

Problems of Work

- The American Free-Enterprise System
- Global Markets and Corporate Power
 - Multinational corporations and sweatshops
- Effects on American Workers
 - Manufacturing to services, women, technology and specialization
- Problem Aspects of Work
 - Declines in “good jobs,” unemployment, job stress, alienation
- Consumers and Credit
 - Debt entanglement and bankruptcy
- Social Policy

The American Free-Enterprise System

- Social change in institutions can be grouped as:
 - Globalization
 - Growth of service-sector jobs
 - Reliance of families on multiple workers
 - Increased reliance on technology
- **Capitalism**-a system for organizing the production of goods and services that is based on markets, private property, and the business firm or company
- **Market**-an economic institution that regulates exchange behavior through the establishment of different values for particular goods and services
 - Rely on forces of supply and demand
 - Almost all markets are regulated by acts of governments to ensure safety of products and ensure true competition by guarding against monopolies or imposing taxes

The American Free-Enterprise System

- **Capital**-equipment of all kinds and hourly or salaried labor. Used to produce goods and services.
 - Goal to make a profit
 - Sell product at a market price somewhat higher than the costs of the equipment and labor to create it
- **Entrepreneur**-a capitalist who creates a new business venture
 - Assumes all risks and expects to make as much profit as possible with as little regulation as possible
- **Limited liability**-term meaning that only the assets of a corporation, not the entrepreneur's personal assets, are liable to seizure in the case of economic failure or wrongdoing
 - Forming a corporation minimizes risk because governments grant limited liability to corporations

Global Markets and Corporate Power

- **Economic globalization**-the growing tendency for goods and services to be produced in one nation or region and consumed in another, and for the companies that produce those goods and services to engage in business activities in many different regions of the world
 - Accelerating trend due to greater speed of modern communications and transport
 - Social problems created by globalization related to multinational corporations' influence

Multinational Corporations

- **Multinational corporation (transnational corporation)**-an economic enterprise that is based on in one country and pursues business activities in one or more foreign countries
 - All are large corporations
 - *Multinational* is used to emphasize the fact that these corporations operate outside national boundaries almost as if they are nations unto themselves
 - Have profit margins equal to some nations (pg. 388)
 - Companies try to establish an image of themselves as world companies that are above nationalistic sentiments
 - Tend to move to areas where labor costs are lowest, often to the detriment of workers left behind in the nations where they began their operations

Sweatshops

- Developing nations have an oversupply of unskilled workers, creating a global factory of available workers for multinational corporations
- **Outsourcing**-locating of American manufacturing plants that produce goods for American markets in third-world nations, where the manufacturing firm can take advantage of lower-wage rates
- Facilitated by:
 - High speed transportation-enables companies to get raw materials, finished products, communications, and other things quickly
 - Component production-divides the production process into component operations that can be carried out anywhere; allows multinationals to take advantage of cheapest labor

Sweatshops

- Multinationals attempt to sell their products to third world markets; they represent an untapped source of profits
 - However, they increasingly produce high tech products and services intended for markets with much greater buying power
 - Sweatshops often have working conditions that wouldn't be tolerated in affluent nations
- People have protested these conditions in Seattle in 1999
 - One case: Nike-11 year old workers who earned \$2.20 a day produced shoes at a cost of about \$6 a pair
 - Shoes sold for \$80 or more in the U.S.
 - Some nations have labor laws, but they are lightly enforced if that

Effects on American Workers

- Growth of multinationals and global markets means a steadily decreasing number of employers are dominating the labor market
 - Associated with exporting capital and jobs
- Biggest losers in the changing economy are manufacturing, especially industrial towns in Northeast and Midwest
- 3 unprecedented changes to American labor force because of transformations in the global economy
 - 1. the shift from manufacturing to service
 - 2. increase in the number of women working outside the home
 - 3. emergence of new technologies and unprecedented economic growth due to global influence in U.S. economy

