MAKING INEQUALITY VISIBLE

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Introduction
Our symposium was accepted by the RWL8 organizers but the acceptance email also suggested we should heed the following comment by one of the reviewers:

“I would just caution all the authors to keep focused on rigorous analysis of specific cases and development of well substantiated arguments, and take care not to drift into broad-based slammings of ‘neoliberalism’ and ‘global economy’ which sometimes pass for critique in workplace literature.”

In contrast to the above we will attempt to demonstrate that a broad-based criticism of neoliberal economics and global corporate behaviour is exactly what work and learning literature requires if it is to puncture the complacency of much of what passes for research in our field. Following an introduction emphasizing the embedded and somewhat hidden nature of inequality in global political economy we focus on three areas of activity that reflect the deep knowledge contained within this panel – management education, the academy in general, and the working conditions faced by workers in the economic south while producing for global companies.

It’s important to acknowledge what the role of criticism is – to quote Howard Doughty of Seneca College in Toronto:

People who take who take up that burden (of criticism) are likely to lose friends and, if the criticisms implicate their employers, they might lose their jobs as well. Openly criticizing governments, large corporations and law enforcement authorities can also cause a world of pain. Criticizing is risky. It takes guts.

By criticism, of course, I do not mean expressing personal gripes and resentments. I do mean making theoretically sound normative and evidence-based empirical assessments of policies and practices. These often take the form of moral and political arguments, but they can also be practical and technical. Either way, good criticizing requires knowledge, skill and occasionally a shred of wisdom. Genuine criticism requires that you know at least as much about a subject as the object of your critique. You must know what’s wrong and have a good idea of how to make it right. It also doesn’t hurt to be able to put everything you’re saying into a proper context—theoretical as well as historical. You’ve got to be pretty smart. If you’re not, you won’t be a thoughtful critic. You’ll probably just be a gossip and possibly a bit of a coward as well. (The College Quarterly, 15 (4), 2012.)
I will leave it to those listening to this presentation (and reading these papers) to judge whether or not we pass the test.

PAPER 1: THE CONTEXT OF “INVISIBLE” INEQUALITY

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Neoliberalism

The neoliberal argument is essentially an economic and political philosophy advocating free markets, deregulation, privatization of public assets, more unencumbered free trade, and less government “interference” in economic (and social welfare issues). Neoliberalism promotes a free market economy approach to social issues, to public provision of services and to public spending generally. It has been referred to as “supply-side economics” and for example rejects the view that governments should try and create more employment directly through industry policy or overall “demand management” in favour of a sole focus on the supply of a flexible skilled yet cheap workforce – hence the importance of “work and learning.”

Neoliberal economics supports greater freedom and recognition of the captains of corporations but has now become unstuck with the argument that some financial institutions are “too big to fail” – which means in effect they are “so big that they can depend on society (that is taxpayers) to prop them up when they topple” (Patel, 2009, p19). This is a clear contradiction of the neoliberal philosophy of no government interventions in the market.

The above example illustrates that whilst in theory neoliberal economic arguments champion “no government interference” practice is different. More severe criticisms of the behaviour of large modern day corporations go beyond the high rates of return demanded of investments and exorbitant executive salaries (sometimes referred to as “greedy capitalism” or noted as a key component of “millennial capitalism”) to encompass the exploitation of sweatshop labour in the “economic south” utilizing “free trade” policies and compliant governments (aspects of “global capitalism”). Canadian investigative journalist Naomi Klein (2007) has documented how corporations and Western governments have collaborated to use collective shocks – wars, terrorist attacks, or natural disasters – to push unpopular economic measures (what she has termed “disaster capitalism”). This chimes with John Perkins’ (2006) (and other) accounts of the activity of “economic hit-men” who work for global organizations and in collusion with US government departments and international agencies, including the World Bank, to impose loans and economic conditions on debtor countries and gain access to natural resources, and to military and political support along with the countries’ economic dependency (he refers to these actors in the “modern empire” as a “corporatocracy” p255). Klein’s and Perkins’
concerns also resonate with President Dwight Eisenhower’s farewell address in 1961 warning to his “fellow Americans” that:

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military/industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.

Unfortunately Eisenhower’s warning went unheeded and the military/industrial (plus government) complex is now entrenched in the USA – and in the global economy.

