

ARNE KALLEBERG: Okay, welcome to the plenary session on Globalization and Work, Challenges and Responsibilities.

Globalization is one of the major drivers of the changes that have taken place in work, workers, and the workplace in the past three decades. Globalization has increased the amount of competition faced by companies, provided greater opportunities for them to outsource work to lower-wage countries, and opened up new sources of workers through immigration. This has produced a spatial restructuring of work on a global scale. Greater connectivity among people, organizations, and countries, made possible by advances in technologies, have made it relatively easy to move goods, capital, and people within and across borders at an ever-accelerating pace. This distinguished panel will examine the challenges and responsibilities related to work produced by this process of globalization. And I'm really very happy to have these three distinguished social scientists on the panel. Among other things, these are the people that I've read their books and worked for many, many years and have learned a great deal from, and I'm sure you will too.

I am going to introduce each of the three people. Erik Wright will talk first, then Rosabeth Kanter, and then Michael Piore.

Erik Olin Wright is Vilas Distinguished Professor of Sociology at the University of Wisconsin, Madison. His extensive writings on class analysis extend the Marxian and critical conditions and incorporate recent developments in capitalism, taking into account the organization of jobs, enterprises, and characteristics of individuals in the labor force. He has published nine books, many dealing with the topic of class, including class crisis in the state, class structure and income determination, classes, the debate on classes, and class counts. His real utopias project investigates strategies for progressive policy reform. This was the subject of his 2003 book, Deepening Democracy: Institutional Innovations and Empowered Participatory Governance, and is the subject of his current book, Envisioning Real Utopias. Erik, welcome.

ERIK OLIN WRIGHT: In the world in which we happen to live most income-generating jobs in developed capitalist countries occur within private profit-maximizing firms operating within markets. That's the world we happen to live in. Given this kind of employment structure, the quantity and quality of jobs depend mainly on things which affect the actions of private capitalist firms, and it is therefore not surprising that when people discuss the future of work they mainly focus on trying to figure out the dynamics and trajectory of market processes that impact on the strategies and choices of such firms. This is the background context for most analyses of globalization and work. When people talk about, for example, jobs leaving the country what they mean is that because of the increasingly global character of market processes the corporations that create jobs within the private capitalist economy are eliminating jobs in one country and creating jobs in another. Sometimes this takes the form of the direct transfer of jobs. General Motors closes a plant in Michigan and opens one in Mexico. Other times this is the result of global competition in which employment declines in one place and increases in another as different firms contract and expand in response to global market

pressures. In any case, within this way of looking at the problem the future of work in a globalized capitalist economy depends mainly on the incentives and constraints capitalist firms face for creating and eliminating different kinds of jobs in different parts of the global economy.

In this talk I want to challenge this line of thinking, not by arguing that globalization and markets are empirically unimportant, but rather by questioning the assumption that the problem of the future of work can be adequately understood by assuming, by taking for granted, that capitalist firms must necessarily be overwhelmingly most important source of job creation. Specifically, I will argue that income-generating work is created through three principle forces, processes. There are other processes we could add to this, but I am going to focus on three. First, market-generated employment organized by privately owned firms. Second, state organized public employment. And third, what I will call the social economy or social economy employment. I'll explain what I mean by this third type of employment-generating process later in the talk.

Now, it may well be empirically the case that most income-generating jobs in the developed world today are organized by private capitalist firms and it may also be the case that it is a reasonable prediction, given the existing political and ideological forces in play, that private capitalist firms will remain for the foreseeable future the central locus of job creation, particularly in a place like the United States. Nevertheless this is not the inevitable playing out of some law of nature, but the result of the configuration of power and ideologies that shape the way resources are allocated to these three processes of job creation. We live in a world in which capitalist forms of job creation are indeed dominant, but another world is possible. Exploring such possibility will be the focus of my comments here.