American Working Forms

- America has shifted from a manufacturing –based to a service-based economy
- Jobs in the professions, services, construction, management, maintenance, and transportation will continue to increase
 - Many service sector jobs are low-paying and provide no benefits
- White-collar-professional, managerial, clerical and sales
 - Largest occupational category
- Farming-farmers, managers, and farmhands
 - Now the smallest occupational category in the country
- Blue-collar-manufacturing, mining, building and construction, mechanical work, maintenance
 - Proportion of unskilled workers has decreased
 - Declining proportion of the labor force

American Working Forms

- Work-related deaths have declined with shift to service economy
 - 1960-21 deaths per 100,000 workers
 - 2000-4 deaths per 100,000 workers
- Mining & agriculture the most dangerous work environments
 - 30 and 20 deaths per 100,000 workers, respectively
 - Service sector- 2 deaths per 100,000 workers
- Union membership was at its height in 1960, with 27% of private sector workers in unions
 - Today, about 9% of private sector workers are unionized, reflecting change from manufacturing-based economy
 - Unions help workers get higher pay and other benefits
 - Health insurance coverage higher for unionized workers

Women in the Global Labor Market

- An increasing percentage of women entered the workforce with the shift to a service-based economy
- 80% of women with bachelor's degrees are in the workforce
- 1970-78 million men and women in the labor force
- Now-130 million men and women in the labor force
 - 40% are female
 - 6% of men and women hold more than one job
 - For women, 40% say they hold a second job to pay regular bills; percentage increases to 53% for black women say to pay the bills
- Part-time work is also a reason for needing a second job
 - Majority of part-time workers are women
 - 5.5 million part-timers, mostly women, said they were part-timers because of family obligations

Technology

- New technologies like computers, telecommunications, internet applications, biotechnologies and e-commerce are some of the technological products that fueled the economic growth of the 1990s
 - Have also increased the number of self-employed people through technology-based businesses (web-designers, programmers, etc...)
 - In 2006, 10.5 million people said they were self-employed
- Further development of technology potentially represents a reduction in the number of available jobs
 - Job elimination through automation and exportation of less skilled work to low-wage regions of the world

Specialization

- Specialization is a long-term trend in the labor market
 - As the number of goods and services increases, so does specialization
 - Number of jobs reported by Department of Labor in their Dictionary of Occupational Titles is 22,000
 - 1850-325 different kinds of jobs
 - Larger number of jobs indicates the increasing specialization of labor and complexity of its divisions
- Several implications of specialization
 - 1. Lower-echelon workers trained for a single, narrow job may have difficulty finding another job if fired or laid off
 - 2. Workers often feel they are only adjuncts to a machine or process
 - May lead to dissatisfaction with work

Problem Aspects of Work

- Computer control at work can affect workers
 - Can exacerbate conditions that produce job dissatisfaction
 - Work becomes more demanding and precise
 - Increases job insecurity and job dissatisfaction
- Unemployment rose dramatically between 2000 and 2002
 - After 2000, unemployment among managers and professionals increased by 76%
 - Some unemployment is considered normal because of economic downturns and layoffs
 - Ideal rate is between 4% and 4.5% in a thriving economy

Changing Nature of Employment

- Between 2000 and 2006, still high employment rates
- Anxiety about employment stems from globalization, export of high-paying manufacturing jobs and the increase in lower-paying jobs in the U.S. are some reasons people are fearful about the economic future of the U.S.
- Worker and family benefits are on the wane
 - 52% of jobs in the U.S. come with medical benefits
 - Insecurity also stems from lack of pension savings
- Economic downturns have affected blue-collar workers hardest in the past, but after 2002, with the end of the high-tech bubble, managers and professionals were far more insecure in their jobs than they had been in previous economic times

Who are the Unemployed?

