the reconstitution of the system governing work and employment relations revolves around the changes in the productive establishment. It is no longer a stable, enduring and well-defined unit to which employment rights can be attached. In the U.S. context, this poses two distinct, and conceptually separate, problems. First, the internal labor markets of large, bureaucratic enterprises served as the fulcrum around which employment continuity and career mobility was organized. Second, the provision of social welfare in the broadest sense was organized around the productive enterprise. Any number of social supports that were not directly related to work, and in fact which often came into play only when work was interrupted, were attached to the enterprise, and provided through its workers to the family. These included old age pensions, supplementary unemployment insurance, and medical insurance. Even as the old system has dissolved in recent years, there has been a tendency to attach new supports to the enterprise such as child care, aged care, and family leave payments.

It is clear that as the enterprise becomes an increasingly problematic institution, these second types of social benefits need to be detached from it and provided directly. Because the family as a stable unit has become problematic as well, and the way in which it is linked to the economy increasing complex, these benefits should be detached not only from the enterprise but from the family as well and made directly available to the individual irrespective of family status or employment attachment. This is in principle a relatively straightforward adjustment, and we have been moving in that direction in the United States, albeit very slowly.

The problem which the demise of the enterprise poses for employment security and career mobility cannot be readily resolved in this way. Even if the continuity of income could be assured independently of employment, workers would still represent a scarce resource: consideration of economic efficiency, quite independently of concerns about welfare, dictates that we have an institutional structure which facilitates the development of job skills over the course of individual work lives and conserve those skills through continuity of employment. If this can no longer be provided by the internal labor market of large corporate enterprises, we must look for other institutions that will operate to the same ends.
To say this is not necessarily to argue that the government needs to intervene to create these institutions. They might arise spontaneously in a market economy. And indeed, a number of new employment institutions have developed over the last twenty years. But experience does not suggest that one can count on an optimal set of institutions to emerge automatically. In the United States, particularly, concerns about economic efficiency are compounded by the problems of equal employment opportunity and inter-generational mobility, which, as we have just suggested, have driven the evolution of the emergent system of labor market regulation. This suggests that continuous monitoring of the evolving labor market structures is called for.

For this, however, we need a framework of evaluation. Existing frameworks appear to be deficient. While I cannot offer an alternative framework here, I would like to suggest the nature of the problem.

We have attempted to understand the problem of employment continuity and career mobility in terms of the underlying organizations of work and of the shift that has occurred in the principles governing that organization in the last two decades. As with many of the factors governing the evolution of the postwar system, the principles governing work organization were never fully explicit, but they revolved around a set of ideas that originated in Adam Smith and Karl Marx and were then reasserted and reinforced in the twentieth century by Henry Ford, Fredrick Taylor and the industrial engineering profession that Taylor founded. The central idea is Adam Smith’s notion that economic development involves the progressive division of labor, which, in turn, involves the movement exemplified by the shift from the master pin maker to the pin factory. The master pin maker makes the whole pin himself, but in the pin factory the work is divided into a series of discrete and separable tasks: one worker draws the wire, a second worker heads the pin, a third points the pin, etc. Marx makes a similar distinction between the social division of labor in which there are specialties like that of master pin maker, and the detailed division of labor, in which work is further divided as in the pin factory. Ultimately, this suggests that there are basically two kinds of work: work which is defined and organized around a set of basic principles (e.g., pin making, plumbing, electricity, the law) and work which can be defined as a series of specific tasks. Ford and Taylor emphasized the latter, and the job defined as a collection of tasks is the central
principle around which the U.S. system of job control unionism revolved. The alternative is basically work organized around the more basic principles from which these tasks derived. This is basically the craft or professional organization of work.

One can also associate these alternatives with different ways of learning and understanding work. The pin factory workers essentially memorize the operations they perform; given the range of tasks to which they are generally exposed, it is hard to understand the work in any other way. Craft and professional workers might also memorize their tasks, but the range of tasks that they are called upon to perform is generally so wide and so various that they are more likely to understand them in terms of a set of general principles from which the particular operations they perform are deduced. Because they operate from general principles rather than a repertoire of memorized tasks, craft and professional workers are more flexible than detail workers. Not only are they able to do a wider set of things, but the can also perform novel operations.