Now, why should we care about this? Why should this be a matter of concern? From a normative point of view, I would like, and I think I probably share this with most of you, I would like a world in which the jobs that are created provide meaningful and interesting work and a decent standard of living for the people in those jobs, and positive social externalities for the wider society. Consider those the normative criteria by which we evaluate jobs. They provide meaningful and interesting work and an adequate standard of living for those in those jobs and positive social externalities for the wider society. Profit-maximizing capitalist firms, especially when operating in globalized markets underproduce these kinds of jobs. If we wish to improve the quality of the jobs available to most people in developed capitalist societies, let alone in the world at large, we can either, therefore, attempt to influence the kinds of jobs generated by capitalist firms, we can go against their inherent internal dynamics, either by changing their incentive or imposing constraints on their strategies, or alternatively, we can attempt to generate jobs outside of the ordinary process of capitalist markets. In this presentation I am going to focus on the second of these strategies.

In what follows then I will do the following. I will begin by briefly providing an empirical sketch of the changes in the patterns of job growth since the 1960's in the

United States. This trajectory occurred in a context where job creation has overwhelmingly taken place within market-oriented capitalist firms. That will provide the empirical backdrop for asking about alternative futures and alternative possibilities. I will then argue that if we want to break with the pattern in the future it is essential that we rely less on capitalist markets to generate new jobs and instead devote more of society's resources towards creating public sector jobs and social economy jobs.

So, first then a brief sketch of the transformation of the US job structure since the 1960's. It would be nice if I could chart the patterns of job growth, job creation and job destruction over time in terms of a full range of measures of equality of work, pay and benefits, job security, meaningfulness of work, social externalities, and so on. This is jumping ahead without me pushing any buttons. I don't want to give you my punchlines before I've explained what I'm doing. Now that's simply not possible. What I'm going to do is something more limited, but I think still quite informative. I'll present a series of graphs which indicate how the patterns of job growth and these will be graphs about job growth, about how jobs have changed over time, in terms of how they are connected to the earnings which they generate. This is based on research I've done with Rachel Dwyer at Ohio State. Let me just, without going into the technical details, give you the stripped-down version of what this all means and then I'll show you the empirical results. I construct a matrix of detailed occupations by industries so that you have a matrix of occupation by industry, the cells of which I will refer to as types of jobs. So an example would be a truck driver in medical services. That's the level of disaggregation. I then calculate the median earnings of each of those cells and we can consider that an indicator of the quality with respect to at least one dimension of quality, income generation, of that type of job. Of course, not everyone in that cell earns the median, but the median is the way we will index the job quality of this matrix of jobs.

In the 1990's this would be a matrix of about 2,000 types of jobs, 100 or so sectors by 23 occupations. You can then rank order this matrix from the very best cell, the very best type of job, to the very worst, and then we can examine over time where the growth and contraction of jobs occur on this rank ordered list of job types. For purposes of presentation I will aggregate these results into quintiles so we will be looking at how the best 20% of jobs fare during periods of job expansion, do they grow, do they contract, and how the worst 20% and so on. This is different from simply looking at changes over time in income distribution or earnings distribution across persons. Here we are looking at the way the distribution of job types change over time where we are indexing these job types by the characteristic amount of income which they generate. So, that's the technical methodological context for this research. The data comes from CPS with its usual virtues and problems.

Since the end of World War II we've had two very big – very strong periods of job growth: the 1960's and the 1990's. So, for purposes today I will focus on those two decades and give you some data for the more recent period.

Well, here are the patterns for the 1960's and the 1990's. In the 1960's there was very strong job growth in the middle of the employment structure as well as the top

and extremely slow job growth at the bottom. The graph represents the net change in the number of jobs. Net change means this is the result of job creation and job destruction -- I can't disaggregate that for this purpose -- the net change in the number of jobs by job quality quintile measured as I described. In the 1990's, in contrast, a very different pattern emerges, where job growth is extremely strong at the top, solid at the bottom, and very low in the middle. During that period of very large job growth jobs simply did not expand very much in the middle quintile of jobs indexed by the typical amount of earning which job types produce. If we extend this to the present there are some difficulties with this because of the change -- the dramatic change in the classification system for occupations, especially in the CPS and after 2000, well, beginning in 2002 or 2003. So, there is a little bit of discontinuity between these periods, but nevertheless I think the meaning of the results is unaffected by this.

