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#353: From Proletariat to Precariat: Navigating Uncertainty in a Globalised Economy

VOICEOVER

This is Up Close, the research talk show from the University of Melbourne, Australia.

ELISABETH LOPEZ

Welcome to Up Close, I'm Elisabeth Lopez.

The latter half of the twentieth century has seen millions of people lifted out of poverty, and it's a truism that each generation expects more prosperity and security than the last, but the global financial crisis and globalisation have delivered some deep cracks to that expectation. Since earlier this decade economists and labour historians have been describing the rise of the precariat - people in a permanent state of intermittent, or underemployment buffeted by forces such as deregulation, fiscal austerity and the decline of collective bargaining.

Our guest on Up Close, is a labour historian who suggests there's more than a passing resemblance between the low-wage global workers we see today, and the indentured so-called coolie labourers, who toiled in factories, on plantations and at sea in the nineteenth and twentieth centuries. Professor Leon Fink is a specialist in American labour and immigration history at the University of Illinois at Chicago. He's the author or editor of a dozen books. Most recently, *The Long Gilded Age: American Capitalism and the Promise of a New World Order*. He's also editor of the journal, *Labor: Studies in Working Class History of the Americas*. He's visiting the University of Melbourne to deliver a public lecture on neoliberalism and social democracy.

Welcome to Up Close Leon.

LEON FINK

Thank you Liz.

ELISABETH LOPEZ

Leon, let's start with this emerging group - the Precariat. We're living in a time of

incredible disruption and even CEOs are seeing their tenure decline in recent decades. Is the precariat a particular group of people, or is it all of us? We're just one accident away from this state?

LEON FINK

I think it's become an encompassing category. I think it's not something that is as a descriptor

new on the historical stage. I think if you go back to the novels of Charles Dickens - the working classes, the labouring people of the Dickens novels, or other nineteenth century realist accounts, are filled with characters who would fit today's precariat in many ways. The difference is that over time, roughly the late nineteenth century through the post World War II years, we've come to think about a progression. A kind of Whiggish progression in historical studies from periods of a labour situation of unfreedom, particularly slavery and serfdom, through free labour, and then beyond merely emancipation into a free labour class.

The expectation and development for masses of workers, beginning with skilled male workers, but then extending beyond that, at least aspirationally, to a much more secure working class - one that was protected from the worst ravages of violence, a lack of safety, total lack of security to a position of labour standards. What some have called the standard employment contract - a voice on the job through collective bargaining and union rights. That expectation is what's been eroded in recent years and that's led, I think, to this notion of precarity.

ELISABETH LOPEZ

We're probably talking about an interruption in a long line of precariousness that was brought about by two cataclysmic world wars, and a new social contract that emerged from that in which worker rights and standard employment - the eight hour day. That sort of thing had a brief period of ascendancy.

LEON FINK

Yes, it only looks brief in retrospect, because it seems to have been quickly eroding, but we're talking about from the period of the mid nineteenth century through early to mid 1970s, depending on where you look. We should also take into account that this notion - this Whiggish view of improvement of a move toward standards and greater voice, and even power for organised workers, and welfare for most of the labouring class always had its geographical boundaries and limitations.

ELISABETH LOPEZ

We're really talking about developed economies here.

LEON FINK

So, exactly and the industrial world we're talking about and that is important when we talk about what are the changes that are happening today.

ELISABETH LOPEZ

When you say Whiggish, what do you mean by that term?

LEON FINK

I guess I'm using it?

ELISABETH LOPEZ

Opposing it to a Tory view of history?

LEON FINK

Yeah, that's right. I'm using a British concept associated with progress. A progressive view that is - that one generation looks forward to a better life than the last.

ELISABETH LOPEZ

Which seems to be some sort of innate human mechanism, but history might show otherwise, especially at the moment.

LEON FINK

Well, I think it's deeply rooted in western assumptions, but I think it's for a lot of working people, and for - when we look at the situation of workers, or income it has to be complicated. We have to complicate that assumption today.

ELISABETH LOPEZ

You've written about the history of merchant seaman from the early nineteenth century to the early twentieth century. What about these marginalised groups in the past can be drawn to tell us about what's happening today?

LEON FINK

I think a great deal. On the one hand it's a particularly relevant group because their occupation always involved them as global workers.

ELISABETH LOPEZ

You called it the first globalised industry.