In the late 1970’s and the early 1980’s, when the strains upon the existing system of work regulation first became apparent, we tried to understand the changes as a shift away from the detailed division of labor back toward a craft/professional organization. The increasing uncertainty and instability associated with the business environment clearly pushed in this direction because it involved a continual change in the products produced and rearrangements of the inputs into the production process which required the flexibility of labor reminiscent of the craft work.

The other major factor impacting on work organization is information technology, and this is a little harder to assimilate to the detail/craft distinction. The routines associated with the detailed division of labor were easy, although often costly, to mechanize, even before computers. But the machines that performed these mechanized tasks tended to be quite rigid, typically dedicated to a particular product and often to a single make and model of that product. When the product changed, the machinery had to be scrapped and replaced. Computers enable one to shift among routines by changing the software rather than the hardware; hence they introduced a flexibility into mechanization that before was often provided by cross-trained workers or by craft workers, who were not tied to a particular routine. Hence, to some extent, information technology substitutes for craft/professional workers as much as for detail workers.
Nonetheless, the fact that the corporate enterprise is no longer a stable, well-defined unit, suggests that the work it performs is changing in a way that shifts work organization toward a craft/professional model. And this conjecture seems to be confirmed by the trends in the income distribution which since the 1980’s have increased the return to education and experience. A variety of new labor market intermediaries have emerged in the course of the last two decades, moreover, which seem to perform exactly the functions of providing employment continuity and career models that the internal labor market had performed under the old system. These include hiring hall arrangements reminiscent of those that have always existed in construction (and also in the entertainment and maritime industries), temporary help services, web-based bulletin boards, ethnic networks and professional clubs, executive search firms (head hunters), and placement services attached to educational institutions. The most obvious adjustment to the new economic environment would be to evaluate these institutions against a craft/professional model and to impose upon them the obligations previously associated with the productive enterprise itself. Thus, for example, one might expect temporary help services to provide employment security, training and career mobility, equal employment opportunity and the like. And one can actually discern some movement in this direction.

The difficulty with this approach is that there is at least one other employment model that resembles the craft/professional model and utilizes similar institutions but may actually be quite different in terms of the economic and technological forces to which it responds and the institutional supports it requires. The third approach may be termed a project-team approach to work organization (although this terminology is in no way standard). It can be characterized as follows:

1. The work is organized in projects.
2. The workers are organized in teams.
3. Each team requires a certain set of competencies. These competencies are of two qualitatively different kinds. One set of competencies are skills in the traditional sense of the term, and are often, although not always, associated with conventional crafts or professions. A second set of competencies involve experience in applying those skills to a particular domain. Thus, a team may require certain programming skills, but also
experience in using those skills in banking, and within banking, in risk
management, credit evaluation, and cash dispersal.

4. The set of competencies are attached to the team and need not adhere to any
particular worker. One worker might possess both the programming skills
and experience in the domains of application, or the programming skills
and the domain experiences might be brought to the team by several
different workers.

5. Each worker has a portfolio of competencies. These usually include one
professional/craft and experience in one or more domains of application.

6. A career for the worker involves the broadening and deepening of his/her
portfolio of competencies.

7. The net result of the foregoing characteristics is that matching is highly
idiosyncratic. The employer is looking to create a team with a certain set
of competencies but no particular worker is expected to provide a
particular subset, and thus the team can be constructed in a number of
different ways. It is obviously harder to find the right worker to complete
the team than to begin it. The employer is also looking for a set of
workers who can work together in a team. The literature tends to suggest
that the ability to work in this way is itself a well-defined skill (or
productive trait). But the interviews we have conducted suggest that it is
less a general “skill” or “trait” that is critical and more the fit among the
personality types. The worker is looking to develop his portfolio over
time but can do so either by deepening his craft/professional skills,
deepening his domain skills, or expanding the range of domains in which
he has experience.

Project work resembles craft/professional work but it has important differences.
If one takes construction as an example of craft work, the typical construction project
involves a succession of crafts, each of which works essentially alone on the project for a
relatively short period of time. The building is framed by iron workers, then the
plumbers install the piping and electricians the wiring, then the masons complete the
walls, the carpenters install the woodwork, and finally, the painters do the finishing.
Integration across these different crafts is provided by project management. In project/team work, the different competencies are used simultaneously through interaction among members of the team, and the team is held together over a relatively long time, possibly working at several different projects over time, or even at the same time. As a result, project/team work is of much longer duration. The match between the workers and the jobs is much more idiosyncratic as well. And both the idiosyncrasies and the duration of the work mean that there is much more concern with match quality in hiring. Project/team work draws upon many of the same intermediary institutions as craft or professional work, but it uses them in somewhat different ways. For example, for temporary help services in the United States, 25% of the placements are temp-to-perm, a kind of placement which belies the term temporary and suggests that workers and employers are placing increased emphasis on the quality of the match.

