

Rethinking Institutions for Work in the New Economy

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Outline

- What is the New Economy?
 - Inherent contradictions
- How these new trends affect Canada
 - Public policy
 - Family
 - Workplace
- Room to manoeuvre
- Rethinking institutions
 - Education, Family, Employment, Governance

What is the new economy?

- Is there really a New Economy, or is it more of the same, speeded up?
- The global economy is characterized by
 - interdependence, asymmetry, regionalization, diversification, and exclusion (1996; 106)
 - a multitude of social movements striving for cultural singularity and people's control over their own lives and environment.
- Whether this is a New Economy or not, new organizing principles for social and economic life are emerging

Choices exist

- Authors like Castells argue that new technologies open new possibilities which may or may not be realized by social actors
- IT and globalization can therefore be shaped to serve our collective ends
- I take this to mean that we have lots of scope to shape the New Society. *We can* decide what will be the Canadian way, going forward

Inherent contradictions

- The main contradiction is between the globalizing, atomizing, race to the bottom forces in the New Economy and the human desire for connection, identity, and community
- In the workplace, we see a new liberation of knowledge workers and new forms of oppression of low skill workers (more on this later)
- In the economy, we see economists with boundless optimism about productivity and gloomy alarms about hollowing out

More contradictions

- Michael Porter scolds Canadian firms (most of whom have turned themselves inside out in the 1990s) because they have failed to adapt to the global playing field
- The Internet creates connections around the world -- enabling us to work as a unit in real time on a planetary scale. But it also separates the haves from the have nots, creating islands of prosperity and islands of disadvantage -- exclusion

And more contradictions

- Governments are losing power to MNCs and to international organizations and treaties. They are losing legitimacy to the social movements.
- Yet more than ever, societies require state actors who can
 - represent their interests in global forums
 - lend credence to their desire for identity and belonging
 - help them to pool risk
 - foster the development of human capital ⁷

Public policy has changed

- Governments in Canada have faced extra complications, for several reasons
 - due to policy errors in the 1970s, governments been obsessed with deficit and debt, which put the brakes on economic growth in the 90s
 - the combination of cuts to social programs and the exclusionary forces of the New Economy challenge the fundamental values of Canadian identity
 - the impact of the cuts has been to force citizens to assume more responsibility for financing health care and education

Canadian families have changed

- Family structures are more fragile and fluid, making it more difficult for families to absorb the shocks of the new economy
- Most women work, especially women with young children
- Family members are separated by distance and by marriage breakdown
- Children remain dependent into their 20s
- Families are absorbing more responsibility for “public goods” such as health care and education

Workplaces have changed

- Individualization of risk
 - Many more jobs with short contracts, low pay and no benefits
 - Flexible and unstable patterns of employment
 - Workers carry more of the cost of training
- Migration of jobs to the suburbs, to other countries, and from hinterland to heartland
- Inequality is increasing-- the privileged workers get training, internal mobility, family leave, flexible work arrangements. Others do not

Power in the workplace

- Employers need knowledge workers, and, with the ageing of the baby boomers, a wave of retirements is on the way
- But knowledge workers are mobile -- across continents, countries, and employers. Suddenly, employers worry about recruitment and retention
- Workers are telling us that what matters to them is the *quality* of the employment relationship (CPRN: What's a Good Job?)
 - But employers are slow to recognize this¹¹

Room to manoeuvre

- Recall that the New Economy is diversified and regionalized as well as exclusionary
 - Leaves countries with room to define their identity, their differentness, and to open up their own unique possibilities - through the forces of identity building
- Canada should be encouraged by this part of the message to persist in creating a unique identity north of the 49th parallel
- We have room to manoeuvre on public policy

Using the room to manoeuvre

- There are two routes to success in the New Economy
 - Cut costs to compete in the short term, or
 - Build capacity in people and communities to compete in the long term
- The short-term approach fosters exclusion, while the long-term one supports inclusion
- The nature of the New Economy allows us to create a synergy between economic and social policies building on the core principles of human development

Two societal challenges

- Human development depends on the nurturing, loving relationship between human beings. (See CPRN WebSite)
 - The three enabling conditions for healthy child development: adequate income, effective parenting, and supportive communities
 - To thrive in the New Economy -- each citizen will need access to life long learning -- from early childhood to retirement
 - Health care systems work best when patients are supported by caring relationships
- This presents vast societal challenges:

Rethinking institutions

- What kinds of challenges does this create for our institutions?
- Let me talk about four:
 - Education
 - Family
 - Employment
 - Governance
- I will raise questions and not presume to give quick-fix answers

Rethinking education

- The purpose of public education is to build an inclusive society with informed citizens and productive workers.
- Over the past decade, we have been shifting the cost of education for all age groups to families and individuals
 - What aspects of education should be public and universal?
 - What aspects should be private, given that there are clearly personal benefits from learning?

Rethinking family

- While the family continues to evolve, its core function of nurture and care do not. All citizens are dependents at some times in their lives -- usually as children and as frail elderly.
- Yet, workplace stress and work-family conflict have increased significantly since '91
 - Because the New Economy makes it possible to work 24 hours a day, 7 days a week. Work is speeding up. People are burning out.
 - And public policy now shifts more responsibility for caring and working to the family
- How do we plan to reconcile the many roles of the family in the New Economy?

Rethinking employment

- If large numbers of jobs do not pay a living wage, what is society's responsibility?
- Does society take on the task of making work pay -- through income supplementation, for example?
- If not, who pays the cost of the damage to health and the ability to look after a family?
- And who invests in building the literacy and other skills needed to get a better job?

Rethinking governance

- As power leaks away from governments, their legitimacy weakens, and social movements search for a better democracy
- Yet, the state is the only legitimate entity to negotiate multilateral arrangements globally; and multi-stakeholder arrangements locally. Both are critical.
- Federalism adds greater complexity, as it is now more difficult to divide duties by territory or constitutional powers

Governance

- In the meantime, we have to ask ourselves. Who will be the “guardian” of the quality of life in Canada?
 - Learning, health care, environment, social supports are all shared responsibilities
 - But federal and provincial governments do not find it easy to manage their interdependence
 - They seldom use their convening power to mobilize all the stakeholders on an issue like learning
 - Much of the quality of life plays out in cities, which have very limited powers

Closing comments

- Obviously, I have more questions than answers on rethinking institutions. But my intuition tells me that on some of the core issues, the country is moving against the tide:
 - Learning is becoming a private responsibility
 - Social supports seldom are designed to build self-reliance
 - Health and other systems are shifting responsibility to families
 - Too few work arrangements support family responsibilities

Canada has choices

- I have two core messages to close:
- First, in the 1990s, we had no choice but to cut costs. Now that our economic house is in better order, we do have choices
 - If the New Economy is diversified and regionalized, then our choice is to define the Canadian way. And then make it happen
- Second, the New Economy demands a true synergy between economic and social policies, even as we adapt to this global playing field

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