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The Neo-Liberal Ideal and the Reality of Workplace Practice: Shifting Axes of Political Mobilization and New Regimes of Workplace Governance in the United States

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The last decades of the twentieth century were marked by a resurgence of neo-liberal ideology and a sustained attack on the institutions of the welfare state. A critical question about the complexion of society in this new century is how this process will play itself out. In answering that question, developments in the United States are key. They are key in part because of the pervasiveness of American enterprise in world markets and the competitive pressures which they exert upon other countries. But they are key as well because of the importance of U.S. institutions in generating and disseminating lead technologies and of American cultural institutions in setting style and fashion throughout the world. They are key in a third respect as well: The power and influence the United States wields in international agencies enables us to impose our models upon other countries as a condition for participation in the evolving international trading regimes, and we have demonstrated our willingness to do so.

There is a gap, however, between the actual developments in the United States and the developments which the neo-liberal debate would lead one to expect are taking place. The models we are seeking to impose through political and governmental pressure are not exactly the models which we ourselves are actually following—and as a result they are not a good predictor of the competitive pressures American institutions exert through the marketplace or of the changes that the evolution of technology seems to be producing in the most advanced of industrial countries. The gap is most apparent in the role of collective institutions relative to the extreme individualism which neo-liberalism and competitive market models prioritize. It is true that in the last several decades many of the collective institutions in the Untied States have been weakened and the structures of the old welfare state have been eliminated, but a different set of institutions and welfare structures have grown up in their place. The market is not the unrestrained arbitrator of social and economic life as it is often pictured in accounts of U.S. developments.

This paper has a twofold task: First it attempts to modify the conventional picture of what U.S. developments actually are. Second, it identifies some of the forces that are responsible for these developments and assesses their implications for the long run evolution of other advanced industrial societies.

The Old Economy and the New

The welfare state in the United States grew up around New Deal social and economic legislation in the 1930's. It consisted of three major components: First, there were a set of procedural guarantees which effectively created the right of workers to form trade unions and bargain through those unions to set wages, hours and other terms and conditions of employment. Second, the government provided minimum support for people who were unable to work through a complex system of programs, including unemployment insurance, old age benefits, public assistance, medical insurance and in-kind provision of food and housing. Finally, conditions at the bottom of the labor market were governed by a variety of sustentative regulations--most importantly, a minimum wage (Osterman et al, 2001; Osterman, 1999; Piore, 1986).

All of these components of the system, with the important exception of support for the aged, were compromised in the course of the last twenty-five years, and this is the heart of the neo-liberal revolution in American society. The most dramatic product of that revolution is the spectacular decline in trade union membership, from 28% of the private, non-agricultural labor force in 1975 to 9% in the year 2000. The basic labor legislation was not changed but the law has been interpreted by the courts and administrative agencies in a manner increasingly less favorable toward unions, and Congress rejected legislation at several critical moments which would have forestalled these developments. The unionized sector, which well into the 1970's set a pattern through collective bargaining which all employers, whether facing unions or not, felt compelled to follow, has come to follow the pattern set by non-union employers responding directly to market pressures. Strike activity and industrial unrest fell to unprecedented low levels.

The substantive guarantees for low-wage workers and people outside the labor force were also dramatically weakened. The level of the minimum wage fell relative to the median; enforcement activity declined; the percentage of the unemployed covered by benefits fell; and in 1996, the old system of public assistance was abolished and income support was made time limited (Ellwood, 2000).

The impact of these changes relative to other factors is much debated in the scholarly literature, but they coincided with a dramatic increase in the inequality of wage and salary income, both at the lower and upper tails of the distribution (Katz and Autor, 1999; Levy, 1998; DiNardo, Fortin and Lemieux, 1996).

The weakening of the New Deal welfare state has not, however, resulted in a competitive labor market, at least not in the sense that the proponents of the neo-liberal reforms envisaged. Underneath the old system of collective bargaining, a new system of institutional regulation had begun to emerge in the late 1960's and 1970's, and as the old system collapsed, the new system expanded into the space left behind. Whereas the old system revolved around collective bargaining, operating in a shell of protective legislation governing the procedures for organizing unions and, once organized, the process of negotiations with management, the new system is built around substantive regulation generated by statute, administrative rulings, and court decisions, and given coherence by the human resource practices of large corporations and their personnel handbooks and procedures.