It is not clear exactly where the project/team organization of work is used or where it is appropriate. But it appears to involve output that is new and unique: the writing of software programs, “investment banking” deals, new product development. As a result, it does not lend itself to mechanization. Nor does it involve the standard problem-solving principles that can be easily embedded in software programs. Hence, it resists both the kinds of automation to which detailed labor has been vulnerable and the automation associated with information technology to which craft and professional work is increasingly subject. As these other kinds of work are reduced in this way, it would appear, project/teams are likely to be of increasing relative importance in the economy. For this reason, it would seem important to delay institutionalizing the obligations of labor market intermediaries until the distinction between craft/professional work and project/team work is better understood.

3. Globalization

The third theme that is generally emphasized in discussions of the changing nature of economic regulation is the declining power of the nation-state in the face of globalization. Power has, it is generally argued, shifted in two directions. It has shifted “upward” toward international bodies, which impose rules limiting the autonomy of national policy as a condition for participation in the international trading regime. It has
also shifted “downward” toward sub-national governmental units at the regional and local level; these smaller economic units are now able to prosper independently of the national economies in which they are embedded.

The logic of this argument is impeccable and it is perhaps true for most countries, but this is certainly not how the impact of globalization is perceived in the United States. The Federal government has generally tried to reduce its role in the regulation of the economy, but more for ideological (i.e., a commitment to a market model of economic organization and, under Republican administrations at least, an extreme distrust of governmental power) and political (the power of business interests, especially under Republican administrations) reasons than because it has been forced to do so by the evolution of the global economy itself. And as we have just seen, the government’s substantive role in the regulation of labor standards has actually increased relative to that of earlier postwar decades. In the international arena, the U.S. government thinks of itself as having created trends toward globalization through the promotion of free trade and the role it has played in the international agencies that govern the global economy. Indeed, the emergent rules governing the international trading regime are in many ways an extension of the rules governing U.S. domestic economic relations. At the sub-national level, state and local governments have always had considerable autonomy in the promotion of economic development; they have wide latitude to subsidize business locations through taxes and grants, and education and physical infrastructure are planned and administered locally, although often with some federal financial support. The Federal government has in the past used that support to influence the direction of local policy. In the last two decades, it has attempted to give more autonomy to lower level governments to use Federal funds as they wish, but again for ideological and political reasons and not because economic pressures have forced it to do so.

This said, one can identify points at which globalization might in fact begin to enter into the design of the new system of regulation more or less in the way that the hypotheses about its impact suggest. The issue of globalization has in fact sparked the most substantial mobilization on labor market issues in the last two decades. The trade union movement mounted an active lobbying effort to defeat the North American Free Trade Agreement. The impetus for this effort grew out of the rank-and-file: labor
leadership admitted that they were running to catch up with their members. While they were unsuccessful in actually forestalling approval of the agreement, they did manage to secure the Clinton Administration’s support for various side agreements on labor rights and environmental standards, and the promise to pursue labor and environmental standards vigorously. When the Administration failed to do so, many of its supporters viewed this as a betrayal, and labor was largely successful in defeating efforts of the Administration to obtain the right to negotiate other treaties on the “fast track”, a procedure viewed as indispensable to successful trade negotiations in which Congress must vote the treaty up or down, and cannot amend before approval. Labor and environmental groups also organized large and very vocal demonstrations at the meeting of the World Trade Organization in Seattle in 1999, which effectively halted negotiations there to expand the world trading regime, and they have managed to organize similar demonstrations at meetings of international agencies since then. These mobilizations have generated enormous, and relatively continuous, public attention, and in that sense engaged a debate about the neo-liberal framework for the expansion of trade that has dominated U.S. policy in this area. In the course of this debate, moreover, Labor’s own position has evolved from one that was basically motivated by an underlying protectionism to a more principled stand. They now have a fairly well articulated position that the emergent world trading system has to reflect a broad-based consensus about certain basic economic and social values, and that labor rights and environmental rights cannot be excluded from a process which is creating (or imposing) artificial rights of foreign investors and intellectual property. It should be said, however, that this lesson about the market and the rules of trade as a social creation that needs to respect certain more fundamental human values has probably been taught more forcefully by the debate surrounding drug patents, first for AIDS drugs in the developing world and, more recently and more tellingly, prophylactic medication for anthrax infections in the face of bio-terrorism in the United States.