LEON FINK

That's correct. That is, their very livelihood depended on crossing national boundaries and the workforce itself was always recruited across national lines. So, as a work group they were experiencing the global marketplace from the beginning, and as a work group they also then faced the challenge of the separation of labour not just by class, but also by ethnicity and nationality and race. So their experience, which ultimately I think, is a rather promising one. Their experience does hold up an interesting model for other occupational groups.

ELISABETH LOPEZ

In what sense?

LEON FINK

In the sense that the seafarers take the long view - move from a position of unfreedom. Really, they were not even incorporated into that Whiggish trajectory until, really, the late nineteenth century, and twentieth century there were martial discipline, including flogging, including imprisonment for leaving work. They didn't have the right to quit even, like other workers, really, until the early twentieth century in most places. Yet, they did show a capacity to organise as a national groupings, then as cooperative workplace groupings across national boundaries. So much so, that by the post World War II period they had the most effective international union federation that they were a part of - the International Transport Workers.

Together with dock workers, or what Australians call wharfies, they put together a very powerful block of working class activity that was able to confront one of the biggest technological developments in that time. The flags of convenience that were used by shippers - the shipping magnates of the world turned to weak states - Liberia, Panama as registries, and thus escape taxation, and regulation and wage standards of the host countries, who usually the ship owners were effectively more western powers, like Germany, or Greece or Scandinavia. But, these flags of convenience evaded that up until the union federation internationally was able to by the threat of massive boycotts in ports around the world, was able to corral most of the world's - especially larger shippers - to sign labour contracts. Unlike the notion of a so-called race to the bottom the seafarers and dock workers together showed a capacity for a race to the middle.

ELISABETH LOPEZ

So, this push back against things like flags of convenience was taking place in the 70s, or right up until the present?

LEON FINK

This push back began in the post World War II era, mainly in the 1960s. It stalled for a while and then caught fire, most effectively, in the 1990s when things were falling apart for other union groups. I don't want to be Panglossian, or overly optimistic on this, because in the case of seafarers, on the one hand employment followed the trends in other places, whereby there was just in the industrial world, there was outsourcing to cheaper labour countries, like China, or Vietnam or India. In a lot of areas of production, or industry - the same in shipping, in particular Filipino labourers became the single biggest employee group, for their both relative cheapness, and for the fact that they didn't speak English.

The story didn't end there. So, you did have beginning in the 1970s the escalation, or the dramatic increase, in the number of third world workers as seafarers, simultaneous to a de-skilling of much of the work, but rather than simply find a bottom-level market, the combination of labour power through the unions, both the docks and on the ships, forced a standard - a kind of bottom-level wage that has prevailed.

ELISABETH LOPEZ

Is it a different story on the docks? Technological change has really revolutionised the way in which - or the speed at which you can unload ships for instance, and that's decimated the land-based work force in shipping.

LEON FINK

It's a different story, but again, it's a little complicated. The containerisation, and effectively the automation of dock work - replacing the old stevedores has meant that there's a need for many fewer workers on the docks than there once were. On the other hand, the workers who remain - most docks in industrialised countries are still strongly unionised. The workers who remain do very well. So, the unions as a whole - dock worker unions have cash. They don't necessarily have many members, but they have still influence. There have been tendencies to create ports of convenience - to create entire new non-union ports when that's a threat, but it hasn't gone that far in most places.

ELISABETH LOPEZ

So, now we're seeing the globalisation of entire industries outsourcing - international outsourcing of business processes, and services we thought once would be inexorably and forever tied to the nation in which the company might be headquartered. What sort of precarious classes are we seeing emerging? Is this a phenomenon now really dominated by young people?

LEON FINK

We talk about precarity - it's interesting that the literature tends to jump between two different groups. One group are the world's new proletarians, that is, in the centres of today's production, particularly Chinese and Indian workers, and other third world production centres, who have not yet realised the gains, or the level of security and protections that western industrial workers took a century to gain for themselves. But, they're precarious in the sense that they're entering a workplace which gives them still limited power and influence. Albeit sometimes a better standard than they've escaped, particularly from rural areas. That's the apology often given by more so-called liberal, or bourgeois, or capitalist interests. This itself is progress, because these people are themselves improving in their lives.

My point is just that this group is one area that we can talk about the problems of precarious workers. The other big group really is in the more developed world. What's happened to the producing classes in the areas that were once dominated by collective bargaining, and the welfare state. In these areas we see just a continuing slippage of security, and particularly hitting the younger generation, both by the spectre of unemployment, and the spectre of underemployment and casual labour with less secure pension and other benefits.

