

The Jobs Letter

No. 137

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Essential Information on an Essential Issue

KEY

JEREMY RIFKIN

YOUTH EMPLOYMENT PROGRAMMES

SHORTER WORKING WEEK

PRESENTEEISM

PORTFOLIO WORK

DIARY

1 December 2000

Auckland company Satchet Packing is closing its Penrose factory and relocating to Hamilton, with the loss of about 50 jobs.

Hundreds of immigrant doctors could miss out on places in a \$12 million retraining scheme. Nearly 1,200 doctors have applied for the 300 places on the programme. Participants do a 16-week refresher course, then six months of hospital-based training.

4 December 2000

Deputy PM Jim Anderton announces a regional development programme for Northland. He says the programme will have the same commitment to local people and jobs as the Tairāwhiti Development Taskforce, which focused on the East Coast.

5 December 2000

The United Nations International Year of Volunteers is officially launched at Parliament. The year is about recognising and valuing the contribution of volunteers, how they strengthen and build communities, and helping promote this. Minister of Internal Affairs George Hawkins says more than a million NZ'ers do volunteer work for 60,000 groups, and \$1.3 billion is invested annually in services provided by the voluntary sector.

- In the new Penguin paperback edition of **Jeremy Rifkin's** book *The End of Work*, the author restates his call for us to **“re-envision” work** and harness the talents of the millions of people no longer needed to work in the market and government sectors. In a Postscript added to his 1995 work, Rifkin argues that there is an **opportunity to create millions of new jobs in the Third Sector** — the civil society — and create greater “social capital” in our neighbourhoods and communities. He acknowledges that it will cost money, and his plan is that nation-states should tax a percentage of the wealth generated by the new Information Age economy and redirect it towards the creation of jobs and the rebuilding of the “social commons”.

While politicians traditionally divide their affairs into a polar spectrum running from the marketplace on one end, to the government on the other, Rifkin believes it is more accurate to think of society **as a three-legged stool** made up of the market sector, the government sector, and the civil sector. The first leg creates market capital, the second leg creates public capital, and the third leg creates social capital. Of the three legs the oldest, but least acknowledged, is the Third Sector.

Rifkin: “In the old scheme of things, finding the proper balance between the marketplace and government dominated political discussion. In the new scheme, finding a balance between the marketplace, government, and civil sector forces becomes paramount. Thinking of society as creating three types of capital — market capital, public capital, and social capital — opens up new possibilities for reconceptualising both the social contract and the meaning of work in the coming era.

“We need to recall that nation-states are a creature of the industrial era. Capitalism required political institutions large enough to oversee and secure broad geographical markets. Now that commerce is moving from the Industrial Age to the Information Age and from the land to the electromagnetic spectrum, geographically bound nation-states suddenly find themselves increasingly irrelevant and without a clearly defined mission.

“In the new world that’s emerging, government is likely to play a much reduced role in the affairs of commerce and a far greater role in the civil society. Together, these two geographically bound sectors can begin to exert tremendous political pressure on corporations, forcing some of the gains of the new commerce into the communities.”

- Building “social capital” is the purpose behind a new project in Taranaki aimed at giving **young unemployed people work and training in the not-for-profit sector**. The Taranaki Local Employment Co-ordination Committee (LEC), in co-operation with Winz and local Mayor Claire Stewart, has set up **“Youthworks”** — a programme reminiscent of the Voluntary Organisations Training Scheme (VOTP) of the early 1980s. Taranaki Youthworks will match young unemployed people to local community groups. They will be asked to work for at least 30 hours a week for six months, and will be paid with the help of Winz wage subsidies. The newly-established Taranaki Employment Support Foun-

The Jobs Letter

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Japanese fishing company Nissui, the new part owner of NZ's largest fishing company, Sealord, says it plans to create 700 jobs over the next five years, mainly in Gisborne, Nelson and Dunedin.

Reports released by the Government say NZ is lagging behind the US, the UK, Canada and Australia in its efforts to close the "digital divide". The reports criticise NZ for not having a strategy to ensure everyone has access to and the skills to use information technology.