It is worth emphasizing here that the impact of trade itself was cushioned by the economic expansion in the 1990’s to such an extent that the debate about it has remained largely abstract. The enormous expansion of trade with Mexico and the growth of U.S. foreign direct investment in that country under NAFTA has failed to produce the
dramatic plant closings upon which opponents of the original agreements had counted to cement opposition.

Local Development

The second result that is generally supposed to follow from the decline of the nation-state is the increased economic role of sub-national governments. In the United States, this would be state and local government. As noted however, these governmental units have always played a significant role in economic development in the United States and that role has not changed markedly in the last two decades.

In local development policy, one can make a distinction, similar to that which we tried to draw at the firm level, between low road and high road strategies. The low road attempts to attract production facilities through cost advantages in the form of low wages, tax abatements, subsidies, cheap land and natural resources, etc. The high road strategy would attempt to compete instead on the basis of resource quality in the form of educated labor (which commands a higher wage), complementary production facilities, research and development, local infrastructure and the like. A major danger of the low road strategy is that the production facilities that respond to its inducements have no commitment to that particular place and are easily attracted away to other locations that offer even lower costs. It then becomes a “race to the bottom”. The high road strategy attempts to create unique local advantages and interdependencies which hold firms in place.

There are clear examples of both strategies in the U.S. But the dominant approach to development policy has been based on the low road. The states most active in the pursuit of this policy are in the South. Their efforts there began early in the last century with efforts of the Southern states to attract Northern industry with their low wages and docile, nonunion labor force. The strategy was renewed and reinvigorated in the 1950’s and 1960’s, long before the emergence of the new international order.

A high road development path is evident in areas such as Silicon Valley and the Boston Metropolitan area in Massachusetts. These two areas have grown up around major research universities, which are widely believed to be the motor of growth. Some deliberate efforts to replicate them through policy have emerged in other university
communities, most notably in Texas and North Carolina. But, in general, the high road as a strategic policy alternative is poorly understood and not widely practiced. One could not claim that it is the outgrowth of the new international order or an important component of the emergent system of labor regulation.

There are some tentative movements in a third direction, rooted in “living wage” campaigns. These campaigns are a new phenomenon; they emerged in the early 1990’s and have spread rapidly throughout the decade. They represent one of the most successful efforts to organize around labor issues and to resist trends in the income distribution. But they have not been the product of either the political parties or trade unions (although the latter have been active participants), but rather of faith-based (i.e., religious) community organizations. Their goal has been legislation mandating wage levels significantly above the Federal minimum (one and one-half to two times the minimum wage) in all local government contracts. These “living wage” levels are beginning to be used as criteria for evaluating local government development efforts, and there are proposals to condition tax abatement, subsidies and the like on the provision of living wage jobs. But this is very far from an articulated development strategy; there is no sense of how such a conditioning might change the development process itself.

Migration

Indeed, if one looks for the major impact of globalization in the United States one finds it not in the scope for government policy but in the revival of immigration. This too, as we noted earlier, is not really a product of the most recent expansion of the global economy but begins with the revision of immigration legislation, the exhaustion of domestic labor reserves, and the tight labor markets at the end of the 1960’s. What has changed in the 1980’s and 1990’s is the emergence of significant high wage immigration, especially from Asia, and the re-migration of these migrants with human and physical capital acquired in the United States to their home countries, especially in India, Taiwan, and China, and their role in turn in creating businesses there linked to the U.S. economy. These developments draw on ethnic networks that are also used to facilitate the movement within the U.S. labor market, and hence they reinforce the growing role of ethnicity in the way the U.S. market functions. This new, high level immigration process
is providing a model for the reorientation of migration from Mexico, which remains at the moment decidedly oriented toward low-wage jobs, but this too is a potential which has not yet been realized.

The largest stream of immigration by far is from Mexico, but its character has not changed significantly in the 1990’s, and much of it is clandestine. The new Mexican government has been pressuring for a revision in the legal framework through which this immigration occurs, and the Bush Administration seemed surprising receptive to this pressure. But this issue has been placed on hold by the events of September 11th, which introduced a whole new set of concerns into the immigration debate.

