Conferences

Education and work: the great upheaval

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The field I wish to examine here is located upstream from the "macro" level as it is defined by Claude Lessard. It examines the relations between economic and political aspects in the management of employment and education.

I will base my examination on two considerations. The first is that what is free is not included in economic calculations. Therefore, it is in the nature of capital accumulation to exploit what is free — human as well as natural resources — until its exhaustion places economic growth at risk. Only then do we start worrying about preserving and developing the resource. The second is that with each transitional phase on capitalism's road to a new and stable regime of accumulation, the drive to profit has come up against obstacles in the form of labour; and at each of these phases, capital has resorted to the State in its attempt to eliminate the obstacles. It has always had at its disposal theorists — economists — ready to equip politicians with the necessary ideology and social engineering technology. Taking these two considerations as my starting point, I'd like to offer you a brief historical overview of the conditions imposed in this way on work and education. In my view this is a necessary preliminary to an analysis of the connections between economics and politics which dominate the management of labour in the current period, which my colleague Michel Beaud has called "the great transformation" of the world. I shall do this in four stages.

I. The first stage is that of commercial capitalism, which first emerges in the 17th century. At this stage profit is generated by the circulation of goods, i.e., exchange. The key is to buy cheap and sell dear. But buy from whom? From pre-capitalist producers of course — what we now call the traditional sector — or in other words, from peasants and artisans. But the output of these peasants and artisans stagnated, while they organized themselves into communities or corporations. It was therefore necessary to increase the number and the skills of the producers; and therefore the traders, by intermediary of the mercantilists, had to make appeal to a stronger political power, and this favoured the ascendancy of the Nation-State. Under the ideology championed by the mercantilists, the "prince" was now the head of the public company, the owner of all the resources in the territory. It was the mercantilists who coined the term "human capital", which etymologically means human "livestock". They were also to give the despots, "enlightened" at their expense, the social engineering technologies for the management of human resources. Their monetary perspective of human capital led to the formulation of a series of derivative policies: covering demographics, migration, health, education, innovation, even the first model for education geared to the needs of the economy — a model which would be rehabilitated by the USSR in the 1920s, and later by most OECD member countries. The problem is that these policies met the resistance of small producers and traders from the traditional sectors of the economy, which clung to the securities offered by property and corporatist forms of organization.

II. This resistance could only be overcome by the direct penetration of capital in the production of goods. For this second stage — that of liberal industrial capitalism — it was first necessary to strip the small traditional producers of their means of production, concentrating ownership in the hands of the industrialists and consigning the producers to wage labour. Thus the Inclosure Acts passed by the UK parliament simultaneously permitted the constitution of agrarian capital and forced legions of "bare arms" to take to the roads, an event which lay at the foundations of British industrial development. Similarly, in France the Le Chapelier act abolished the corporations. Once these measures were taken, what did the representatives of industrial capital (via their mouthpieces, the classical economists) now demand? That the State refrain from intervening on the employment market, that it strictly limit its action to its sovereign responsibilities, with one added function: that of assuring a basic education for the populace. Why? Was there a need to bring new knowledge, new skills to this population of wage-earners? Evidently not. The idea was, on the contrary, to deprive it of its former abilities, the better to submit it to the rhythm of machinery. The principal object of this education was therefore to instil in its recipients respect for the principles of punctuality, obedience etc. — those favourable to economic efficiency and social stability.

That said, the traditional sector survived throughout the course of the 19th century in Europe. And under the new accumulation-based regime it fulfilled two contradictory functions. The first was to perpetuate, at no cost to capital, the labour force — that its children be raised and its needs be met in illness, unemployment and old age. An example of this situation is to be found in present-day China: it's thanks to the survival of a traditional sector that salaries there are still low and that millions of workers can still be sent back to their fields in the event of recession. But this persisting traditional sector also has another, opposed, function: it allows workers to put up a certain amount of resistance to the conditions imposed by employers. In the 19th century, one of these factors of resistance was knowledge. For industry needed not only undifferentiated labour, but also people capable of designing machines and directing work; and these abilities came from the artisan class. And so these highly-skilled workers found themselves in a position of strength relative to company management, which controlled trade and finance but not production.

And so, by the end of the 19th century, we begin to see efforts to reduce this resistance by incorporating skills into capital: this was the object of Taylorism, which, via the intermediary of the planning offices which concentrated and rationalized these skills, made it possible to bring the entire workforce to heel. One obvious outcome of this was a rapid increase in productivity. But salaries remained very low, and the conditions were soon in place for the successive crises of overproduction which, like the crisis of 1929, found their resolution in the drastic devaluation of capital and the wholesale destruction of material and human wealth.

III. The third stage is that of the nationally-confined capitalism which hit its peak in the years following the end of the Second World War. Trans-frontier movement of capital in these years was very limited. Consequently, the ability to generate increasing profits lay in the Keynesian-Fordist model, i.e. mass production which found its outlet in mass consumption on a national scale — by the workers themselves. Once again the State was required to put the necessary conditions in place. For mass consumption first: and it was at this moment that the pre-capitalist economy disappeared from the developed countries. The traditional economy was no longer able to sustain the out-of-work reproduction of labour. This reproduction therefore had to be insourced; it became the job of the Welfare State to provide wage-earners with safeguards at least equal to those enjoyed under the older entitlements of ownership and rights of use. For wage-earners, these new safeguards took the form of social protection systems (covering family risk, unemployment, sickness, old age), the right to work, the institutionalization of collective labour agreements etc. For mass production, political intervention was also required because of the intense shortage of skilled labour. And since there was also a shortage of unskilled labour, young people leaving obligatory schooling could immediately find a reasonably well-paid job. To encourage young people to persist with their studies, education had on the one hand to be free, and on the other to offer attractive and dependable job prospects at the end of the line. It was in the interests of the employers, then, to collectively contribute, in the form of taxes, to the development of school education. At the same time, insofar as they strove to hang on to the (scarce) labour they managed to recruit (lifelong employment, tenure-based remuneration etc.), it was in their interests for each to finance on-the-job adaptation. These conditions were evidently very favourable to the emergence of a significant demand for education.