**Inequality**

We live in societies (some would argue in one global society) in which the gap between the richest and the poorest, between those who live full lives in the economically developed countries and those who live “half lives at best” in the less developed countries, is growing (Honderich, 2002, p6). Many workers in Western countries (or the economic North) have experienced a decline in the value of real wages, and they must struggle to stay abreast of inflation even at low inflation rates, while the incomes of the rich continue to climb. The fallout from the 2008 global financial crisis and the 2010-12 attack on national debt will ensure that the “social wage” (public services, education, health care etc) and public pensions will decline in real terms: but not the corporate and bankers bonuses. The following quote is from *Macleans* magazine (Canada’s oldest current affairs publication and a long-time proponent of free enterprise):

From 1970 to 1999, the average annual salary in the U.S. rose roughly 10 per cent to US$35,864, says Paul Krugman, a professor at Princeton University. At the same time, the average pay package of Fortune magazine’s top 100 CEOs was up an astonishing 2,785 per cent, to US$37.5 million. “There is no rationale but avarice and greed,” says (John) Crispo. “I believe in the pursuit of self-interest, but look at what they do: they rob us blind.” (2002, p1).1

A report by the Canadian Centre for Policy Alternatives points out that in 2011 the top Canadian CEOs made 189 times more than the average Canadian compared to 105 times more in 1998 – a huge acceleration in what was already an obscene differential:

By 12:00 noon January 3 (2012), the first official working day of the year, Canada’s Elite 100 CEOs already pocketed $44,366 – what it takes the Average Joe an entire year, working full-time, to earn (CCPA, 2012).

From September 2010 to the same month in 2011 the average earnings of Canadians rose by 1.1% and the top 100 CEOs income rose by 27% – if we add in the other 2,360 Canadians who make up the richest 0.01% of tax filers its clear that those who earn $8 million a year “no longer live in the same world as the rest

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1 John Crispo is a retired University of Toronto business professor and outspoken champion of corporate freedom and free trade, who has long been associated with the private enterprise think tank – the Howe Institute
of us (CCPA, 2012).” But they do have a major say in public policy and spending and suck real resources from the rest of us.

An earlier study by CCPA (Russell & Dufour, 2007) looked at the share of national income going to Canadian workers compared to the share going to profits. The workers’ share had dropped from 65.1% of national income in 1978, to just over 60% in 2005; whereas the Canadian corporate profit share of national income had increased from 25.8% in 1978, to 33.68% by 2005. Similar evidence in the US showed workers share of national income down to 51.6 % in 2006 (from 59.3% in 1970); and in the UK it was down to 53% in 2009 (from 65% in 1973) reported in a Trade Union Congress report, 2009.

How important is this inequality? Sam Pizzigati in *Greed and Good: Understanding and Overcoming the Inequality that Limits our Lives* argues its “the root of what ails us as a nation (referring to the USA), a social cancer that coarsens our culture, endangers our economy, distorts our democracy, even limits our lifespans” (2004, pvii). He argues that CEOs:

* have never (in practice) really accepted the notion that empowering employees makes enterprises effective. Empowering workers, after all, requires that power be shared, and the powerful, in business as elsewhere, seldom enjoy sharing their power. The powerful enjoy sharing rewards even less. Corporate leaders have never accepted, either in theory or practice, the notion that enterprise effectiveness demands some sort of meaningful reward sharing (2004, p167).

One of the drivers behind increasing income inequality has been the increasing shift in developed economies away from industrial capital to finance capital that began in the mid to late 1960s. Finance capital had always been attractive; it offered the opportunity to move funds around and make money without the messy business of producing something useful or even offering a real service (jobs in “The City” can be very lucrative without producing anything of worth). However from the late 1960s large corporations saw the opportunity to move their funds out of manufacturing and into finance (Spencer, 1989, p47) and when manufacturing had to take place it increasingly became out-sourced – encouraged later by government policies in Thatcher’s Britain and Reagan’s USA and mimicked elsewhere – “free trade” and economic globalization displaced any ideas that “managed trade” or “fair trade” could act as constraints on corporations. This led to ever-increasing CEO rewards, boosted share-prices and reduced wages to workers as well-paid jobs vanished (described as the shrinking of the “middle-class” in the USA). The predominance of a largely unregulated global financial sector – the scale and scope of money capital and financial institutions within the recent period has been termed “financialisation” by Nolan (2011, p.2) which he argues makes the 2008 financial crisis distinct from previous global economic crisis – also led in most countries to taxpayer bailouts for banks, and bankers, and more loss of jobs for workers.
A key aspect in understanding the continuation of income and wealth inequality, which is never discussed in the textbooks, is the use of off-shore tax-free banking by corporations and wealthy individuals – successive Canadian governments have refused to rein in the use of off-shore tax havens, and, in some cases, have even been responsible for the development of these facilities allowing money to flow in and out of these accounts tax free (Deneault, 2011) – just as spent politicians flow in and out of the corporate boardrooms. The Tax Justice Network calculates there is something between 21-32 trillion dollars (or 10-15% of all global money) – owned by 0.1% of the global population stashed away in tax havens. This tax avoidance costs 280 billion dollars in public revenue (two to three times the size of all global aid budgets) or 20% in lost Canadian tax revenue (Henry, 2012).