The main impetus behind the new regulatory framework has been equal employment opportunity legislation. Such regulation has a long history in the United States, but the effort to achieve equal opportunities was reinvigorated and for the first time became serious and effective when Title VII of the Civil Rights Act of 1964 was passed under pressure from the black civil rights movement. Through this and subsequent legislation, similar protections were extended to a number of other socially stigmatized and disadvantaged groups, including women, other racial and ethnic minorities, the physically disabled, the aged, and, on local levels, to gays, lesbians and transsexuals (Skrentny, 2002). In the 1980's, legislation mandating advance notice of layoffs and family leave was also passed. State courts in this period began to impose limits on the doctrine of employment-at-will which has historically governed individual contracts of employment in the United States (Morriss, 1995; Autor, Donohue and Schwab, 2002; Eddleman, Abraham and Erlanger, 1992). In the 1990's there has been a proliferation of employment legislation at the state and local level, most notably mandating so-called living wages for contractors of local government activities and, very recently, in California, paid family leave (Fine, 2003).

In the attempt to negotiate the complex environment these regulations generated, American businesses developed a system of employment relations which has come to be called Human Resource Management (Dobbin and Kelly, 2002; Dobbin and Sutton, 1998; Kelly and Dobbin, 1998). The implications of HRM are far-reaching, but one of its important characteristics has been to generate a set of standard personnel policies and practices which apply to all workers, even those not directly covered by the legislation. Since the purpose of these policies is to protect the company against charges of arbitrary and unequal treatment of workers, they are not easily adjusted in response to changes in the business environment and hence have some of the rigidities present in the old system of collective bargaining. Employers have also attempted, with some success, to circumvent the judicial and administrative processes through which these regulations are reviewed and enforced by creating a system of private arbitration, and this too tends to parallel features of the old collective bargaining system (Stone, 1996; Supreme Court, 2001).

Understanding the Regime Change

The old collective bargaining system was generated and sustained by political mobilization around economic identities, i.e., economic class in the Marxian sense of the term but also craft and professional identities and identities associated with industries and enterprises. Collective bargaining was also organized institutionally around these identities; the bargaining unit was defined in law as a productive unit in which the members shared a community of interest, either as industrial or craft workers. Unions were certified by a majority vote of the workers in the unit defined in this way.

The new employment rights regime has been driven by mobilization around the kinds of identities that have sought protection under the equal employment opportunity legislation, i.e., race, sex, ethnicity, sexual orientation, disability, and the like. Not all of the laws and regulations of the new regime were generated by pressure from groups of this kind, but many are the product of a similar process, for example the Family Leave Act (Kelly and Dobbin, 1999). The mobilization at the state and local level which produced the new living wage laws also developed around these social identities. And identity groups of this kind have emerged within many enterprises and most professional associations pressing for rights and benefits at this level in much the same way as unions pressed for employment benefits historically (Scully and Segal, 1999). Domestic partner benefits, for example, spread from one enterprise to another through grass roots organizations of gay and lesbian employees. The social security system, which is the one income support program that has managed to survived the period of neo-liberal social welfare retrenchment, in fact has been protected by the AARP (the American Association of Retired People), organized around the identity of older people, lines very different from the trade union lobbies which created these programs in the first place and sustained them in the immediate postwar decades. The shift from economic to social mobilization begs the question of where these "new" groups came from and why they have become so salient and have eclipsed economic-based identity groups in this particular period.

In a sense, American society has always contained within it two very different structures of identity, one based on economic roles, the second based on social categories like race and ethnicity that seem independent from the economy. Varying circumstances tend to bring one or another of these identities to the fore, and the economic and political actors then play upon them in their battles for predominance (Katznelson, 1981; Hattam, forthcoming; Cohen, 1990; Stein, 1998). The Great Depression gave impetus to economic identities and the institutions growing out of that period by recognizing these identities, and by giving them a functional role, reinforced them. The black civil rights movement of the 1960's gave new emphasis to the second group of social identities: The new institutions which grew out of that period reinforced these identities and created incentives for people to organize around them in the way that the New Deal institutions had reinforced economic identities earlier. The revival of foreign immigration which coincided (perhaps not coincidently) with the civil rights movement gave further impetus to these new social forms. At the same time, employers tended to use these identities as a way of circumventing the system of collective bargaining which they found onerous. Finally, unions themselves have been forced to give greater weight to these identities in their organization campaigns and internal structures to counter employer influence.

An important theme in the development of both the old collective bargaining regime and the emergent employment rights regime is how much the collective identities around which mobilization takes place and which the regimes express give rise to collective, as opposed to individual, rights (Stone, 1992; Lichtenstein, 2002). How much do they enfranchise and reinforce communities and how much individuals? This is actually a theme which is fairly general in labor law throughout the industrial world. But the more basic question is how much of these developments reflect broader forces present in all advanced developed economies and are not simply confined to the United States.

