

their jobs under less stringent supervision than in the past. Computer software also automates thankless tasks out of existence and otherwise complements the talents of its users, who therefore operate with sharper focus. And electronically savvy, substantially self-directed workers sort themselves into groups equipped to solve whatever problems they might face.

Since the previous layers of management and monitoring have been peeled away, hierarchies have yielded to flat personnel structures, shimmering with equality and flexibility. The authority of bosses lingers in determining broad strategic aims for their firms. But they are now so richly informed by reports and suggestions from workers streaming to their in boxes that “management” is simply another job. Its customary connotations of willfulness and coercion have been left behind.

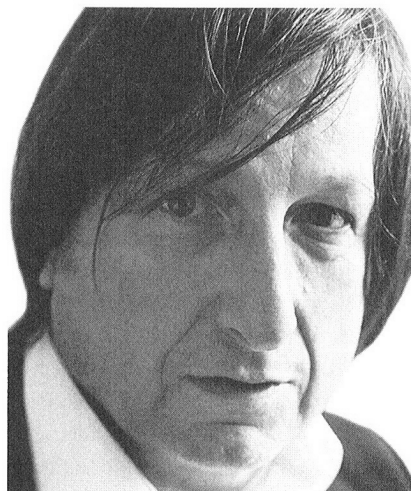
This popular vision of a new IT-driven corporate egalitarianism augurs a paradise of digitally enhanced professional fulfillment. In *The New Ruthless Economy*, however, Simon Head declares that no matter how often it is repeated by politicians, the business press and much of the economics profession, the idealization of the IT revolution’s impact on labor is a grave distortion. The real effects of IT, says Head, a former correspondent for the *Financial Times* and the *New Statesman* who is currently the Director of the Project on Technology and the Workplace at the Century Foundation, are the erosion of workers’ skills, the tightening of managers’ control, and stagnant wages for the majority of the American workforce.

The author has come to these conclusions after spending the last decade visiting worksites in various industries where computers have taken hold: “machine shops and auto assembly lines . . . semiconductor plants and design bureaus . . . software startups, call centers, hospitals, outpatient clinics.” He paid particular attention to service employment, where 80

per cent of Americans now earn their living. Health care institutions and call centers—the home of those “customer service representatives” (CSRs) for whom we spend a great deal time on hold—are the

scenes of his most disturbing findings.

Head argues that IT has caused “work methods born in machine shops and on assembly lines [to] cross over and colonize the offices, call centers, hospitals, and conference rooms of the nonmanufacturing economy.” The ’90s fads in “re-engineering” and “enterprise resource planning” (ERP) amount-



SIMON HEAD

ed to the imposition of Frederick Winslow Taylor’s techniques of “scientific management” on the service industries. Taylor, who along with Henry Ford pioneered the methods of mass production, sought to control workers’ movements and increase their efficiency through the routinization of tasks and close observation of their performance:

“Relying on computers and their attendant software, re-engineering and ERP automate, simplify, join together, and speed up business processes. Re-engineering and ERP do this by imposing upon these processes the standardization, measurement and control of the old industrial assembly line. Despite their heavy reliance on advanced digital technologies, the two practices therefore remain profound ‘old economy’ phenomena.”

In call centers Head locates the most startling examples of what he terms “digital assembly lines.” Virtually unskilled CSRs have little job tenure and near zero unionization. As a result they tend to be transient and powerless before management and its automated methods of discipline. These extend to their nearly constant monitoring for fidelity to pre-programmed scripts for dealing with customer questions and complaints, and limitless pressure to reduce the length of calls. “This is exploitation in the classic manner of the 19th and early 20th centuries,” Head

‘This Call May Be Recorded’

The New Ruthless Economy: Work and Power in the Digital Age

By Simon Head
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A MYTH has grown up about the effects of information technology (IT) on work in today’s economy. According to this almost utopic view, IT has improved productivity, fostered teamwork, increased the demand for employees with more sophisticated skills, and allowed them to do

writes, "but there is a basic difference between contemporary practices and those of a century ago. Ford and Taylor were mostly interested in controlling the bodily movements of workers tied to machine shops and assembly lines. But today's scientific managers are also trying to control the minds of their white-collar employees."

Although few would guess that members of a profession requiring years of training would be subject to the same trends as unskilled CSRs, Head detects similar patterns creeping into the realm of physicians. The insurance companies doctors answer to in the provision of "managed care" strictly limit their discretion, for example, virtually proletarianizing the medical profession and stripping it of its traditional roles. Head notes that such structures, facilitated by IT, extend to "every conceivable aspect of medical practice: whether a certain drug should or should not be prescribed; whether a surgical procedure should or should not be performed; how long a stay in hospital should last; whether a patient with advanced cancer should or should not receive a course of chemotherapy; and whether a patient with chronic illness such as congestive heart failure should be treated in a hospital, a clinic, or at home."

WHAT *The New Ruthless Economy* makes clear is that the application of information technology in the workplace is not benign. Besides making jobs more personally degrading, IT combines with declining unionization, low-wage competition from depressed regions at home and abroad, deregulation, and other sources of weakened worker bargaining power to stifle efforts to increase compensation, regardless of advances in productivity.

More ambitiously, Head also presents a harsher picture of growing wage inequality in the U.S. than most economists would. He does not interpret this inequality as resulting from higher wages flowing to those whose skills are in greater demand. Rather, he contends that it reflects a broad "skill debilitation" across the workforce, and a consequential shredding of bargaining power. Finally, he finds that the impact of IT on productivity is ambiguous at best, and that the quality of services associated with it is almost always poor.

Some parts of Head's argument are more convincing than others. He is certain-

ly correct in saying that IT is used to support newly oppressive management practices. His book is a welcome caution against all the claptrap we have heard about "empowered" workplaces. But he seems overly convinced of a consistent, or even necessarily overwhelming, skill debilitation trend. IT's effects on the skills of America's workers are a mixed bag, and we do not have enough information yet to arrive at his broad, ominous judgment. More important, his contention that IT is substantially to blame for wage stagnation and inequality, specifically through its effects on workplaces, seems vastly overdrawn.

Two other consequences of IT are more significant factors in the depression of wages. First, IT permits more competitive markets in places where workers and unions could formerly extract positional rents. Second, advanced communications technology has permitted companies to construct monopolies where previously they had been unmanageable.

Still, there is no gainsaying the grimness of the digital assembly lines Head portrays. IT is a powerful tool for management control and worker subordination. Head is right to be concerned by those applications, and right to regret that the more constructive uses of this tool are not the most pervasive ones. But the real story here is the enormous power of management over workers' lives, not information technology. The situation will not improve, as Head says, until workers either achieve greater organizational strength within firms, or are assured more security from the outside. The political will to enable workers to walk away from degrading jobs by imposing a higher social wage, though, is at the moment lacking.

The tragedy of today's economy is not that management uses digital power to oppress workers, but that it has almost no incentive not to do so. As a society we have surrendered the notion of controlling the market and its masters. Instead, we allow them to control our expectations of shared benefit for our cooperation. By "control" I do not mean dictating what decisions businesses should make, but simply putting in place a set of rules to protect their employees and their customers. American capitalism is now widely deficient in such rules. The corporate dogs are out, but politically we're still on hold.