The financial crisis, the bail-outs for the bankers, contrasted with the financial hardship for working people caused a reaction. What the subsequent “Occupy Wall Street” movement achieved was to focus popular attention on the small elite – the 1% – that benefit from this massive inequality and on the power of corporations to influence public policy (Scipes, 2011). The Movement has lifted the veil of liberal democracy to reveal a glimpse of the entrenched plutocracy than governs most Western societies – with the USA being the prime example, but with others close behind. The Occupy Movement has provided the opening for a more thorough discussion of democratic responses. (However, if change is to take place the majority population will have to shed dominant hegemonic values and beliefs before they can embrace alternatives.)

**Work and Inequality**

Some organizations may well believe that the company’s “competitive advantage” depends on a happy and committed workforce and may work towards that end (full-time employees, higher skills, job flexibility, workplace learning, focus on knowledge work – sometimes referred to as the “high road”), but others may equally believe that tight control of labour costs combined with close supervision over employees is the road to success (low-paid, part-time employees, routine jobs – a “low road”): both approaches can work “equally well” (Bratton *et al.*, 2004, p.71). Being an HR professional in the first organization may well be more satisfying than in the second. It is worth adding that survey material reveals that “empowering” workers does not generally affect the corporate bottom line as imagined by many authors although more say and participation at work can influence employee loyalty (Freeman *et al.*, 2007).

*Our employees are our most valuable resource:* has become the mantra of modern corporations, (Schwind, Das and Wagar claim that 4 of the top 5 strategic priorities of corporations identified by leading CEOs are HR-related, p8). What is not clear is how many companies actually believe it or act as if they really mean it. From an HRM perspective it places the functions of HR departments’ right at the centre of corporate activity and therefore writers on HR and work and learning can perhaps be excused for not wanting to subject the statement to close scrutiny. If
the above statement is true, then HRM and workplace learning really is important. However, when a company gets into trouble, it usually “downsizes,” often the first action is to lay-off or sack workers. The work may then be “outsourced,” never to return. These actions may be partially determined by market circumstances, but whatever it is that is driving company policy, whenever this happens, it should call into question the assertion that “employees are our most valuable resource.”

It may be the case that the organization works hard to involve its employees – perhaps referring to them as “associates” or “partners” and developing “open door” policies, etc. as trumpeted by Wal-Mart – but it does not follow that they will be well rewarded. An article in *The Wall Street Journal* (Zimmerman, March 26, 2004) under the heading “Costco’s Dilemma: Be Kind To Its Workers, or Wall Street?” contrasts Costco’s more generous salary and benefits package to that of Wal-Mart’s “parsimonious approach to employee compensation.” According to the article, some analysts and investors claim Costco’s generosity to its employees is at the expense of shareholders and that shareholders’ interests come first (in law, shareholders have no responsibility to other stakeholders). Wal-Mart is renowned for its policy of driving down supplier costs regardless of the impact that has on the workers in less developed economies that are making the products for its stores in North America. Its aggressive marketing (big box stores), low wage policies, and anti-unionism have met opposition in North America, but its shareholders are happy, earnings per share are significantly higher than at Costco. HRM professionals and work and learning consultants work in both companies.

