Review Essay:
The Transformations of Labour: Knowledge Work and the Legacies of the New Economy

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The discourse accompanying political-economic restructuring toward an “information society” since the 1970s has been thick with utopian conjecture, hyperbole, and exaggeration. This talk of democratic workplaces free of hierarchy, collective investment on the part of workers in the destiny of their companies, and the disengagement of economic value from labouring bodies culminated during the delirium of the New Economy period. Five years later, as the debris of that economic model is carted away, critical studies of the flexible economy, the 1990s workplace, and the varieties of knowledge work, or immaterial labour, fuelling these, have begun to add to our understanding of those delirious times and their legacy. What was the structure of the “new” economy? What kinds of labour became dominant within it? How were linguistic, communicative, and affective qualities put to work, and to what processes is that labour currently subject?

The books addressed here range from a macroanalysis of the New Economy and its close ties to deepening political and economic inequality (Henwood), to an examination of the restructuring of workplaces and the attempts to de-skill all levels of the knowledge worker hierarchy during the 1990s (Head), to a veritable anthropology of two new-media workplaces spanning the pinnacle and fall of the New Economy (Ross).

After the New Economy is Doug Henwood’s third book. The editor and publisher of Left Business Observer and host of a widely followed critical radio show, Henwood has been following political-economic trends and theoretical debates
closely for a couple of decades. Here he offers an attempt to cut through trium-
phant discourses on the New Economy in order to better grasp exactly what
effects this economic model has had on the American population. Such a project,
Henwood concedes, is hardly easy: such discourses are products of “fantasy,” and
as such, “notoriously immune to rational refutation” (Henwood, 2003, p. 6). Due
to this, the author offers up carefully documented economic analysis using a nar-
rative tone that mercifully avoids the pitfalls of a dull refutation, employing wit
and irony in a reconstruction that is reasonably simple to understand for the unin-
iated and still enriching for those already familiar with the political economy of
neo-liberalism.

The book’s first chapter is devoted to a survey of the claims put forth by
prophets of the New Economy (from guru George Gilder to Federal Reserve
Chairman Alan Greenspan) and the task of problematizing them. Henwood makes
short work of such myths, underscoring, for example, the continuing statistical
relevance of allegedly vanished industries such as manufacturing. Yet pundits and
economists are not Henwood’s only targets. Demonstrating some versatility, he
maps the spread of New Economy tropes into the work of theorists such as Jean
Baudrillard and Manuel Castells.

The next two chapters take on the topics of work and income, analyzing some
of the qualitative and quantitative change s that occurred in these areas in the
1990s. Within the sphere of work, Henwood casts doubt on the notion that pro-
ductivity increased at the dramatic rates it was claimed to have (many of the gains
were made in the supposedly obsolete realm of manufacturing) and looks at what
kinds of jobs are being produced. Thus he finds that the legacy of the New
Economy is an undeniable bifurcation in employment, as the American economy
“produces a fair number of high-end jobs, a lot of low-end jobs, but not much in
the middle” (p. 74). This split has had its predictable effect on the distribution of
wealth in the United States, which is painstakingly examined. At the dawn of the
twenty-first century, Henwood suggests, incomes are distributed more unequally
than at any time since the early 1930s. Here his nuanced gender- and race-based
analysis illuminates the persistence of structural oppressions within the New
Economy. Poverty, far from being on its way out, remained an endemic feature of
the New Economy.

The strength of Henwood’s book does not lie in statistical analysis, however,
though as this may be. Rather, it is in the rendering of such data into a coherent
theory of the New Economy and the causes of the shift toward an “information
society” (or, as some prefer, “post-Fordism”). Eschewing the more orthodox
propositions of the anti-globalization movement, the author suggests that this
phase of human history is to be welcomed, rather than proposing a less-than-
helpful nostalgia for the era of imperialism. Here Henwood’s analysis adopts the
position of autonomist Marxist theorists such as Antonio Negri, Paolo Virno,
Franco Berardi, and others, suggesting that the cause of capital’s restructuring is
to be found in the cycle of unrest that swept the world during the late 1960s and
1970s. Faced with the unruliness of wildcat strikes, student movements, and
movements of national liberation, capital’s answer was to heavily increase its own mobility, restructure production processes toward a leaner model, and rely much more heavily on financialization and stock markets. Henwood traces this shift brilliantly in the last chapter, suggesting that a survey of the rollercoaster ride of the markets through the 1980s and 1990s must perforce begin with the “financialization of everything” (p. 191). The inexorable rise of the quantity and variety of financial assets and the vertiginous speeds at which they are traded found its greatest expression in the telecommunications industry, where, “given a license to merge and speculate almost without limit by the Telecommunications Act of 1996, the industry, blessed by Wall Street, went on one of the great sprees of all time” (p.196).