The Government is putting an extra \$2 million into adult literacy next year. Liz Moore, chief executive of adult literacy organisation Workbase, estimates that a million NZ'ers are below the minimum level of literacy needed for life and work.

6 December 2000

Employment Minister Steve Maharey and Winz CEO Christine Rankin launch Winz's new regional management plans. Each of Winz's 13 regions will have increased flexibility to make decisions, and the new management structure will shift decision making from the national office to the regions. Maharey says regionalisation will deliver more jobs and better tailor employment support to the needs of local labour markets. The regional plans were one of the key recommendations of the Hunn report (see *The Jobs Letter* No. 124).

7 December 2000

The Government is considering allowing more Pacific Island people into the country to fill jobs that NZ'ers do not want. Foreign Minister Phil Goff says only people with firm job offers will be allowed into the country, and the first positions in the scheme will be filled by well-settled overstayers who qualify for NZ residency through the overstayer amnesty. He says it is "curious" that at a time of unemployment some employers cannot fill their labour demands.

Winz staff have been instructed to be more proactive in telling applicants about their extra entitlements and encouraging them to apply. A memo obtained by the *Evening Post* tells staff that they should always encourage people to apply for a special benefit. Beneficiaries' circumstances no longer need to be "exceptional" to qualify.

dation will assist the community groups become employers, as well as providing a grant of \$1000 to top-up wages and help with the community group's costs. The Foundation will also provide an opportunity for the Youthworks participants to gain accredited training from the Social Services Industry Training Organisation (ITO), which is also supporting the project along with Skill New Zealand and Careers Service Rapuara.

- Taranaki LEC co-ordinator **Elaine Gill** says the project will initially run on a trial basis until it can attract more sponsorship support. Gill: "In Taranaki we have a high rate of unemployment, and nearly a quarter of those without work are under the age of 25. These disadvantaged young people are the ones that stay in Taranaki not the ones who go off to university and careers elsewhere. They are, as such, Taranaki's future ... but what sort of future are we giving them if their entry into the adult world is characterised by idleness and lack of money?"

"Many of our community groups are under stress, and volunteers are getting fewer and those that are available tend to be getting more elderly. Yet the demands on community groups are increasing. So on the one hand we have groups under stress and on the other hand young people without work. This project aims to draw these threads together by giving young people the chance to enter the adult world by doing their bit to assist the community in which they live..."

- Social Services and Employment Minister Steve Maharey last month launched a **Canterbury Youth Employment strategy** which will see Winz targeting 16-24 year-olds to ensure that they make a successful transition from school to employment or training. The strategy will particularly focus on gaining **more effective case management** for the 18 and 19 year olds that are on the department's books. The strategy has followed an approach to the government by the Canterbury Development Corporation (CDC) which already runs a successful "Actionworks" Youth Employment Service.

Under the new measures, Winz will provide Case Managers within each of their Service Centres who have **a dedicated caseload of young people**. This is in contrast to the usual Winz policy that caseworkers deal with all types of beneficiaries. In making these changes, Winz will be drawing on the existing expertise of the Actionworks Service. They will also provide a dedicated Work Broker who will hold the "Youth portfolio" and ensure a more seamless interface in matching jobs with young people. Winz and the CDC will also jointly operate a Youth Initiative Fund (to the value of \$100,000).

- In launching the strategy, Steve Maharey saluted the vision of the Mayors Taskforce for Jobs and their goal that, by 2005, no young person under 25 years will be out of work or training. Maharey: "Youth unemployment is an issue for all our communities. It is now an issue that is being owned by the community of Christchurch in partnership with the Department of Work and Income. By providing more effective case management we aim to ensure that those who need to have recourse to social assistance or income support can make the transition to work and independence.

"The vision is of a community in which no young person is on a benefit, doing nothing. It is a vision of a community in which all young people are actively engaged either in employment, in education, or in training. It is a vision shared by both the Government and the partner organisations..."

(continued on page five)

TRENDS

THE END OF WORK — *Five Years Later*

It's been five years since the publication of **JEREMY RIFKIN's** controversial book *The End of Work*, and Penguin Books have just released a new paperback edition.