Throughout this period, both in periods of contraction and in periods of expansion, there is something different going on in the middle of the employment structure from the top and the bottom, and this continues into the relatively feeble period of job expansion we've witnessed since the early 2000's. It's a complex task to explain these patterns. Why are we seeing job polarization now whereas in the 1960's there was no job polarization at all, and by the way, if you look more carefully at each period of job expansion since the 1960's the pattern of polarization really only kicks in in the 1990's. Even in the 1980's, which was a period of increasing income inequality, it was not a period of job polarization. The 1990's is a period of job polarization. So, it's a hard task empirically to actually provide a fine-grained explanation for this, but let me just show you some other results by breaking these patterns down sectorially, which at least gives you some indication, some hint at where the explanations lie.

This is a comparison of the pattern of job growth using the same methods within manufacturing. I've differentiated durable and nondurable manufacturing here, but I don't think we need to pay attention to that. Again, in the 1960's the growth of jobs in manufacturing contributed very substantially to the growth of jobs in the middle of the employment structure. In the 1990's there was actually, even during the period of expansion of employment, a decline of jobs in the middle of the employment structure within manufacturing, although reasonable growth of jobs in the top quintile. So part of the story of the change between the 1960's and the 1990's is indeed the change in what's happening in manufacturing, and not simply because of slower growth in manufacturing, but because of a change in where jobs are created, what kinds of jobs are created, even within manufacturing. This shows results for retail trade. And, again, there is a pretty striking contrast between the '60's and the '90's. In the '60's growth of jobs in retail trade were again fairly strong, but it occurred both in the middle of the employment structure. There were retail jobs in the middle of the economic structure being generated in the 1960's in retail as well as at the bottom, whereas in the 1990's the growth of jobs in retail is heavily concentrated at the bottom of the employment structure.

And finally, what I will call job change in the high tech domain. The high tech domain, for these purposes, I am defining as all jobs in high tech industrial sectors, so

all jobs in aerospace I'm calling jobs in the high tech domain, plus all high tech jobs in whatever sector. Computer programmers in retail trade are in the high tech domain. So, it's all high tech occupations regardless of sector and all jobs in high tech sectors. And, as you can see, defined in this way, job growth in the high tech domain is extremely strong in the top quintile of the employment structure and even during the period of the 1990's expansion there was a decline of employment in the middle quintile of the high tech domain. The middle quintile of employment, these quintiles are defined by the economy as a whole, not internal to this domain. This just looks at where the jobs injection the high tech domain occurred with respect to those quintiles. There is no comparable data available for the 1960's for the high tech domain. That's why this is just a 1990's figure. Well, those are the empirical patterns of transformation of the distribution of jobs in recent decades.

One obvious and familiar interpretation of these trends is that we are moving rapidly to a knowledge economy in which good jobs will require high cognitive skills and knowledge and creativity. In the past, good jobs in the middle of the employment structure were created by manufacturing firms requiring skilled manual labor, but this is not where the growth of good jobs occurs today. Because of the character of international competition in the globalized economy the comparative advantage of low-wage countries means that manufacturing will never again provide masses of middle-income jobs in advanced capitalist countries. If, therefore, again following the familiar kind of argument, we have an employment structure which is increasingly polarized between well-paid highly creative knowledge centered jobs in the high tech domain and poorly-paid service sector jobs, what we need to do is provide more education and human capital to upgrade the labor force. Change the supply characteristics of labor, the argument goes, and capitalist firms will generate the jobs that require such skills and knowledge. If we want to counter the polarized employment structure what we have to do is change the characteristics of the people who are currently occupying jobs at the bottom of that employment structure.