Economic and Social Identities as Contrasting and Conflicting

It is not obvious, however, why mobilization around social identities and the legal regime which emerged in response to it should be cast as an alternative to mobilization around economic identities and collective bargaining. How exactly this happened and what it implies for work regulation in other countries or even in the United States at other historical moments is not at all clear. Things certainly did not begin that way. The emergent industrial union movement used ethnic communities, including the black community, as a vehicle for union organization when it emerged in the 1930's; the craft unions of the old AFL, which dominated labor before the industrial union era, were often organized along ethic and racial lines (Fraser, 1993; Korstad and Lichtenstein, 1988). The early civil rights legislation, and indeed social security for the aged, were originally part of the legislative agenda of the trade union movement and would never have been passed without labor's political muscle. The economic agenda of the black community was correspondingly linked to union organization. A. Philip Randolph, the head of the Sleeping Car Porter's Union, was one of the most prominent spokesmen for the black community; he was chosen as President for his credentials as a black leader, not his credentials as a labor leader. The famous 1964 March on Washington, the turning point in the mobilization for civil rights where Martin Luther King delivered his famous "I Had a Dream" speech, was organized in alliance with the significant parts of the industrial union movement (although not, it should be noted, the AFL-CIO); its slogan "Jobs and Freedom" was borrowed from labor and its demands coincided with labor's legislative agenda. Martin Luther King himself was assassinated in Memphis, Tennessee, where he had gone to support a strike of the city's Union of Sanitation Workers (D'Emilio, 2003).

But two factors seem to have intervened to separate labor from the black movement and from the other identity groups which organized in the wake of the civil rights movement. One was the Vietnam War. Labor supported the war effort to the bitter end. The black leadership and the rest of the left–what became known as the New Left–opposed the war. The conflict played itself out in a bitter fight for control of the Democratic Party (a fight which belies the notion that America has no labor party) (Miller, 1987; Williams, 1987; Diggins, 1992). In the wake of that fight, conflicts between labor law and the new civil rights legislation were played out in the courts. The conflicts were probably inevitable but had labor remained united in coalition with the rest of the left, they might have been resolved through negotiation, compromise and legislative amendment. In the courts, they were resolved in a manner which consistently favored equal employment opportunity and served to undermine collective bargaining.

The split provoked by the Vietnam War and the fight for control of the Democratic Party was aggravated by divisions within the law which ultimately led the labor and identity movements in two very different directions. The law governing union organization and collective bargaining grew up as a pragmatic response to labor mobilization and worker unrest. Legal protection was extended first–and for a long time confined–to railroad workers, whose work stoppages threatened the basic economic infrastructure. It was justified under the commerce clause of the Constitution. It represented a compromise between economic efficiency, promoted by the market and the unrestricted pursuit of profit and industrial peace and the need to forestall labor unrest by empowering workers to impose limits on unilateral managerial power. The balance between these two opposing forces was continually recalibrated and renegotiated by the unions themselves at the enterprise level through collective bargaining and at the national level through political negotiation and legislative amendment, which in effect altered the power the parties brought to the bargaining table. Unions have of course often claimed the freedom to organize and bargain as a basic right, but that claim has never been recognized as the basis for labor law. And one of the reasons for the deterioration of legal protection in the last decades of the 20th century was that labor's ability to mount the kind of threats to economic stability, upon which legal protection was actually predicated—within the enterprise and in the economy more broadly—declined. That decline is, in turn, related to the way in which the collective identities in which union organization was initially rooted were converted into individual rights over time. But unions have remained basically grassroots, mass membership organizations with a dues paying base that generates the resources which sustains the organization, and a leadership drawn from the shop floor. While that has often meant that the leaders lack the sophistication and broader perspective that comes with formal education, it has also meant that they have a pragmatic approach to economic issues.

Civil rights laws are, on the other hand, rooted in universal human rights which are in principle absolute. The legal model for equal opportunity in employment was developed by the same lawyers and institutions which had successfully litigated the integration of the public schools. The justification for school integration was rooted in the Constitution, while employment integration was rooted in legislation and administrative regulation, but neither the underlying justification nor the ethos of the organization which developed and implemented the legal strategy lent itself to negotiation or compromise.

The parallels between the labor movement and the civil rights movement were actually much closer in the early campaigns for school integration. These were pursued by the legal arm of the NAACP, which was, like the unions, a membership organization; it was financed by the NAACP dues-paying base and the plaintiffs were drawn from the members. Moreover, because the actual integration of the schools, once a court order was won and enforced, generated enormous hostility, often ending in violence, directed at very young children, the ability to carry through was predicated on the active support of the local black community.