In a special introduction to the Penguin edition, Rifkin observes that structural unemployment remains high, and the task of "re-envisioning work" continues to be a major social and political challenge.

- IN THE FIVE YEARS that have elapsed since I published *The End of Work*, structural unemployment has remained dangerously high in Europe and countries around the world, despite gains in both global productivity and gross domestic product. In 1995, 800 million people were unemployed or underemployed. Today, more than a billion people fall in one of these two categories. Only the United States, of the major industrial nations, has significantly lowered its unemployment to a record 4 percent, raising the question of whether it alone has found a formula for success in the new economy. The fact of the matter is, U.S. gains in employment have less to do with a new economic vision and more with a combination of short-term fixes that give the appearance of a robust economy, but hide a darker reality.

To begin with, the U.S. counts its unemployed workers in a very narrow way, allowing it to hide structural unemployment in its official reporting figures. If a worker's unemployment benefits runs out and he or she gives up looking for work, they are reclassified as "discouraged" workers and not counted in the official tally of the unemployed. One can walk the streets of any city in the U.S. and encounter large numbers of unemployed men and women. Yet, few of these men and women are deemed "unemployed" by the U.S. Labor Department. Second, as incredible as it may seem, 2 percent of the adult male workforce in the U.S. is currently incarcerated, by far the largest percentage of imprisoned workers of any country in the world. Third, the U.S. economy did bring record numbers of unemployed Americans back to work over the past eight years, by creating an unprecedented "just in time" work force. Today, millions of American workers are leased out to employers by temporary and professional employment organizations. Millions of others who once enjoyed full time jobs with benefits are now working under short-term contracts or as consultants and freelancers. While the ranks of the unemployed have shrunk, the number of underemployed workers has increased significantly.

Finally, and most significantly, the American miracle has, to a great extent, been bought on credit. It is impossible to understand the dramatic reduction in U.S. unemployment in recent years without examining the close relationship that has developed between job creation and the amassing of record consumer debt. Consumer credit has been growing for nearly a decade. Credit card companies are extending credit at unprecedented levels. Millions of American consumers are buying on credit — and because they are, millions of other Americans have gone back to work to make the goods and perform the services being purchased.

- Today, according to the Federal Reserve, Americans are literally spending as much as they are taking in, marking the first time since the Great Depression that the country has experienced a near-zero savings rate. Recall that just eight years ago the average family savings rate in the U.S. was 6 percent of after-tax income.

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— Jeremy Rifkin

An analogous situation occurred in the mid to late 1920s. Like today, the 1920s was a period of great economic change. Electricity replaced steam power across every major industry, greatly increasing the productive capacity of the country. Productivity gains, however, were not matched by a significant increase in worker compensation. Instead, wages remained relatively flat, while many marginal workers were let go in the wake of cheaper, more efficient technology substitutions. By the late 1920s, American industry was running at only 75 percent of capacity in most key sectors of the economy. The fruits of the new productivity gains were not being distributed broadly enough among workers to sustain increased consumption and empty the inventories. Concerned over ineffective consumer demand, the banking community and retail trade extended cheap credit in the form of instalment buying to encourage workers to buy more and keep the economy growing. By late 1929, consumer debt was so high, it could no longer be sustained. Even the bull market was being stoked by record purchases of stocks on margin (i.e., the amount paid by the customer when using a broker's credit to buy or sell a security). Finally, the entire house of cards collapsed.

The short-term substitution of cheap credit in lieu of a broad redistribution of the fruits of new productivity gains in the form of increases in income and benefits is a subject that has received little, if any, attention among economists. Still, the fact remains that great technology revolutions — like the substitution of electricity for steam power — generally spread quickly, once all of the critical elements are in place. (It should be noted that it took several decades for the electro-dynamo to finally kick in and become

a *tour de force*. Once, however, all the necessary conditions were finally realized, the new technology paradigm swept through every industry in less than a decade or so.) The problem is that it generally takes at least a generation or more after a defining new technology finally comes on line, for social movements to build enough coherence and momentum to demand a fair share of the vast productivity gains made possible by the new technologies. In the 1920s the interim crisis of increased productive capacity and ineffective consumer purchasing power was met by the extension of consumer credit to unprecedented levels.