An alternative view is this: While improved education and training would of course be a good thing in and of themselves, the fundamental problem generating economic polarization and an absence of the growth of good jobs in the middle of the American job structure, is the overreliance on private, profit-maximizing market decisions by capitalist firms to create jobs. There are a number of reasons why it is just not plausible that simply improving education and training for workers seeking jobs created by profit-maximizing firms will generate good quality jobs for most people and eliminate employment polarization. Increasing the supply of highly educated people is just as likely to increase the competitiveness within labor markets for jobs that require high levels of education as it is to generate a commensurate expansion of such jobs. One predictable effect of more educated workers is that the wage premium for educated workers will go down because of increased competitiveness in those markets. Profit-maximizing capitalist firms have no direct incentive to create well-paying jobs for highly educated people unless there is an expanding market demand for the goods and services those firms produce. The number of new jobs that are created thus depends upon the nature of the demand for the products and services that are produced by the

firms that would potentially hire highly educated workers, not simply on the labor market conditions the firms face, particularly when the markets for these products and services are global and the expansion of highly educated workers is also occurring globally. We're not the only place that is trying to improve and upgrade the human capital of its labor force. There is no reason to suppose that the trajectory of demand will be such as to generate jobs commensurate with increasing education in economically developed countries. Furthermore, quite apart from the problem of disjunctures between the supply of educated workers and the creation of jobs for those workers, not everyone has the dispositions or underlying cognitive talents for high levels of academic training needed to become effective knowledge producers. If it is the case because of technological change and global market processes that the good jobs created by capitalist firms in the future will almost entirely go to highly educated knowledge workers – if that is true then a large number of people, perhaps the majority, will simply not have access to good jobs. This scenario, of course, depends on the assumption that the only relevant source of income-generating employment is market-dependent capitalist firms and this is simply not the case.

Two other sources of income-generating jobs are potentially important: the state economy and the social economy. The first of these, of course, I think is familiar. Even in the United States, the developed capitalist country with among the lowest levels of public employment, even in the US roughly 16% of jobs are provided by federal, state, and local governments. And if you add to this jobs that are directly the results of state contracting to private firms, not simply the multiplier effect of state employment, but direct state funding of private sector jobs through contracts, then somewhere around 25% of the American labor force are directly paid by the government or indirectly through a direct contract. Unlike in the capitalist economy, the character of these jobs is not dictated by profit-maximizing criteria and market logics, but by political and normative considerations. When states decide to create jobs they have considerable economic latitude in deciding the pay scales, the requirements, the working conditions, the participatory conditions, and other aspects of the employment relation.

Of course, the expansion of the public sector is constrained by market processes. This is one of the hallmarks of the state in a capitalist society. Revenues to pay for state employment come from taxation primarily of various sources of income generated in the market economy, but this is only a constraint and does not determine some strict level of employment, let alone the character of that employment. In these terms the level of public sector employment in the United States is clearly far below the carrying capacity of the US capitalist economy since taxation as a proportion of GDP is so much lower in the United States than in nearly all comparable economies.

The statistics in this figure, I think, are probably familiar to most of you. In the United States total taxation comes to around 27% of gross domestic product compared to an average of nearly 40% in the western European countries in the EU15, and over 50% for Sweden. These other countries are at least as constrained by globalization and market processes as the United States, yet they are able to allocate a much higher proportion of nationally generated income to public purposes and public employment. If

we want to expand good jobs in the middle of the employment structure to reverse the polarization trends of the last two decades expanding the public sector is one feasible way of doing this in the United States. The constraint is not economic. It is not because of globalization or any market-related processes. The constraints are political and ideological. That doesn't mean they're insignificant, of course. It just means that the constraints on the possibility of using the state as the basis for counteracting the polarization of the employment structure do not come from the nature of the globalized capitalist economy.