This was the period when the "human capital" economists of the Chicago School proclaimed education as the principal driver of economic growth. In 1961 at its Washington congress, the OECD — now a champion of neo-liberalism — offered the educational policies of France and the USSR as examples for the world to follow, in terms of the public funding they allocated to all levels of education and the centralized planning of their education systems. These were the years of the "education explosion", which by the 1970s had led to a glut of graduates, far in excess of the immediate needs of capital.

This surfeit would have been very favourable to accumulation if it had affected the cost of labour. But it was prevented from doing so by wage barriers in the industrialized countries, while restrictions on the movement of capital prevented surplus skilled labour from moving abroad.

IV. With profits falling in the 1970s, the neo-liberal economists saw the liberation of capital — allowing it to circulate on a planetary scale — as the answer to the problem. Insofar as it sanctioned productive implantation decisions whose effects are immediately global, deregulation effectively allowed capital to bring different territories and their immobile elements (workforce, institutions) into competition in their efforts to attract and retain capital. The country rankings published every year show what it is that makes a country attractive: (i) low taxes on profits and higher revenue brackets, which leads to so-called "budgetary constraint", (ii) a low public expenditure: GDP ratio, which means reduced financial burdens in terms of social expenses and the payroll overhead they represent (education, health, pensions etc.), (iii) lower labour costs due to poorly-developed social protection systems, (iv) immediately productive labour ("skills") at no expense to employers, and (v) freedom for capital to penetrate areas of the economy which had previously been public and non-commercial, especially education, where there is emerging a transnational education "industry", whose profitability depends on the one hand on the potential for increased productivity on the Taylorist model (computerized integration of educator skills), and on the other on the creation of an education services market.

The neoclassical model provided this project with an ideology: that of competition among agents subject to the laws of the economy. In education, the assimilation of this ideology has been less a question of educational content than of how to gain access to this content. The individual, who pays for his studies by taking out a loan, is forced to do his sums — which leads him to act as the financial manager of his own limited human capital, and to consider himself as exclusively responsible for the outcome of the investment. The neoclassical view also offers governments a social engineering blueprint: the New Public Management paradigm, transposed from the shareholder-driven corporate governance model. Like a "hollow" corporation, whose assets are contracts not factories, the State's job is to hold the rudder, not row the boat. Thus the agency model, with each agency setting its "operators" earnings targets, entrusting their supervision to independent bodies, and subjecting them to performance-based remuneration. If this model is to work, the operators have to be autonomous, i.e. "free" to pursue as efficiently as possible the objectives imposed on them. It is therefore an instrument for increasing state power, with the exception that it is also operates at supranational level: the open method of coordination of the European Union and the benchmarking of national performances by international organizations are derived from it.

In many countries, the experiences accrued over a quarter of a century of subjection to neoclassical principles in the domains of employment and education now allow us to evaluate the model:

1. It is highly efficient in exploiting available skilled labour and placing education and research at the service of the immediate needs of the economy.
2. It is incapable, however, of ensuring the replenishment of stock. The rise in the cost of education combined with the falling incomes of the educated middle classes has produced a scissor effect. The shortages emerging — in the public services in particular — were originally offset by importing foreign skills. But the emerging countries are now hanging on to their graduates, while increasing migration from poorer countries to richer has produced a "musical chairs" effect that leaves universities at the end of the chain drained of talent.
3. By reducing the contribution of labour and by polarizing revenues in a GDP whose growth depends massively on consumption, the neoclassical model is largely to blame for the current financial and economic crisis. Subprime lending was a way of stimulating consumption by offering credit to households which were unable to repay. In the United States, the student debt crisis, which is a reflection of the same logic, is on its way to becoming as severe a problem as the credit crunch.
4. In every domain where competition is anchored in benchmarking or in the obligation to deliver certain results, the effect is an increasing sameness of behaviour, to the detriment of creativity and the freedom to imagine new solutions to problems.
5. In the current recession, the extension and reinforcement of the New Public Management model poses a danger, because while politics still largely operates in a national sphere, the economy is now global. Competition may therefore exacerbate the mechanisms which have led to the crisis.

In a recent article (*Le Monde*, 25 January 2008), Alain Supiot reflected on a Chinese government spokesman's description of the current rapport between politics and economics as a "communist market economy": "built on the shared foundations of capitalism and communism (economism and abstract universalism), this hybrid system takes from the market model the competition of all against all, free exchange and the maximization of individual utilities, and from communism it takes "limited democracy", the instrumentalization of law, the obsession with quantification and a total disconnect between the fortunes of managers and managed".

Those in danger of being swept away by this great upheaval might nevertheless like to recall the formula given by Dupuy in his *Pour un catastrophisme éclairé*: *"The pessimism of the reason should be at the service of the optimism of the will"*.

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