- The same phenomenon is occurring today. The productivity gains brought on by the information and telecommunication revolutions are finally being felt and, in the process, virtually every main industry is facing global underutilisation of capacity and insufficient consumer demand. Once again, in the United States, consumer credit has become the palliative of sorts, a way to keep the economic engines throttled up, at least for a time.

"Hiding unemployment figures, incarcerating large numbers of male workers, creating a "just in time" work force, and extending consumer credit to grease the economic engine are all weak, temporary measures that will prove ineffective at dealing with the long-term rising structural unemployment brought on by increasing technological and organizational displacement of workers in the new economy..."

— Jeremy Rifkin

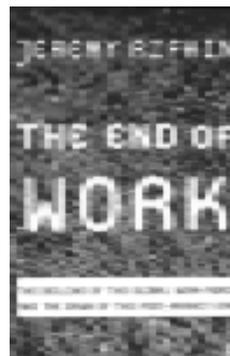
Today, consumer credit is growing by a staggering 9 percent annual rate and personal bankruptcies are increasing. In 1994, 780,000 Americans filed for bankruptcy. By 1999 the number of bankruptcies had soared to 1,281,000. Some economists argue that the zero savings rate is not really as bad as the figures might suggest, because millions of Americans have experienced record gains in the stock market, making their equity portfolios a substitute for traditional bank savings. Still, it should be pointed out that even here, many of the high-tech stocks Americans hold are over-valued and likely to be the subject of significant "readjustment" in the months ahead. Moreover, it should be noted that 90 percent of the gains of the stock market have gone to the top 10 percent of households while the bottom 60 percent of Americans have not benefited at all from the bull market, as they own no stock.

The point is, if countries of the European Union were to lower their current family savings rate from 8.8 percent to near zero, as the United States has, they could likely reduce their unemployment rate from 8.5 percent to under 4 percent. Millions of people spending money — on credit — would assuredly bring millions of additional European workers back to work to make the goods and perform the services being purchased on credit. But, following the U.S. lead would only result in a short-term fix and create the conditions for an even more profound

long-term period of economic instability when the extension of credit reached its limits, pushing consumers into default and the economy into a downward spiral, as occurred in the late 1920s and early 1930s.

- Hiding unemployment figures, incarcerating large numbers of male workers, creating a "just in time" work force, and extending consumer credit to grease the economic engine are all weak, temporary measures that, in the final analysis, will prove ineffective at dealing with the long-term rising structural unemployment brought on by increasing technological and organizational displacement of workers in the new economy. The twenty-first century will increasingly be characterized by a transition from mass to elite employment as more and more agricultural, manufacturing and service work is performed by intelligent technology. The bottom line is that the cheapest workers in the world — from the factory floor to the professional suites — will not be as cheap and efficient as the intelligent software and wet-ware coming on line to replace them. By the mid decades of the twenty-first century, computers, robotics, biotechnologies, and nano-technologies will be able to produce cheap and abundant basic goods and services for the world's human population, employing a fraction of the world's human labour in the process. Based on current and projected trends in the agriculture, manufacturing, and service sectors, in the year 2050, less than five percent of the human population on earth — working with and alongside intelligent technology — will be required to produce all the goods and basic services needed by the human race. Few of the CEOs I talk to believe that mass amounts of human labour will be needed to produce conventional goods and services in fifty years from now. Virtually all believe that intelligent technology will be the workforce of the future.

The great issue at hand is how to redefine the role of the human being in a world where less human physical and mental labour will be required in the commercial arena. We have yet to create a new social vision and a new social contract powerful enough to match the potential of the new technologies being introduced into our lives. The extent to which we are able to do so, will largely determine whether we experience a new renaissance or a period of great social upheaval in the coming century.