ELISABETH LOPEZ

And young people living from internship to internship.

LEON FINK

Absolutely, even in the academic world in the US adjuncts. In the world of, even, students - in the US students take on incredible amount of loans, and then face the very uncertain prospect at the end of their university career as to how they're ever going to pay it off. One commentator has even talked about indentured students. We can even talk in terms of the reach of precarity, I think, to people whose future is mortgaged for extended period to interests outside their own - to other powers. I think we can even talk in this respect of indenture countries. An example of Greece comes to mind, where the entire national edifice - the entire decision making institutional body of the country is relatively powerless in relation to forces outside itself. So, we can talk about indentured or coolie countries.

ELISABETH LOPEZ

Coolie countries - what are they?

LEON FINK

Coolie derives from the notion of indentured labour, or as a pejorative, kind of, racialised pejorative attached to the labour of Chinese and Indian workers, in particular, who succeeded slaves as producers in colonies all over the world - the Caribbean, Asia, Africa. The primary constraint that they faced - supposedly they entered, unlike slaves into voluntary contracts.

ELISABETH LOPEZ

But, often they were victims of human trafficking, right?

LEON FINK

Often, there was forms of coercion, or else it was simply they had no alternatives economically for their own survival. Some were dragooned. Sailors were classically loaded up from boarding houses onto ships, but be that as it may, even when it was voluntary - the point is that their contracts that they signed committed them to labour often for extended periods without exit. Exit was cause for imprisonment or worse. It was a form of unfreedom - unfree labour. The point is that it appears from the impact of today's rising inequality, and particularly debt, that many workers are entering forms of unfreedom that are at least reminiscent, and also different in important respects from this older cooliedom.

ELISABETH LOPEZ

On Up Close, we're talking with Professor of History, Leon Fink of the University of Illinois at Chicago about the global crisis of worker welfare.

Leon, when we're talking about the precariat, can we pin this down to, particularly the goods or services, or skill sets that are more affected.

LEON FINK

On the one hand, it's easy to point to processes that have affected goods production, for example. Technology, automation, dilution of skill, which has made for cheaper workers, or the replacement of once valued experienced workers by less experienced. In the areas of service, I think it's interesting that there we see

examples of outsourcing, even in areas of work that were not previously anticipated beginning with call centres in India, but extending to banking services, and others that were assumed to be impregnable from their national base. There probably are some areas of work that are less open to - at least to - the global labour marketplace, particularly, in food services and health. Although, even there - I mean people - hospitals tend to be localised, but even there we see examples of some migration of services across national boundaries.

So, in particular, with precarity when we talk about dissolution of geography, or geographical limits to labour markets, which is one of the core aspects of precarity. It's not clear that there's much limit to that anymore. The various advances in technology, and transportation and communication have eliminated more and more geography, or geographical limits as the defining centres of production or services. So, between the internet, containerisation, deregulation of airfares, and so on, you can not only make, but process almost anything, anywhere.

ELISABETH LOPEZ

What sort of impact is the fact that we have massive numbers - 60 million people who are refugees around the world - having on this potentially mobile labour force that is very vulnerable to exploitation?

LEON FINK

Well, I would say that we can even talk about categories among the precarious, and probably near the bottom would be stateless refugees. In the worst cases, we can also identify cases of human trafficking, which are the closest thing we have to slavery today.

ELISABETH LOPEZ

So, the ILO estimates there are at least 21 million people around the world who are victims of human trafficking for forced labour, or other even more nefarious purposes.

LEON FINK

Yeah, so these people are probably more constrained than almost any other group, because linguistically, politically, economically they have very few resources that they can appeal to. I think that raises another arena of needed change, which is immigration reform. Even as production and enterprise has become a global phenomenon, one of the anomalies is that we've maintained total national state controls over the migration of people, which puts everybody in a bind. Surely, if we're going to sacralise a free market in capital and goods then we have to create rights of passage for people as well.

ELISABETH LOPEZ

Leon, flexibility comes in for a lot of criticism from labour historians as the outcome of a neoliberal ideology that is eroding worker security and entitlements. On the other hand, the business world sells it as something that a lot of people want, especially women, for instance, with caring responsibilities. What's your take on flexibility in the rise of it? Is it possible to have flexibility without leading into precarity?