But employment litigation was different, in at least two respects. First, it never generated the organized mass resistance that school integration provoked, and hence virtually no organized community support was required to sustain the process. Second, and in some ways more tellingly, by the time the employment strategy was put in place, the legal organization which pursued it had separated itself from the NAACP to form the NAACP Legal Defense and Education Fund. The Legal Defense Fund was basically an autonomous organization. Its policy was developed by its staff, lawyers whose careers oriented toward the Supreme Court, drawn from the elite law schools. It was financed by foundation grants and corporate contributions. The governing board of the newly independent Legal Defense Fund was autonomous and self-perpetuating and included representatives of major corporations who had no sympathy for the labor laws with which equal employment opportunity came increasingly into conflict.

The difference between the legal regime in which labor unions operated and that which governed equal employment opportunity produced over time a difference in the temperament, the structure, and the strategy of the two social movements which makes it increasingly difficult for them to deal with each other and work together toward the same goals.

The Legal Defense Fund established a pattern which was followed by virtually all of the other identity groups that emerged in the 1970's and 1980's. All of these groups – women, Latinos, Mexicans, gays and lesbians – founded their own legal organizations in that period. Those organizations were modeled on the NAACP Legal Defense Fund, which provided training for their staffs, backing in applications for foundation grants, and in several cases, these offshoots were housed in facilities the Legal Defense Fund owned. The careers of the NAACP Legal Defense Fund staff, as successful lawyers and judges, provided a model which enabled them to draw on the best and brightest of their own community as staff and the precedents made it easy for foundations to provide their funding (Greenberg, 1994).

From one perspective, the Legal Defense Fund strategy has been an enormous success, even more so for some of the other identity groups – particularly for women – than it has for blacks. But blacks unquestionably gained access through equal employment opportunity legislation to jobs, in fact to whole sectors of the labor market, where they had virtually no representation at all. But the strategy neglected completely those jobs in which black employment was concentrated when the campaign for economic opportunity was conceived. The hostility of young black workers in those jobs might have been channeled into labor organizations and directed at raising the wages, improving the working conditions and increasing the dignity and social status much as the labor movement had transformed industrial work in earlier decades. But, instead, the jobs were left unorganized, and as the decade proceeded, were increasing unregulated by minimum wage and other labor standards legislation. Unrestrained by the job security provisions of collective bargaining agreements, employers reacted to the hostility of the black labor force by recruiting immigrants from Latin America and the Caribbean to take their place. The result is a black underclass, without access to the newly opened employment opportunities in the upper reaches of the labor market and, replaced in the jobs they once held, with virtually no employment opportunities at all.

Nonetheless, when one views social progress through the prism of a labor force which increasingly understands itself as new identity groups, and less in terms of traditional economic class, the picture of American society looks very different from that which is drawn in Europe—even from that which we tend to draw ourselves. In terms of the distribution of income among individuals at a moment of time, the inequality in the United States has expanded over the three decades, and one marvels that it has been accompanied by so little social protest or unrest. But if one asks how women today compare themselves to the position which their mothers occupied when they were the same age, when one asks how the disabled, or the aged, or gays and lesbians feel when they compare themselves to the preceding generation, there is a sense of enormous social progress. The sense of progress must be equally great for immigrants, whose point of reference is people who stayed behind in the home country and who constitute an increasing fraction of a population which, in the last generation, had virtually no first generation immigrants at all. Only for blacks, the group which established the pattern of social mobilization and the institutional templates which these other groups have followed, is the picture more mixed. And even blacks are hard-pressed to say that they are worse off relative to their parental generation (Lerman, 2003; Lerman, 1997).

<u>General Forces</u>

It seems doubtful, however, that the shift in the regimes governing employment relations can be attributed to the particular historical circumstances in the United States or to the peculiarities of the institutional arrangements which prevailed during that period. In at least one important sense, the shift appears connected to a more fundamental evolution in the structure of post-industrial society. Industrial society was built upon a clear model of social organization. Central to that model was a sharp distinction between economic activity and other social activity. Production and exchange were moved out of the home and into the factory or office, and the household was rendered as a separate space reserved for consumption and for private familial activity.

The separation of the two realms involved a distinction between the standards and forms of judgments which governed within them. The standards of the economic realm in particular were "scientific" and "rational"; the standards governing in the household were affective and personal (Weber, 1958; Weber, 1978).

The "New Deal" welfare reforms reflected an even stronger version of this model. Not only were the economic and social realms sharply separated, but each was structured, and the two connected, in a particular way. The characteristic institution of the social realm was the family; in the economic realm, it was the corporate enterprise. Each was taken to be, moreover, stable, enduring and well-defined. The family was represented in the economy by a single dominant, male agent, the family breadwinner, whose earnings were the family's main support. Conflicts between the social and the economic realms could thus be resolved by adjustments in the breadwinner's wage and, since the work place was also a social setting, the other terms and conditions of his employment. Finally, these breadwinners were organized into, and represented by, trade unions, which thereby came to mediate between the economic and the social structures through collective bargaining with corporate enterprises.