The End of Work

— The Decline of the Global Work Force and the Dawn of the Post-Market Era

by Jeremy Rifkin

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see also our **Rifkin Reader**

feature at www.jobsletter.org.nz/art/rifkin01.htm

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DIARY

US computer company Unisys is cutting 2000 jobs, 5% of its workforce.

13 December 2000

Queenstown is struggling to find workers to cover the frantic holiday period. Rampant development has led to a demand for hundreds of workers, says Winz spokeswoman Philippa Connolly. Fast food outlets are particularly crying out for staff.

14 December 2000

Japanese IT recruitment firm Access Technologies is setting up its global call centre in Wellington, initially creating 30 jobs and expanding to 500 jobs over the next three years.

The Government plans to increase the adult minimum wage by 2% to \$7.70 an hour, lowering the age of eligibility for the adult minimum wage to from 20 to 18, and increase the youth minimum wage to 80% of the adult minimum by 2002.

18 December 2000

Ministry of Education projections indicate secondary school rolls will exceed historic levels in the next 10 years, creating a need for an extra 400 teachers. Current intakes at teacher training colleges will be insufficient to meet the demand. Education Minister Trevor Mallard has authorised another advertising drive for teacher trainees in January.

20 December 2000

Manukau City mayor Sir Barry Curtis says the planned Highbrook Business Park in East Tamaki will create up to 15,000 jobs in ten years' time. He says the park will attract new-technology industries and other cutting-edge industries that are the future of employment in NZ.

US companies Aetna and Gillette announce that they are cutting 7,700 jobs.

21 December 2000

According to migration statistics issued today, the number of skilled people leaving NZ permanently in the year to November 2000 rose 53% to 4,429, compared to 2,890 for the year to November 1999. National immigration spokeswoman Marie Hasler says the statistics show the brain drain is speeding up.

- Also in Christchurch, Mayor Garry Moore and Dick Hubbard, the founder of Businesses for Social Responsibility (BSR), have launched a new programme designed to **link school leavers directly into office employment with the city's leading legal and accounting firms**. Ten year-12 and year-13 students have been awarded scholarships which place them with participating firms in the city for one year's paid employment involving training in office support and administration.

The **Employment Scholarship Programme** (ESP) has been developed and piloted by local lawyer Simon Mortlock. The "office support" position has been re-invented with on-site industry specific training modules. The Scholarship Recipients receive free tuition from the Christchurch Polytechnic Institute of Technology. Participating legal and accounting firms undertake to provide coaching, interview skills and introductions to other prospective employers towards the end of the Scholarship term.

- **Jo Wolfreys**, the ESP coordinator, has been liaising with firms, schools and students to promote the concept and to select the first scholarship recipients who will begin the programme this year. She says that although the official unemployment rate for the September quarter has dropped to 5.9% ... it is still very high for young people at one in six, or 15.7% of unemployed teenagers. Wolfreys: "We have targeted school leavers so we can facilitate a positive first year out of school — a year we coin the "golden year", not unlike the golden hour in trauma medicine, where timely intervention can really make a difference."
- **Shorter Working Week**. One year after the introduction of the 35-hour working week in France, the unemployment rate in the county is dropping, economic growth is steady, and the workforce seems happy. Patrick Bishop of the UK *Daily Telegraph* reports that working mothers, sports amateurs, travel agents and a host of others are benefiting from the Socialist-led government legislation. The five million workers so far affected have an average of **15 more days off a year** — more time for family life, hobbies, sport and travel. The traffic in Paris thins out dramatically in Wednesdays, a time when many working mothers spend a day off with their children.

The new working rules in France lay down a limit of 35 hour's work a week, initially in enterprises with more than 20 workers. In order to comply, employers have had to grant extra holidays. The measures will extend to small firms (with fewer than 20 workers) next year.

The reduction of the working week has **proved popular with the workers** — a recent survey has found that 80% of French workers thought the 35-hour week "positive or very positive for them personally". Employers seem to have accepted the new law, despite the arguments from those who felt that the new working regime would make the labour market even less competitive in the global economy. The French Employment Minister Elisabeth Guigou says that the measures have helped make last year **the best job-creation year in France for a century**.