LEON FINK

I think it is, and I think if we went back a bit in time we would see that flexibility was on the agenda of the most progressive groups of organised labour, in fact. We often think it's labour against flexibility, or it's the union cab drivers against Uber, for example - contemporary example. But, if we went back to the latter days of the era, that - called the age of compression, or the post war boom. I call it the age of compression, or I'm drawing on that term, because that period between, basically, World War II and the mid 70s saw the greatest contraction of inequality in the world. It was a compression of inequality, particularly influenced by the political pressures from the unions, and from social democratic parties at the political level.

But, in that age of compression, by the 1970s at the high point of organised labour in the western world, it's not as if workers were entirely satisfied with the world they were in. On the contrary, their complaints though had turned from a preoccupation with the most basic material ends of wages, and hours and safety to a concern with the quality of work. What was work itself like? Was it fulfilling? Could it be done better? Could the community - the relation of work and non-work, work and leisure - could we reach a better balance?

Those were the issues that were on the agenda in the 1970s. To take - example the seafarers - the seafarers' union publication is filled with preoccupation with quality of life on the ships and a better work/leisure balance. This also included the beginnings of the influence of feminism on the workplace - that it should be, not just geared to a male breadwinner expectation of who could do the work, but that we should bring women into the workplace. This was beginning to happen in the 1970s.

Indeed famously, Maoist China - they claimed they had an entire ship just outfitted by women, but this was an example of the advances of that period. Alongside that was a concern with flexibility - that the workday should be accommodated to people's needs, and that part-time work should be possible and family leave. That was within the framework of the so-called standard employment years. So, I think it's a rather false dichotomy today to set aside flexibility, versus a more rigid union contract. The problem is who's in charge? Who's setting that agenda?

ELISABETH LOPEZ

Are these quite distant aspirations for precarious workers in developing countries? How are precarious workers different in developing countries as opposed to say, Southern Europe or the United States?

LEON FINK

It's a good question. I think that obviously, one's own background conditions the notion of expectation and grievance. So, from that point of view, it's possible that workers might have different ultimate expectations, or put up with different conditions depending on what they think they're entitled to by custom, by political tradition. On the other hand, it's clear that workers in the global south - China or India, are responding in remarkably similar ways to the ways that industrial workers have in the west. Waves of strikes, for example, in the Chinese auto factories, particularly

against the imposition of a two-tiered labour system in China factories where they had one stable, relatively well outfitted group that's being challenged by informal workers who are not under the same contract terms.

The same in India, with a pretty good system of labour laws and standards established even in the Indian constitution of 1947, which in many ways looks like that of Australia. That is, the Indian system engaged notions of compulsory arbitration, but just as in Australia, compulsory arbitration has come under severe pressure, so in the case of India, particularly under the recent regime of Modi.

ELISABETH LOPEZ

You're on Up Close, and we're discussing the rise of the precariat - low-wage global workers and their roots in earlier marginalised groups of labourers. Our guest is Professor Leon Fink of the University of Illinois at Chicago.

Leon, are these just teething problems of globalisation, or is precarity here with us to stay?

LEON FINK

I think it's way too soon to say that it's here with us to stay. I think that we can see precarity in the global marketplace as a sign that technology and economics has sped ahead of politics and culture. That is, in the same way that it took some decades, at least for working people and even the political society, to come to grips with industrialism - an era of child labour, an era of dangerous factory conditions that were somewhat tamed by the rise of social welfare by industrial hygiene, as well as trade unionism.

In the current deregulated landscape we have yet to see effective alternatives arise - equivalent alternatives arise that could offer world standards, but there's no reason that that can't be developed over time. We have world bodies that regulate other aspects of the world economy. The WTO, the banking system - that's all very regulated, but not when it comes to labour, or for that matter, only ineffectively so far, the environment.

ELISABETH LOPEZ

Despite the existence of the International Labour Organization.

LEON FINK

Yes, but that has a great debating chamber. It does establish a good dialogue between countries, but it's always been relatively toothless. Its conventions - its so-called conventions, which set aspirational standards, are just that. It relies on moral suasion, effectively for the countries involved, and we clearly need something with greater teeth.

ELISABETH LOPEZ

The traditional model for labour unions has been they're advocates for workers, who are in reasonable steady jobs. Is it appropriate for them to count among their

constituents precarious or intermittent workers? Is that beyond what their remit should be?