The whole of industrial society had never, of course, conformed to this model, but the model was thought to represent the direction in which the society was evolving and legislation was structured both to be consistent with the movement in that direction and to facilitate it. But the movement came to a halt in the 1970's and the model, in so far as it was embedded in its key institutions, broke down. Many of the cleavages in American politics in the last twenty years are about whether or not that breakdown was a good thing.

One of the reasons why the model seems unlikely to be restored even as an ideal is that each of the factions contending in these conflicts seems to be attracted by one or another element of the model but none are prepared to endorse the structure as a whole.

In the United States, the collapse of the trade union movement in the early 1980's was the most dramatic break in the structure. The other institutions did not dissolve in so sudden and decisive a manner, but in the course of the last several decades both the family and the enterprise have gradually lost the characteristics which were central to the old model of the relationship between the economic and social realms.

In the case of the family, the critical factor has been the progressive rise in female labor force participation, especially of women with small children. An additional influence has been the growth of income supports associated with the welfare state itself. Together, these diversified the sources of family income, weakening dependence upon the male head as breadwinner, and complicating the connection of the economic and social realms. The increasing commitment of women to paid labor and the growth in other sources of income also led ancillary family members, the aged, youth, the disabled, to move out and form their own households (Costa, 1999; D'Emilio, 1998). The increase in the divorce rate, the rise of children born to single mothers, the growth of separate households headed by the aged, the emergence of gay and lesbian households, all reflected and reinforced these trends. Virtually all of the groups which have displaced trade unions as the locus of social and political mobilization and are not defined by race and ethnicity (i.e., women, the aged, the disabled, gays and lesbians) are connected with these developments.

The declining integrity of the enterprise as an institution is largely the product of the 1980's and 1990's. The crisis in the economy combined with technological and structural developments and changes in managerial practices to undermine the durability of the corporate enterprise. Major corporations were threatened with bankruptcy; some actually went out of business or merged with other enterprises. The traditional boundaries of industries were redrawn as the lines separating different markets shifted, blurred or disappeared entirely. The most spectacular example is the way the separate industries of communications, office technology, information technology, printing, and photographic imaging have merged. Cross-functional and inter-organizational teams, just in time delivery, strategic alliances, and the like have all led to the interpenetration of once distinct enterprises. As the integrity of the corporation has been compromised in this way, the institutions of job security and social welfare which were attached to the enterprise have collapsed, and the ability of the enterprise to serve as a locus of economic identity has been progressively compromised.

The Organization of Work

The second factor which seems to be involved in the loss of clearly defined economic identities has been the changes in the organization of work. The new model tends to blur professional identities in much the same way that industrial and enterprise identities are being blurred by other development. This shift is complex, and not easy to explain in a short paper of this kind, but it is a point which nonetheless seems important to lay out in some detail here because it is a development which is probably not confined to the United States. It is most readily understood against the background of the shift in work organization associated with the initial process of industrialization, and the conventional understanding of industrial work itself.

The pre-industrial model was one in which, as we noted earlier, economic and other human activities were not clearly distinguished from each other. Work was performed in the household, in combination with other domestic activities, and work roles and roles within the family were intertwined. The prototype was the family (or peasant) farm, but it was equally true of the putting out system in which early industrial activity was organized, and of the craft shop and the merchant house. These household units were grouped into larger, generally hierarchical, units for security and governance. But the household remained responsible for a range of activities extending to education, social security, and custodial care. The rhythm of work was cyclical, following the seasonal pattern of agriculture or the longer biological cycle of human life, and social (and economic) roles and activities shifted systematically over the cycle. Political identity and organization was geographical and/or to a lesser extent, governed by one's estate (or place in the hierarchy).

The process of industrialization thus involved the separation of work (and economic activity more generally) from the household and its displacement to the factory or office. Work and household roles became sharply distinct. The family unit narrowed and many of its functions (notably in education and social security) were assumed by the state or the enterprise.

The theory of work organization which developed in economics and in engineering to understand industrial work centered on the division of labor, in a sense a further separation within the economy of various work activities. The canonical example is Adam Smith's pin factory in which one worker draws the wire, a second worker cuts the wire, a third workers heads the pin, etc. The division of labor in this way creates the problem of how these separate, specialized operations will be reintegrated. That problem is resolved either internally within enterprise or through the market in response to price signals.