The second form of income-generating employment I think is less familiar and even the term doesn't have a lot of currency in American social science and discussions of this sort. That is the social economy. This term is used in a variety of ways to describe a range of economic activities that are organized neither by capitalist firms nor by states. Nonprofit organizations and NGO's are often included in this category. Certain kinds of worker and consumer cooperatives are also often included. Most broadly, I define the social economy as economic activity oriented toward the provision of needs rather than profits and organized through some kind of voluntary association rather than directly by the state. The social economy may be facilitated by a range of state policies and subsidies, but the activities within the social economy are not themselves run by the state. It's difficult to estimate the size of social economy employment; it's not a standard category within data-gathering machines, but if we restrict our attention to nonprofit and charitable organizations then in the United States in 2004 roughly 7½% of the labor force was employed in such organizations. While such organizations do operate within budget constraints like public sector employment, they are less constrained than profit-maximizing capitalist firms in the nature of the jobs and the employment conditions which they create. A particularly vibrant example of the social economy as a source of significant job creation exists in Quebec in the provision of elder care and child care, and the term *economie sociale* is the conventional term to describe these processes in Quebec. The province of Quebec has organized this system in which cooperatives provide child care at seven dollars a day and in-home elder care services at a low sliding scale. These cooperatives then receive government subsidies to enable the members of the cooperative to earn an adequate standard of living. The conditions for the subsidy is that the enterprises be organized as cooperatives, not as profit-making firms. Capitalist firms, therefore, are free to provide child care and elder care services, but they cannot receive the subsidy since they are not owned and controlled by the providers of those services. The cooperatives are thus shielded from capitalist market competition and are able to generate significant numbers of meaningful and interesting jobs rooted in communities with strong positive social externalities and are able to receive an adequate standard of living. As of 2008 there were over forty thousand jobs in the childcare sector and eight thousand in the elder care cooperatives generated through this process.

There is an enormous potential to expand good and interesting jobs in the social economy. One policy proposal which would greatly facilitate this, but which would certainly be very controversial would be to institute an unconditional basic income. Unconditional basic income is usually thought of as a threat to employment. I think of

an unconditional income as basically a mechanism to dramatically expand the possibilities for a stable and vibrant social economy. Here's the argument. An unconditional basic income is a transformation of the basic rules of the game of income distribution in which the state gives every legal resident in the country a monthly stipend sufficient to live above the poverty line, what could be called the respectable no-frills standard of living. The standard of living, let's say, of most actors and musicians, or at least what they would aspire to, the no frills but respectable standard of living. The grant is unconditional and universal. Bill Gates gets it as well as every resident in the central city. It is given to everyone as a matter of right without conditions. In terms of the social economy what this means is that people could join freely together to engage in a wide variety of social economy activities without having to generate their basic standard of living through such activity. The social economy is a particularly conducive context for the creation of meaningful and interesting work since the people who join together in association to produce for the social economy do so typically because they are interested in providing meaningful and interesting activities. It is much less effective in general in providing adequate earnings for people. An unconditional basic income would significantly solve this problem.

So, consider the performing arts. Much performing arts is produced by organizations within the social economy, by not-for-profit associations of one sort or another. One of the biggest obstacles to the expansion of the performing arts in such organizations, the biggest obstacle they face, is the difficulty in providing an adequate standard of living through conventional labor market mechanisms for actors, musicians, dancers, and so on. With an unconditional basic income it would be much easier for performing arts organizations in the social economy to create such jobs and by most people's standards in that sector those would be indeed good jobs. More generally by partially delinking income from employment earnings voluntary associations of all sorts would be able to create a wide variety of new forms of meaningful work that would provide, in conjunction with the unconditional basic income, an adequate standard of living.

Of course, there is much debate about whether or not an unconditional basic income is economically feasible. It would certainly require a significant increase in taxation to fund a generous basic income and it would have all sorts of dynamic effects on labor markets and other aspects of the economy, and some people have argued that these dynamic effects would be self-destructive, that a basic income is an unsustainable fantasy, that if instituted it would destroy the conditions of its own possibility. As in the case of state employment, however, I believe that the obstacles are much more political and ideological than economic. If the United States can afford to spend over a trillion dollars on the war in Iraq and still have such low levels of aggregate taxation, it could, if there was a political will to do so, provide an adequate universal unconditional basic income to all residents of the United States.