III. Summary and Conclusions

In sum, the U.S. has moved over the course of the last two decades from a system of work regulation organized around trade unions and collective bargaining to one which increasingly revolves around direct government regulation of the terms and conditions of employment. The shift reflects a more fundamental change in the way in which work and the conflicts in the workplace are viewed relative to social conflict more broadly. The collective bargaining system grew out of a perception of work as a separate and distinct realm of activity: work identity as a distinct axis of social mobilization, and work-based trade unions as the uniquely appropriate channel for the expression of workplace concerns. The axis of social mobilization has now shifted to social identities anchored in sex, race, ethnicity, age, sexual orientation and physical disability; workplace problems are more often perceived as the outgrowth of the social stigma associated with these identities, and remedies are conceived in terms of a general strategy to alter the position of the members of these groups in society.

The old system was reinforced by a construction in which social and economic life were sharply distinguished. Economic life was organized around the productive enterprise; social life around the family. The family and the enterprise were linked by a single dominant wage earner who was the also the family head and chief support. Conflicts between the two realms could thus be reconciled by adjustments in the worker’s wage, negotiated between trade unions (which in this sense represented the worker and through the worker, the social sphere) and the enterprise. The breakdown of the old
system was precipitated by the collapse of the trade union movement; but it was also undermined by the disintegration of the family and the enterprise as stable, enduring, and well-defined institutional structures, as the former was plagued by increasing rates of divorce, illegitimacy, and rising rates of female labor force participation, and the later by subcontracting, mergers, bankruptcies, and strategic alliances.

The narrow economic question of how to conserve and develop human resources in the emergent system remains largely unresolved. In the old system, employment continuity and career development depended heavily upon the personnel policies of the productive enterprise as modified and amended in collective bargaining. As these enterprises have become less stable, and the structure of employment within them subject to more frequent and more radical changes, a variety of intermediary institutions have emerged to guide workers through the labor market and convert irregular jobs into more continuous employment. But these institutions are extremely various in character, ranging from temporary help services and executive search firms to identity based networks formed around the social affiliations that structure social mobilization, and alternatively networks of alumni of educational institutions or former employees of prominent corporations. The role these institutions play is similar to that played by craft unions and professional associations in labor markets when these were the dominant form of work organization. This suggests that we are moving toward an organization based on crafts and professions, and that one could impose upon the emergent intermediaries the obligations previously assumed by the productive enterprise itself. Many of these emerging intermediaries, however, have no formal existence. The problem is further complicated by the emergence of a third form of work organization, project/teams. In project/team work, employment is more long lasting and jobs more idiosyncratic; a very high premium is placed on the quality of the match. The same labor market intermediaries sustain project/teams as those which sustained craft/professional work, but because the nature of the match and of careers is so different, it is not clear that they are effectively bearing the same responsibilities in both “markets”.

The one institution that has survived the shift from the old structure governing work and employment relations to the new is the Federal Government. If anything, its role is more central to the emergent system than it was to the system that fell into place in
the early postwar period. This is ironic, given the conventional view that in the emergent
global economy the power of the nation-state is devolving to international institutions on
the one hand and to local and regional governments on the other. But it may reflect the
hegemonic role of the United States in the new global order. The Federal Government
has driven the process of globalization, and U.S. institutions and ideologies have
generated the models around which that order is being built.

Ironically, too, the globalization process has been the one that has provoked a
trade union led, work-identity based, social mobilization comparable to that which
created and sustained the old collective bargaining regime. But organized labor has been
unable thus far to effectively convert this mobilization into an instrument of its own
revival. Indeed, in the initial protest movement sparked by the North American Free
Trade Agreement, labor was running to catch up with its own members; its demands were
largely a form of disguised protectionism; and a not so subtle effort to compensate for its
declining power at home through the politics of globalization abroad. Over time, it has
evolved a more principled and more coherent and compelling case based upon the way in
which economic regimes are socially embedded and depend for their legitimacy on a
broad social consensus. It is difficult, given that requirement, to impose rights of foreign
investment and of intellectual property on other countries while at the same time
completely ignoring human, worker, and environmental rights. But the practical impact
of this emergent understanding on what the new global regime really looks like is
actually being driven by issues like access to AIDS drugs and immigration policy, issues
which ironically in the U.S. are more closely linked to the new identity politics of race,
sex, and ethnicity than they are to the old politics of worker rights.