In the twentieth century, the automobile assembly line replaced the pin factory as the exemplar of industrial work. Here, in contrast to the cyclical rhythm of agriculture, the rhythm is continuous. The worker performs the same operation repeatedly throughout the work day (and indeed in principle throughout his or her work life). One of the central roles of the large corporate enterprise was to organize the market so that it was receptive to standardized products, the production of which could be organized in this way.

The immediate historical antecedents of the pin factory and the automobile assembly line is a craft organization But this too involved a division of labor, one in which the work (and the worker) was organized by specialized domains of knowledge: law, medicine, plumbing, wood working, etc., what Marx called the social division of labor. The prototypical craft industry in the United States is commercial construction; each construction project is unique and involves a wide variety of different crafts, but the work operation is organized so that the crafts follow each other on the job in sequence. Two crafts virtually never work together at the same time; and while the particular operations which any craft performs vary from project to project, they also draw upon a fund of knowledge and a base of skills that, for each craft, is stable over time. Thus despite the apparent variety and variability of the work itself, it is possible to organize jobs so that there is continuity in the work and in the work process, a continuity similar to that of industrial work.

At MIT, we have been engaged in a variety of research projects designed to understand how work organization is changing. The results, which parallel those of several other analysts, suggest that the new economy tends to foster a very different organization, one which might be characterized as <u>project teams</u> (Arthur and Rousseau, 1997; Castells, 1996, 1997; Kunda, Barley and Evans, 1999; Boltanski and Chiapello, 1999). Like commercial construction (or the craft work of old), it tends to be organized in terms of finite projects. But unlike commercial construction, where different crafts work in sequence, in "post-industrial" projects, people with different backgrounds and skill-sets work together as a team. The projects put an emphasis on interacting across realms of knowledge rather than on the division of labor into well-defined specialties. The work is about building something novel, not the reproduction of a standard product or operation.

The canonical work of the new economy is software programming (Brooks, 1995; McBreen, 2002). The work is broken into components, not because each task requires a distinct set of skills, but because the project is too large to be completed by a single person in a finite period of time. The critical organizational problem is not assigning the separate components to different specialists, but rather integration, the bringing of the pieces back together to form a whole. In the process of integration, the pieces invariably interact in complex and unpredictable ways to create bugs, and the integration involves a prolonged process of debugging to make the components work smoothly together. That process is minimized by creating a team of workers who share an understanding of the architecture of the program, an architecture which the participants describe not as a blueprint but as an ethos, almost a language, which develops through discussion and debate among the participants early on.

Software projects invariably bring together on the team people from diverse backgrounds. Programmers carry with them not only technical expertise but also experience in applying that expertise in particular sectors (e.g., banking, hospitals, telecom). The organization of work in software programming is very similar to that in the development of complex, specialized financial instruments (Eccles and Crane, 1988) or – another type of work we have been studying at MIT – in product design (Lester and Piore, forthcoming). The division of labor in software is more like it would be in clothing design than in the pin factory. Imagine splitting up the design of a shirt, for example, into the collar, the right sleeve, the left sleeve, the front, the back, the buttons, etc., and assigning each of these pieces to a different worker. When the pieces were brought together, they would be bound to clash in ways which are analogous to the bugs generated in software. For this reason, individual garments are virtually never produced in this way. In fashion houses, the individual garments in a whole collection are, however, often assigned to different designers, and when they are assembled in one place at the end of the design phase, the process of editing the collection is not unlike the debugging of a software program. In clothing, design teams are built through discussion and debate among the members in which common themes are identified and articulated much as the architecture and ethos of a software program develops early in the project. Clothing design like software seeks to bring together initially people with different types of experience and expertise. And here too there is an emphasis on combining backgrounds in particular segments of the market with technical expertise about particular technologies (denim, for example, and the way it is transformed in the laundry or finishing operation) (Piore, 2004).

The different types of expertise, however, is not so much "applied" as it is shared; and it is shared early in the project so that when the work on the separate pieces begins, the workers tend to have become more alike, rather than in the industrial division of labor, more distinct. The work here is episodic, rather than continual as in industrial work; when the program is completed, the workers are redeployed on a new project in a different team. Because the emphasis is on integrating, the manager who is putting together a team is not looking so much for a set of standardized skills, but rather for workers who bring experience from different domains and are able to share it easily and work well with other members of the group. This makes the matching process central; the matches tend to be idiosyncratic, and, because work is episodic, the matching problem continually recurs.

The literature suggests that workers face a similar matching problems. Their fate in the labor market over time depends on their ability to build a repertoire or portfolio of different competencies as they move from project to project. Workers value a particular job because it expands their repertoire, but its ability to do so depends on exactly what that prior experience is and that in turn varies from one worker to another.