So let me just briefly conclude. The distribution of the kinds of jobs generated in the American economy today is affected by many different processes. Technological change, government policy, immigration, the decline of unions, and many other things.

The globalization of capitalist markets and new forms of competitive market pressures would certainly be included in this list. Conventionally these forces are seen as shaping the nature of work primarily through the ways in which they affect the strategies and choices of capitalist firms. It is firms after all that respond to global competition, that adopt new technologies, that bargain over working conditions with unions, that close plants and move jobs to other places. As a positive claim about how things work under existing rules of the game this view is broadly correct, but as a claim about the range of possibilities for the future transformation of work and the quality of jobs available to people it is inadequate. For the rules of the game themselves can be transformed and open up possibilities for new worlds of work.

Thank you.

ARNE KALLEBERG: Thank you Erik. That was terrific.

Our next speaker is Rosabeth Moss Kanter. She is the Ernest L. Arbuckle Professor at Harvard Business School where she specializes in strategy, innovation, and leadership for change. Her strategic and practical insights have guided leaders of large and small organizations worldwide for over 25 years, through teaching, writing, and direct consultation to major corporations and governments. She is the author or co-author of 17 books which have been translated into 17 languages. She has received 22 honorary doctoral degrees as well as numerous leadership awards and prizes for her books and articles. For example, her classic Men and Women of the Corporation won the C. Wright Mills Award for the year's best book on social issues when it came out. And The Change Masters was named one of the most influential business books of the 20<sup>th</sup> century by the *Financial Times*. Rosabeth, welcome.

ROSABETH MOSS KANTER: Thank you Arne and thank you Erik for a very fascinating analysis and provocative set of conclusions, and I want to welcome all of you to my home city of Boston, this is so wonderful, and indicate that in terms of Erik talking about public sector employment and its contributions, a little piece of this meeting has touched the Hynes Auditorium, Hynes Convention Center. I'm on the Board of the Massachusetts Convention Center Authority and our mission is to generate revenue for the people of Massachusetts through a public authority. On the other hand, we also have to worry about quality of jobs and performance, so it's public sector but with a very private enterprise focus.

I'm going to talk about the future too, but in a slightly different way. First of all, I'm going to take on the world and I'm going to look at some of those big companies themselves, and think about the business-society relationship in the 21<sup>st</sup> century in a wide range of countries through an empirical study. I'll tell you about a little bit of exemplary companies to ask what is possible and what are the constraints on changing those enterprises so that they help develop countries, the underdeveloped as well as ours. And you know, global consolidation has meant that the giants are getting even bigger and the backlash is getting even greater as inequality grows. Erik demonstrated

that here in the United States, but also in many other countries of the world. Latin America actually has the biggest disparity in the world between top and bottom in terms of education and income of any continent, even more so than Africa because, of course, in Africa the top is so much lower, but they have the biggest gap. So this is going on all over and we are very aware now of the problems of poverty, of poor health, of environmental degradation, and there's a big suspicion that those big companies and globalization has a lot to do with that -- that that's the problem. They are very easy to hate.

And in my own work in the past I must say I have also pointed to the ways that some of those companies have had structures that discriminate, including against women. I have talked about how some of them stifle innovation and therefore don't have those meaningful jobs that Erik wants. I wrote a book about what was happening to communities called World Class – what was happening to communities in the global economy, but also how communities could organize so that they could have vibrant economies even when those footloose global companies moved in and out. But a great deal has happened since I wrote all that and since the Berlin wall fell in 1989, which set in motion one piece of the current wave of globalization, and early phase. A great deal has happened. The World Wide Web in 1993. The statistics from the '90's are clear, but there's been some undercurrents of change in the 21<sup>st</sup> century. For one thing a corporate social responsibility bandwagon and even though that's criticized on both ends those who want to see capitalism really change say that's not enough and those who want to capitalism really preserved say they shouldn't do it, they shouldn't spend money that way. But that bandwagon is very hard to reverse because when companies show pictures of themselves with cute little schoolchildren they can't then tell their customers, no sorry, we're just stopping all of that too easily. I think there's no turning back.