If Henwood’s broad brush traces the contours of, and the divisions within, the New Economy, Simon Head’s work, offers an equally vital look at what labour has become amid such transformations. Writing from within a tradition sociologists will find akin to that of Harry Braverman, the author explores the question of how it could be that during the 1990s the real wages of working people remained flat or barely rose, even as the corporate world appeared to produce profit out of nothing. The answer, pursued relentlessly throughout the text, is a simple one for Head: de-skilling.

Such a notion certainly verges on heresy in a world awash with talk of worker participation, autonomy, and the rewarding of creativity. Yet for Head when one looks a bit closer, at the heart of the “New” economy are practices already a century old: standardization, measurement, monitoring, and control—the four pillars of Frederick Winslow Taylor’s philosophy of scientific management. To demonstrate this, Head takes us back to the early nineteenth century and the roots of mass production. His historical analysis here is fruitful, tracing the development of the division of labour and standardized components from the breakthroughs achieved during the 1820s and 1830s, through the further conjoining of machine tools and unskilled labour brought about by Taylor, to the mass application of the assembly line in the automobile industry by Henry Ford.

Rather than there having been a break between two models of capitalist production, Head suggests in chapter 3, careful historical analysis suggests regular rounds of intensification of the techniques of mass production. For example, from the moment General Motors outstripped Ford in the United States, greater flexibility was introduced continuously into production plants that nonetheless remained Taylorist in nature. If the U.S. automobile industry lost its lead to the Japanese manufacturers in the 1970s, scientific management certainly did not disappear with the arrival of the much-vaunted “Toyotist” production model.

Instead, Head suggests, if one must speak of a revolution in production during this period, a whole other sector, and a different kind of worker, must be observed. It is in the service sector, that sprawling domain of the “knowledge worker,” where Head finds that the application of Taylorist methods is re-organizing the domain of cognitive, communicative, and emotional labour. A brief genealogy of this process leads us back to William Henry Leffingwell. Taylor
systematically denied manufacturing workers what little control they had over the labour process, and Leffingwell sought to extend this process to the growing population of knowledge workers in the 1920s. While his vision of the factory-office met with limited success, others picked up his project continually in the 1950s, 1960s, and 1970s. Head acknowledges that white-collar labour is far less amenable to Taylorization than manufacturing work. For Head, it is information technology’s “prodigious powers of measurement, monitoring, and control” that have played a vital role in submitting brainwork to this process (Head, 2003, p. 69-70). While today’s workflow architects prefer the term “reengineering” to “scientific management,” the project, Head argues, is one and the same.

Where do we see evidence of this? Head offers us two detailed case studies in this book. The first is of call-centre workers, who play a pivotal role in the “customer relations factory.” Head’s research here is superlative. In addition to spending time with workers at a call centre in a small Iowa town who were trying to unionize through the Communication Workers of America, he has extensively reviewed the call-centre trade literature. What emerges is a glimpse of a hidden industry and the precarious lives within it. This is a world where communicative interaction is dictated by software trees, bathroom breaks are timed, and conversational performance is monitored upon pain of dismissal.