- Prolonged unemployment can cause psychological and social damage, such as diminished emotional rewards of the job, lost sense of community, diminished self-worth
- Intermittently unemployed-due to job insecurity, many people will be unemployed for part of the year and others are underemployed
- Chronically unemployed-many are high school dropouts, which prepares them only for low-skilled jobs
 - Minorities suffer chronic unemployment at rates twice that of whites
- Frictional Unemployment-short spells of unemployment due to being laid off or searching for a new job, which is a normal condition of labor force mobility

Unemployment

- Invisible unemployed-government records underestimate the unemployment rate because they miss:
 - 1. Those willing and able to work but who didn't search for work in the survey week
 - 2. The underemployment of part-time workers
 - More serious in recessions because long-term unemployment is more common
 - “Discouraged workers” are those who stop looking for jobs because they think it will be impossible to find one
- Those who are unemployed lose participation in the community and their sense of isolation grows
- For women, the greatest reason they enter welfare is the double jeopardy of loss of spouse and loss of job

Job Stress

- Job stress can be increased as more people work multiple jobs, work on a contingent basis, or work in frantic environments
- According to the National Institute for Occupational Safety and Health (NIOSH), workers in the U.S. report high levels of job stress due to irregular work loads, uncertain expectations, increased computerization, bad social environments and job insecurity
- The global economy also contributes to and aggravates some of these issues
- Stress can be alleviated by ensuring appropriate workloads, defining workers' roles, opportunities for social interaction, improving communication and having work schedules that balance other life responsibilities

Alienation

- **Alienation**-a condition experienced by workers who lose the capacity to express themselves in their work
 - Concept developed by Karl Marx
 - Applied to people who were assigned activities that had no meaning to them
 - Factory workers had lost control over their work processes and the products of their labor
 - Occurs at all occupational levels
- Primary source of alienation today is the clash between a person's self-image and the requirements of his/her job
 - Clash of independence/supervision
 - Limits of autonomy and the chance to use individual skills
- **Flextime**-an approach to work hours that allows employees to arrive and depart for the job when they choose, as long as they work during specific core hours and for a certain amount of time per week

Occupational Safety and Health

- Safety has always been one of the top priorities of the American labor movement
- Most dangerous occupational categories are male-dominated
 - 90% of those killed on the job are men
 - Mining most dangerous field, followed by agriculture, construction, and transportation
 - Fatality rates ten to twenty times the average (pg. 401)
- Illnesses as well as injury can result from an unsafe work environment
- Greatest health hazards are from the chemicals industry
 - Can produce cancer, malignancies, nervous disorders, sterility and their children suffer birth defects

Consumers and Credit

- The U.S. is a consumer-based economy, which depends on disposable income of consumers of the middle and upper classes
 - Leisure time is necessary to enjoy superfluous goods and services
- Drawbacks of a consumer-based economy are the dominance of large corporations, franchise operations, unplanned spread of shopping malls, and that it leads to excessive materialism, a tendency to judge based on possessions, waste and planned obsolescence
- Since 1950s, U.S. has shifted from a cash to a credit society
 - Total debt held by low-income families is approaching \$700 billion

Consumers and Credit

- Debt entanglement and bankruptcy have increased substantially since the advent of consumer credit
 - Dramatic increase in individual bankruptcies since 1990 (pg. 404)
- Most people who file for bankruptcy are homeowners who can no longer pay their debts because of family dissolution or medical emergencies
 - The majority of those filing for bankruptcy have some college education and are homeowners
 - If bankrupt for medical reasons, the average out-of-pocket medical debt was \$12,000
 - 10% of bankruptcies-invested in risky financial ventures
 - 2% were “credit card junkies” who abused the system

Social Policy

- Economic affairs in the United States have been affected by a number of historical facts
 - 1. the threat of terrorism has again increased the proportion of the federal budget attributed to defense and homeland security
 - 2. globalization has increased interdependence between nations' economies
 - 3. regulation vs. deregulation
 - Sarbanes-Oxley bill imposed strict reporting requirements on corporate leaders, making it mandatory for corrupt leaders to sign off on company audits and be aware of accounting practices