In the 21<sup>st</sup> century also we have witnessed in that global competition a new kind of competition. It was interesting to me that Erik's data were US versus Europe. It's now western nations versus the rapidly developing world because some of the emerging giants are coming from unexpected corners of the world and they too are starting to have an impact on competition and our economy. So, I was asking myself in this 21<sup>st</sup> century world where the World Wide Web has become Web 2.0, meaning bottoms-up communication, we have Globalization 3.0, and what's it all about and how are companies operating under that system? Have some responded and forged another model? So, I looked for exemplary firms that are indeed capitalist firms that want to generate meaningful and good jobs. I have—my research team and I over the past three years have conducted 375 interviews in 20 countries following 16 companies that themselves are headquartered on five continents, also interviewing partners, government officials, and so forth, to look at how these relationships are changing inside the firm as well as outside and what that means for work and for society. These companies were all considered exemplary, meaning that others look to them as models. That's important. They are not implicated in scandals. We screened out some of those. If there have been protests against them they have responded in ways that the activists or NGO's considered appropriate and good. They participate in coalitions to improve society, often education. They mobilize their employees for community service. They

are the first on the ground in disaster relief and in fact this month IBM sent several teams of employees and a corporate service corps to work in Rwanda and other countries in which IBM has no interest whatsoever, but they are mobilizing their workforce.

So these companies aspire to a different model of business and society, nature of work, nature of jobs, all of which make them more competitive in this economy and yet also seem to do better for society. So I'm going to give you a few examples then a little bit of theory, and then raise some questions because this is not the utopia, this is just a work in progress. So, five of the companies. First, Banco Real in Brazil. And, by the way, we started studying some of these companies before their financial performance was clear. Because of their exemplary practices the financial performance followed. They are all doing very well.

Banco Real in Brazil is about ten years old in its current incarnation. It came out of an earlier bank and a set of acquisitions as Brazil liberalized its economy around 1998, and in fact the current CEO— this I'll sort of say sub rosa so we won't want it on the tape — was invited to be in the cabinet of the current president of Brazil who is a socialist. So, very dedicated people to changing the society. That bank went in ten years from the middle of the pack to number three in Brazil with better financial performance than its competitors, and they're all trying to copy them, by putting at the centerpiece of its strategy corporate social and environmental responsibility, and everything they do emanates from that core purpose. They screen their clients for their environmental practices and their labor practices and they will walk away from customers whose practices they can't change to conform to that standard. So they're walking away from business and yet are very profitable because that's attracting to them other clients or customers who want to both learn and also be part of somebody that's trying to positively influence society. They have created a range of new products: An ethical mutual fund micro-finance for the poor, products to retrofit cars for more energy-efficient operations. They invite in the most activities, angry NGO's to audit their practices, including Friends of the Earth. They have tried to influence their supply chain to change their practices and they have spread what they're doing outside of the bank. They were, along with their Dutch parent, the instigators of something called the "Equator Principles," now signed by about forty--Google it--about forty or fifty global banks about environmentally sensitive lending. As president of the Brazilian Banking Federation, the CEO, Fabio Barbosa, is spreading these practices. This was the first bank to offer trade in carbon credits.