Head’s second case study is of the “managed care” transformation of medicine, whereby the vital work of doctors in the United States is being transformed according to now-familiar principles. This is an acute example of re-engineering’s “vertical mobility” (p. 117) for Head. As employers have looked around for ways to cut down on health care benefit costs, the managed-care organizations that have taken over have restructured the ways in which the doctor–patient relationship must play out. The net result of health care consultants’ move to “create healthcare Toyotas” (Donald Berwick, cited by Head, p. 125) is that doctors’ control over the kinds of care they can offer to patients has been reduced drastically. As Head demonstrates, the lead role in deciding on forms of treatment in managed care is being played increasingly by software systems, employed by an industry that has become an accumulation of “meanness, heartlessness, and putting the bottom line ahead of the patient’s welfare” (p. 122).

Is this generalized dependency the whole story of the current status of knowledge, of the New Economy legacy? Is it possible that the relationship between knowledge and labour may not be as simple as the de-skilling school suggests? There were, after all, sectors of the New Economy where living labour held all of the knowledge and managers lagged behind awkwardly. It is with these questions that Andrew Ross’ study adds complexity and texture to our understanding of the forms of work characterizing our time. His is an exploration of the micropolitics of the New Economy, a situated analysis of knowledge, labour, and creativity as manifested in the new media companies of New York’s Silicon Alley.

Ross’ research took him, during the apex of the New Economy madness, to two companies—digital consultancy Razorfish and content provider 360hiphop—where the employees appeared to be of a completely new breed. Ross names
them “no-collar,” a term that underscores the deep differences between them and the white-collar work force discussed by C. Wright Mills. It is these employees who offer capital’s hopeful counterexample to the working grotesque worlds of those commanded and spied upon by software. As Ross suggests, here “managers with no experience in this new media sector had little choice but to forego control and cede power to the thinking hand of the employer at the console” (Ross, 2004, p. 12).

Central to the workplaces Ross describes, and thousands of others during that special time, was a more “humane” ethos—a company life of work as play. His extensive field research (16 months at Razorfish and 6 months at 360hiphop) and hundreds of interviews yield a narrative richness through which the “no-collar” self-understanding comes to the surface in all of its ambiguity. As one Razorfish manager says, these workers “don’t understand themselves as laborers” (cited on p. 32).

Ross takes us on an enthralling trip through the lives of these workers, beginning at that magical time when it genuinely appeared as though new economic laws were in effect and new employee relations were being forged as a result. We go to the legendary Razorfish staff parties, the all-night raves with a Razorfish employee as DJ, and the burlesque club owned by another employee. It was these employee qualities, ones that were external to the Fordist world of work, that Ross so incisively suggests became enlisted in the service of salaried time during the New Economy. An employee was, for a brief moment, no longer interchangeable with others—the entirety of an employee’s subjectivity, of his or her singular capacities and talents, was plugged into the New Economy company.

Ross renders the eventual fall of the spirit fuelling this world thoughtfully. The no-collar fable was destined to end, and as the employees of the New Economy companies who survived the implosion discovered, the “humane workplace” may have been a part of that fable. When the bubble burst, companies like Razorfish realized that Wall Street now commanded them (had it not always?), and employees awoke to the realization that their fantasy of not working for “corporate America” was just that.

The process behind both the rise of the no-collar mentality and the limits of its extension is what Ross describes as “the industrialization of bohemia.” For the story of the New Economy, the author suggests, is also a story of urban gentrification: the transformation of bohemian, artist, and working-class communities into business zones for ascendant new media companies. In the process, the subjectivity of the artist itself was transformed, swallowed whole by an economic model that (at least temporarily) ran on affect just as much as on surplus. As Ross points out, “the traditional situation of the artist as unattached and adaptable to circumstance is surely now coming into its own as the ideal definition of the flexible knowledge worker” (p. 144). The no-collar worker, therefore, experienced her “adolescence” during the New Economy. It is left to our time to see whether such a worker is allowed (by the processes Head and Henwood describe) to reach
maturity without the idiosyncrasies of the economic model that sustained this figure's emergence.

These three books are welcome additions to the fields of labour studies, communication studies, cultural studies, political economy, and beyond. Together, they offer an initial sense of the macrotrends and micropolitical relations that characterize knowledge work in our time. They cannot certainly give us a complete sense of the New Economy and its legacy, but for the readers of this journal concerned with the political economy of, and labour within, the “information society,” they form a tremendously useful departure point.