John Storey, a leading business school professor in the UK, has commented that the “management of culture” has become a distinguishing feature of HRM, and dates the “remarkable trend” away from “personnel procedures and rules” to the “management of culture” to the early to mid 1990s (Storey, 2001, p8). He comments that “managing cultural change and moving towards HRM can often appear to coincide and become one and the same project.” Corporate cultural management is “perceived to offer the key to unlocking of consensus, flexibility and commitment.”

The idea behind this shift in managerial strategies is clear: consensus would displace conflict (and collective bargaining), flexibility (a “substitute term for greater management control,” 2001, p8) would increase productivity, and commitment would lift labour performance higher – “committed employees would ‘go the extra mile’ in pursuit of customer service and organizational goals,” 2001, p8). To achieve all of this means changing a whole set of workers’ behaviours, attitudes and values, displacing a “pluralist” (with different interests that sometimes coincide and sometimes conflict) and quasi democratic culture (with unions challenging management decisions in collective bargaining) with a “unitarist” (with everyone in the organization assumed to be sharing exactly the same goals) and a pretend democratic culture (with claims of “empowerment” and “teams”). Critical workplace scholars have argued that a robust corporate culture provides behaviour “scripts” for workers to follow. These “scripts,” written
by management, reflect the big issues of productivity, flexibility, and commitment, and can be used to capture and manage workers’ emotional labour (Du Gay, 1996a). Workplace learning therefore needs to be understood as a new HRM control strategy not a value free activity. As Keith Forrester argued in the first RWL conference in Leeds in 1999:

However, instead of the brave new world of employee ‘empowerment’, ‘autonomy’, satisfaction and fulfilment within those ‘new workplaces’ or ‘workplaces of the future’ there is just as likely, we suggest, to emerge new mechanisms of oppression and managerial control. If this is the case, or at least a possibility, then there is the danger that the equally brave new world of pedagogics in relation to ‘work and learning’ will become part of the new forms of oppression and control in the workplace (Forrester, 1999, p188).

Sustainability

There is also the question of sustainability of modern large corporations and the unequal impact of corporate externalities – those costs are not paid for by corporations but borne by communities and the environment. For example, most of the environmental and social costs associated with the oil-sands production, such as the now infamous “tailings ponds” – these huge company-made polluted water areas, more “lakes” than “ponds” are “externalities” in economic terms – and they are not accounted for in company finances. Joel Bakan (2004, p70) quotes leading US businessman Robert Monks (a twice-run Republican Senate candidate) “the corporation is an externalizing machine in the same way as a shark is a killing machine” he argues its not “malevolence” but simply what corporations do and is “potentially very, very damaging to society.” Ray Anderson another successful US businessman had a similar revelation about how the modern day corporation was an “instrument of destruction” “externaliz(ing) any cost that an unwary or uncaring public will allow it to externalize” (p71). In his case he set about making wholesale changes in the way his company produced carpets: unfortunately his example remains an exception. It’s important to note that HR professionals’ and corporate trainers’ job is to support such harmful activity and win employee loyalty to corporate goals.

“Sustainability” can also be considered from a narrow workers perspective -- being a worker in a “learning organization” is not a guarantee of job security. It may be true that the company’s competitive position depends on a more effective and intelligent use of its human resources, but this does not mean that a corporate decision about location or product development will benefit a particular work-group, or that the rewards from the collective effort will be equitably distributed amongst the workforce. Even in those cases where employees are given a small stake in the company they can lose: in the Enron case employee shareholdings were locked in and became worthless, while some of the senior executives bailed, taking their inflated funds with them. The decision to close a work-site, for example, may have absolutely nothing to do with how that
particular workforce has performed; or how committed they were to the “learning organization.”

Workers have always learned at work; learning at work is not a new phenomenon. Some of what they learn is useful to the employers, some useful to themselves, some useful to their union organization at work, and some may be useful to both their employer and themselves. Some may have little to do with work itself. It cannot be assumed that all learning at work is translatable into “organizational learning” and is a “win-win” for workers and employers alike. Nor can it be argued this learning always result in “empowerment” for workers; in some circumstances it may result in greater job control for workers, but in others it may result in the reverse. There is a tendency in the literature to slip from discussing workplace learning to empowerment to industrial democracy as if they are all one and the same process and, for example, to assume that a statement that a company is “empowering” its workforce means that it is actually happening. Such claims always need to be tested against worker as well as employer experience (Brown, 1999; Howell et al, 1996; Shied et al, 1997) and situated in a more critical understanding of the “new workplace” and the “knowledge economy.” These claims should also be compared to the situation in worker-owned co-operatives (Wolff, 2012) – inspired perhaps by the principles originating from the operation of the near-by Lanarkshire mills bought by Robert Owen in 1799.