The churning of workers and jobs thus places a premium on labor market intermediaries. Again, there is a strong parallel here between the post-industrial work and the construction industry in the old industrial model, which also placed a premium on intermediaries in the form of the hiring hall (or placement office). But unlike the craft work of the industrial era, both the competencies which the project requires and those which a given worker brings to it are not easily classified, and hence each job and each worker is in some sense unique. The information required to make a "good" match tends therefore to be particular, personal and complex. The intermediaries thus require much greater personal contact with both the workers they are placing and the jobs which they are filling. In the studies we have been doing in the United States, a variety of different organizations, both formal and informal, play this role. The formal organizations include temporary help services and "head-hunting" and executive search firms. The informal organizations include social networks which range from the alumni organizations of schools and educational institutions to networks of alumni (actually ex-employees) of large companies (AT&T, Citigroup, IBM). The new social identity groups that have served as the fulcrum for social mobilization also function in this role, and in interviews many people explain that this is a major motivation for their participation in them. Whether or not it is true, it certainly gives them a functional role in the new labor market that they did not have in the old. (Although, as noted earlier, many craft unions were organized around ethnic affiliations and embedded in ethnic communities.)

In sum, postindustrial work organization had the dual effect of limiting the role of economic identities around which social mobilization took place in the industrial era and creating a role for identities and affiliations which were previously confined to other realms of experience.

Project teams are hardly the dominant form of work organization today, and much work continues to be organized on the industrial model. But there is reason to believe that project teams will come to be increasingly important in advanced industrial societies over time. The basic reasons are threefold. First, industrial work is susceptible to automation using information technology. Much of the work is routine; the worker has essentially memorized a sequence of operations, and the individual operations lend themselves to mechanization even in the absence of information technology, and the computer makes it possible to combine the individual operations easily into flexible sequences. Craft work has historically resisted mechanization and automation, but to the extent that it involves the application of a consistent set of rules and principles, these can be programmed into, and applied by, a computer. The work associated with project teams on the other hand, because it involves the creation of product and the integration across different domains of knowledge, cannot be automated in this way (Levy and

Murnane, 2004). Here again software is the exemplar: the production (or reproduction) of a software program is trivial, anyone can do it on their home computer. The writing of the software program however is, as we have seen, a laborious and complex process. Second, these trends toward the automation of traditional industrial production have been reinforced by trends in miniaturization and the emphasis on quality in manufacturing. Finally, the industrial work which remains is increasingly being outsourced to low wage, developing countries, leaving behind the kind of conceptualization work which lends itself to project teams.

Conclusions

What are the implications of these shifts for post-industrial society in general? Is this another case of American exceptionalism or are American trends precursors of developments in other countries? Does the movement toward a regime of employment rights driven by political mobilization around social identity, which is so different from a competitive market model, undermine the ability of the U.S. to impose a neo-liberal model upon other countries?

We can sketch out the elements of an answer to these questions by looking separately at each of the factors tending to lead other countries to follow a path of development that the U.S. has pioneered. Those factors as listed initially are threefold: Direct pressure exercised by the U.S. in international economic agencies and through trade treaties; new technologies of production and management which originated in (or appeared first) in the U.S.; the diffusion of U.S. mass culture through our entertainment industry and advertising; and, finally, the competitive pressure of U.S. enterprises in the international marketplace.

The contrast between the reality of our own institutions and the institutional models we advocate is at best a debaters point in the fora governing the world economy. The hegemony which the U.S. exercises in the critical international institutions is such that the debate is not really determinative of the outcome. What matters is not what we do, but what we advocate. U.S. foreign policy is concentrated in the hands of the executive branch and insulated from the kind of domestic political pressures which the new social groups are able to generate. Within the executive, these policies have been developed by a elite group of lawyers and economists committed to neo-classical, if not neo-liberal, models of economic organization, who view the so-called culture wars as a distinct debate, separate from the domain of economic policy, and the economic institutions which grow out of that debate as largely inimical to efficiency. The basic thrust of foreign economic policy has been the same both under the Democratic administrations, which have largely favored policies responsive to these groups in the domestic realm, and under Republic administrations, which have largely resisted them. But a major caveat is in order here: neo-liberalism is not the only agenda which the United States has been pursuing in the international arena, a point to which we return shortly.

Technological and organizational trends are more likely to lead to convergence. This is particularly true of the trend in organizational structure away from those characteristics of stability, durability and sharp definitions which made the corporation key to the construction of the postwar welfare state. The increasing dominance of the "project team" approach to work organization is working to similar effect, at least in the advanced developed countries. Since part of these trends have been produced by the tendencies to send standard, routine production work to lower wage developing countries, one can anticipate a split here between the first and third worlds, in which the older economic identities remain robust in the latter even as they fade in the former. But to the extent that the trends reflect shifts in the underlying technology of production, as opposed to its spatial distribution, the forces are likely to be more general.