LEON FINK

If they want to survive it better be because it's clear that the collective bargaining remnant of the labour force will only be seen as a privileged elite divorced from the interest of larger masses of people. I think this is what conservative politicians around the world have tried to do, and somewhat effectively, is to separate the unionised workforce from the polity, or the populous. So, what you have - present day populism, which appeals to the ordinary people, on the one hand, but it also tends to be anti-labour by identifying unionised workers as part of the problem, and relies on appeals often to race, or at best nationality, as opposed to wider common interest among working people. So, while there will hopefully always be a role for trade unionism in specific workplaces, the organisations are going to have to be more encompassing.

ELISABETH LOPEZ

What about business? Is there a role for business in ameliorating the human impact of precarity, or is that too much of an ask, given that a lot of this is about shareholder value?

LEON FINK

There have been various times in history of capitalism when business has seen a logic to a compromised position with organised workers, particularly as a way to maintain consumer levels of consumption. After all, somebody's got to buy the damn products that they're making. Therefore, an immiserated producing class is ultimately a rather unproductive prospect for business. More than that, I wouldn't deny that business brings its own moral values to the table, and in the interest of stability, in the interest of human welfare of sustaining a social, as well as a physical environment has seen that its interests can be accommodated to a level of workplace representation.

I mean that was certainly the case in a country like Australia, just to take an example. Going back to the beginnings of the Commonwealth, in ways that we today wouldn't identify as entirely progressive to be sure, but I would say that there was a compromise in Australia. After a great many militant, and destructive strikes and conflict in the 1890s that - there was a kind of compromise that labour should have a place at the table, particularly through social welfare and the labour courts, as well as compulsory arbitration, while business would receive some preference in tariffs. That was also twinned, of course, to the - a racist immigration policy, but the point I'm making is that business and labour is two groups - have rather frequently been able to, at least, bury their most conflictual aspects.

ELISABETH LOPEZ

We also saw enlightened business owners - the Quakers who ran British chocolate enterprises, like Cadbury, Rowntree - looking out to change things like child labour.

LEON FINK

There have always been model employers, and even experimental utopian employers - Robert Owen himself was a utopian socialist and a big employer. I think, there's also been moments when the larger business community has in the interest of stability, and also to keep out cutthroat competition - low-wage cutthroat competition. This helps to explain the agreements I've talked about earlier in commercial shipping. One reason that the big shippers were ready to deal with the ITF - the International Transport Workers in creating a union wage was to keep out rogue shippers who would undercut their own business.

ELISABETH LOPEZ

How do workers make sense of all of this? If you're on social media - LinkedIn for example, there are myriad articles about the top ten things you need to do to survive in this world, or become a leader, or become a great follower and then for every Sheryl Sandberg encouraging women, for instance, to lean in, and seize opportunities and seize the day, there's an Anne-Marie Slaughter writing the New York Times, saying the system is broke. How to workers navigate these contradictions and make sense of it all?

LEON FINK

It's tough, and I think that everybody operates on more than one level. There's a level of one's own individual decision-making, particularly on behalf of one's family. What's the family strategy at a given moment? Then there are the affinities that one has with larger groups - one's neighbourhood, one's city. That can also take the form of ethnic or racial, national identity. So, all those affinities, and certainly class, or union groups can be part of that mix. I think that people look to negotiate through the challenge of opportunities they have. Whether they are a progressive, left wing professor, you know, might find himself calling an Uber driver just out of immediate convenience.

I don't think that many of us are boy scouts or girl scouts all the time, but I think those really aren't the important decisions, if we just switch metaphors to the environment. It's much more important what the community decides for its waste treatment than it is whether you threw a carton out of your car speeding down the highway. It's good that we try to have individual norms, but I think the larger social norms are what probably matters more in the end.

ELISABETH LOPEZ

Thank you very much Leon.

LEON FINK

Thank you very much Liz.

ELISABETH LOPEZ

We've been talking about the challenges of global capitalism and labour with Professor Leon Fink, UIC, distinguished professor in the Department of History at the University of Illinois at Chicago. You'll find details of his work on the Up Close

website, together with a full transcript of this and all our other programs. Up Close is a production of the University of Melbourne, Australia. Created by Eric van Bommel and Kelvin Param. This episode was recorded on 24 September 2015, and was produced by Peter Clarke, with audio engineering by Gavin Nebauer. I'm Elisabeth Lopez, thanks for listening. I hope you can join us again soon.

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