Contingent/Precarious Work

The problems with the “learning organization” model both theoretically and in practice are highlighted when we examine the position of marginalized workers particularly those engaged in contingent work. Mirchandani and colleagues (2010) begin a chapter on “transitioning into precarious work” with the observation that:

There is emerging evidence that immigrant women of colour are systematically channeled into low-paid and dead-end jobs when they arrive in Canada ..., and that several industries depend on highly ‘flexible’, ‘disposable’ and ‘captive’ immigrant women workers for their labour supply...”(p231).

Their chapter goes on to examine the experiences of such women, they highlight that many arrive expecting to continue work in the professions they enjoyed prior to emigration to Canada. The kinds of learning that the women endure includes learning to deal with “unstable, poorly paid jobs” and an ideological or identity shift were women learn to “construct themselves as precarious workers.” Immigrant women of colour are clearly a special category of precarious workers but it can be argued that to a greater or lesser extend all contingent labour has to deal with similar adjustments and undergo similar learning in order to survive.

Clearly this is not the type of learning that is envisaged by the promoters of the “knowledge economy” – learning to adjust downwards, to accept de-
skillings, disempowerment, and to having no opportunities for significant positive workplace learning runs counter to the mantra that we all need to adjust to the new knowledge-based economy. But it's hard to resist the conclusion that for some workers this learning is exactly what the new Canadian economy requires in practice to match the major growth in causal, part-time, low paid, insecure employment. This is to be compared to the declining full-time well-paid jobs or even the relatively slow growth in significant “knowledge work” acknowledged by a Statistics Canada report (the report acknowledges that less than 20% of the total workforce are employed in “knowledge” occupations, Beckstead & Gellatly, 2003). It’s worth noting that even some of these knowledge-jobs are insecure as they may be short-term contract work, better-paid but contingent employment rather than continuous, and some subject to outsourcing never to return.

There are plenty of speakers on the management and motivational speakers’ tours who are willing to express the view that young people/workers today cannot expect to have a “job for life” or just “one occupation” or even find work in their own community – it's all about flexibility, mobility, re-skilling, multi-tasking, soft skills, emotional labour (commitment, quality service, passion, loyalty) and building up your portfolio. Some of these speakers may live in this world but they are also generally well-heeled and established – others of course have enjoyed a lifetime of secure employment and have pensions to match. For the majority of workers this message is threatening a lifetime of insecurity, low-wages and an old age in near poverty. The learning opportunities for contingent/precarious workers in work that can lead to promotion and “good” jobs are extremely limited – we know that companies spend most training dollars on “core” workers particularly those in managerial and professional grades – those who have most education/training get more professional development; those with least get none.

We should recognize the long history of marginalized labour in Canada (and we suspect elsewhere) – the history of "racialization and work" in Alberta has been documented by Kelly and Cui (2012) and they comment:

This systematic racialization of workers, immigration policies, and, ultimately citizenship persisted until the 1967 Immigration Regulation introduced a point “system” – a change agreed to mainly because of the decline of preferred immigrants from northern Europe (p.268).

They note that although overt racist immigration rules and regulations formally end in 1967 racialized employment practices persist. The authors go on to discuss the work experiences of different racialized groups including Aboriginal, Chinese, East Asian, and African Diaspora and bring the story up to date with the “temporary foreign workers” (TFW) schemes involving Pilipino, Mexican and Central American workers amongst others – a long history of racialized labour segmentation that goes beyond the 1967 regulation change, a history that unfortunately chimes with Mirchandani and colleagues’ experience in Ontario.
Most marginal workers do not enjoy union membership with the exception of the long history of the Brotherhood of Sleeping Car Porters – Canada’s only all-Black union, formed because of their exclusion from “White” rail unions, discussed by Kelly and Cui, (2012). To its credit the Alberta Federation of Labour has been trying to represent TFW and campaign for citizenship rights for these most un-equal of workers in the Canadian workforce.

(The notes for this paper are drawn from Spencer & Kelly, Work and Learning: An Introduction. 2013, Toronto: Thompson Educational Press.)

References