Whether, as economic roles become more diffuse and less able to serve as the fulcrum for worker mobilization, the social identities which emerged in the United States will take their place elsewhere is a different question. As noted earlier, the tension between the two axes of collective mobilization has always been present in the United States, and the social history of the country can be read as a continuous oscillation between them. The country's pattern of development gives both race and ethnicity a salience in the Untied States that they do not necessarily have in other societies. The changes in family structure, which in the United States have been associated with the emergence of the other groups that have joined with racial and ethnic identities to form the new axis of mobilization, also vary substantially from one country to another. On the other hand, the increasing role of foreign immigration, including the immigration of racially distinct groups, is creating the kind of ethnic diversity in many heretofore relatively homogeneous countries which created the foundation for social mobilization in the U.S.

The hegemony of American mass culture will undoubtedly serve to reinforce trends that parallel those in the United States. American movies, television soap operas, and advertisements for American products have diffused images of social mobilization around the world. The form of fashion may originate in Italy, but the symbolic content of fashion, ranging from blue jeans to baseball caps, tattoos, and ear piercing, originate in the black ghettos and gay discos of the United States. Even the daily news diffuses images of social mobilization in the United States widely abroad. And social movements among blacks, gays and lesbians, and women, modeled on their U.S. counterparts, have developed in countries which thought of these categories in very different terms. Thus, Brazil has developed a black power movement; in Southern Europe, a gay liberation movement has emerged; in France, a feminist movement.

But the most important force spreading the American model of diversity may paradoxically be the very competitive pressures which have been thought to favor the neo-liberal model of open, unregulated markets: diversity may be efficient. The industries which have been responsible for the resurgence of American companies in world markets—information technology, telecommunications, bio-tech, mass retailing companies like Wal-Mart, the Gap, Nike, etc.—have the most diverse labor forces. This must be partly a composition effect: These are the industries where employment has been expanding and which are hence most open to expanding labor force groups. But there is also a business case for diversity, one that is beginning to be developed in business scholarship and picked up in management by factions trying to justify the role of human resource policies responsive to minority groups. The case is built on precisely the new forms of corporate organization that crosses traditional boundaries and the project team form of work. These put a premium upon the ability to develop understanding which spans differences, and a diverse workforce tends to cultivate such an understanding. Diversity also promotes new ideas, both because it increases the variety of sources from which new ideas might come and because many of these ideas are actually the amalgam of different perspectives. This is apparent in case studies we have been conducting at MIT: Cellular telephones are the combination of radio and telephone technologies; medical devices involve the integration of scholarly technology with clinical practice and intuition; fashion jeans are the marriage of traditional denim and laundering technologies. Finally, the diverse labor force of the Untied States has a special advantage in penetrating foreign markets, again because it cultivates skills required to move between and interpret different cultures, but also because some of the groups incorporated in this way bring with them direct knowledge of the markets the country is seeking to penetrate. Together, American developments could force foreign firms to diversify their labor forces, and U.S. companies will constitute the most prominent models of how to do so.

Finally, however, the background legal conditions which would lever any incipient tendency for the kinds of social identities which have driven the emergence of the employment rights regime may not be confined to the United States. In the European Community, the European Human Rights Court has in fact been generating a rights-based law covering the very groups which have been salient in the United States: An employment rights system of work governance which conflicts with collective bargaining comparable to that of the United States is potentiated in these developments. The Human Rights Court undoubtedly reflects forces *sui generis* to Europe. But the development undoubtedly reflects as well forces operating in Europe that are similar to those which guided the evolution of the American legal system. Thus, in the United States, the rights approach in the law is linked to the emergence of a Federal system; the conflicts of law between the states which federated to form the country are resolved through the promulgation of a higher law which tends to be both absolute and to take precedence over the laws of the separate states. Similar tendencies are working not only in the formation of the European Community but more generally as the process of globalization generates new federations of previously autonomous legal jurisdictions regionally and on a global scale. In the end, however, the human rights approach may be no less the product of American international hegemony than neo-liberalism. In point of fact, the United States has been pushing the rights approach in its international diplomacy almost as vigorously as it has been pushing the neo-liberal agenda of deregulation, property rights, and the rule of law. In labor law, in particular, the ILO under U.S. pressure has moved, through its core labor standards, to a rights-based approach. The NAACP Legal Defense Fund has been disseminating, with private foundation support, its model of rights litigation abroad much as it disseminated that approach in the U.S. to women, Latinos, gays and lesbians, and the like. Ultimately, these developments suggest that the rest of the world may be as likely to inherit a rights-based regime of workplace governance from the United States as it is to inherit the market model.

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