— For an overview of how the 35-hr working week legislation works in France, visit www.frenchlaw.com/worktime.htm

- Meanwhile, the British government has conceded that their introduction of a **48-hour** week has **had no impact** on the long-hours culture of the British workforce two years after its introduction. The EU Working Time Directive was introduced in Britain in October 1998 with the aim of revolutionising working conditions by allowing employees an option of not working more than 48 hours in any given week without their written consent.

The Jobs Letter

DIARY

1 January 2001

Japan has unveiled an ambitious plan to transform itself into a leading internet nation and revitalize its economy. It plans to connect 60% of its population to the internet using the most state-of-the-art high-speed network in the world. The plan will require huge numbers of IT workers. The Ministry of Commerce estimates Japan has a shortage of 200,000 IT specialists.

3 January 2001

Bay of Plenty kiwifruit packing and storage company Eastpak announces a \$10 million expansion in Te Puke. The move will create about 80 seasonal jobs.

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The Diary is sourced from our media watch of New Zealand daily and weekly newspapers.

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A recent survey of 7,500 employees and 2,500 employers has found that one in nine full-time employees work more than 60 hours every week — mostly men with children. And one in eight regularly work both Saturdays and Sundays. Almost 50% of all workers put in an average of nine hours overtime per week, with four out of ten receiving no extra pay or time off in lieu for the additional attendance. The survey found that the most common reasons for working long hours were a temporary increase in the workload or a backlog of work.

British Employment Minister Margaret Hodge says there was **some surprise** in government circles about the findings. Hodge: "The 48-hour week directive has had less impact than we expected. We need to ask why it hasn't led to a greater change in presenteeism and number of hours worked. Presenteeism remains a strong British character and it is obvious we are all working too long hours, which is making us ill, less productive and is not supporting family life..."

VOICE

on PORTFOLIO WORK

"We know that work is changing radically and rapidly and not just because statistics tell us so. They do indicate that more and more people are experiencing a working life outside what we have seen as the traditional employment of full-time long service with a single employer.

"The traditional career path of a steady incremental progress up an organizational hierarchy has been threatened by the wave of "downsizings" and "delayerings" and the widespread disintegration of many places of employment in recent years. At the same time ever more flexibility is being asked of people in work, in terms of how many work, when they work, what they do and how they get paid.

"Against that background people like Charles Handy began to popularise terms like "portfolio" career to capture the emerging types of working lives for many people. Handy suggested that portfolio work is about plying a variety of your skills with a variety clients in a variety of settings, sometimes paid and sometimes not. It might be a package containing some or all elements of more traditional waged work, work for a fee, gift work (doing it for free), study work or home work (the kids, the cleaning). It is more difficult to say what it is than what it is not. It is not full-time or relatively secure work within a single organisational setting.

"Some say that terms like portfolio working are a cover for unemployment. I don't want to deny those commentaries that draw our attention to the devastation that has been caused to people by changes in work practice. But I do want to challenge the binary either/or thinking evident in some private thoughts and public policy which suggests that you are either in full-time work or you're unemployed totally. I also want to challenge assumptions that these changes in the world of work are temporary and that they are necessarily to be mourned. Portfolio working presents a challenge to just that sort of thinking.

"Undoubtedly many people who have moved into portfolio working have done so because they saw no other alternative at the time. In my research, there have been many stories of loss, betrayals, shattered hopes, broken promises. But let's also recognize that, despite such a beginning, many such people come to revel in portfolio work for its scope for personal development, its sense of being in charge of your own destiny, its variety, its freedom from all the "stuff" at work... Many people are choosing portfolio work as a lifestyle choice — they don't want to be forever mired in a single career setting. They want a lifestyle which offers scope to use their myriad skills and which can be balanced, invigorating and as restful or exciting as they want it to be."

— Dr Mary Mallon, University of Otago, speaking at the launch of the NEWORK Centre, Wellington, 21 November 2000

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To develop and distribute information that will help our communities create more jobs and reduce unemployment and poverty in New Zealand.

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