In terms of jobs, meaningful work, well first of all, it was said in Brazil when they started, and I'll have to speed up or I'll not get to all five examples -- said in Brazil when they started, well, Brazilians don't like these open democratic discussions of values. They like to be told what to do. In fact, this has been one of the most attractive employers in Brazil since it became known that there were jobs where people could act on their values and participated in open discussions, planning new ways to make money while contributing to their country. There is a great deal of uncertainty in this because in the global economy uncertainty is one of the key characteristics as

companies move around banks and other organizations are bought and sold. Their Dutch parent was acquired by Santander, and Banco Real, because of its culture and its values, is now the surviving bank and they now have twice as many employees to whom they're spreading the culture and the practices.

A second company, Cemex. Many people know Cemex. It started life as Cementos de Mexicano. It went from Mexican to regional and Latin America, then acquired in Spain, and now it's a global giant through several acquisitions, recently two big ones, one of a huge European company where all of a sudden it was bringing its "Mexican standards" to France. It has changed work practices in France because of its discipline standards. When the French heard the Mexicans were coming they thought sombreros, manana—instead the highly disciplined engineers that came from Monterey Tech have created a stronger work ethic in a country where the productivity police told people to go home after thirty-five hours. And people are happier because they feel they are accomplishing more than under their previous owners. We have this from interviews and focus groups. In the UK they turned around a polluting, run-down plant that was the first thing you saw when you went to the town of Rugby, England in three months. They are a leader in alternative fuels. You know, chemical–cement factories are pretty polluting. They are a leader in alternative fuels, in recycling—they have created road beds out of used tires, which is now being used in Mexico and is being transferred to other countries, and won a World Environmental Council award. In Egypt they were considered the first successful privatization of an Egyptian state-owned enterprise. Because Egypt has only opened up its economy to foreign investment in recent years in the 20<sup>th</sup> century they were considered the first and most successful in Assiut. They raised labor standards, although they did lay off people, but they doubled the wages of the people who continued in the plant, therefore creating better jobs and for the community they help set up in business the workers who were laid off, doing such things as dry cleaning establishments, none of which existed in the town of Assiut. So they were contributing to job development and raising wages in several ways. A Mexican company operating in Egypt. They have innovated in such things as antibacterial cement, which hospitals use now at a high rate because it makes it healthier to be in a hospital. They have contributed to financing options so that poor people could have a method for expanding their homes through a project called Patrimonio Hoy. They've become famous for all of this. In the process of doing this the jobs they are creating are better. They do require more education, but they also enlarge people's horizons. We heard this even in Latvia, where people coming from a communist regime did not have a particularly strong desire. They said the Mexicans are more ambitious, but now people who work in that factory see that they are part of something bigger and their horizons have been enlarged beyond their company—sorry, their country in terms of the possibilities for jobs.

I may skip the Japanese company for sake of getting through this because I want to talk about two US companies and then I want to get to the theory. One is Proctor and Gamble. Proctor and Gamble, with Gillette, is now the largest consumer products company in the world. It has had—and it therefore is a survivor. Its competitors are Unilever and so forth. It has at its core a very strong culture and it's always been a

closed culture, so it's never been written about, particularly in case studies, although now there are some recent books. But, something they call the PVP is their bible. It's their religious ritual. It stands for purpose, values, and principles, and people invoke it constantly to run Procter and Gamble. At the center is the idea that they are serving society for generations to come. And, I went in as a skeptic, but people invoke it constantly. Their open innovation model means that they are going to look for any idea coming from inside, outside, or ground up that's going to help them with that goal of better service to the consumers of the world. They are looking for ground up ideas in Cincinnati. In Brazil the line of Basico products was created against all global frameworks because of the voice that had been given to people as long as they operated within the constraints of the purpose, values, and principles. Basico products are for the first time allowing low income consumers to afford some of the time-saving products and hygiene products that Procter & Gamble offers, and they have done that by living with poor families in favelas, understanding their needs, producing to this without departing much from the premium model that Procter and Gamble has had. And even though those products individually are not as profitable in aggregate they are serving a large and growing market, and so the company is very happy with this. But in other cases they have converted products aimed at the world's poor into nonprofit enterprises themselves. So the interplay between private sector and nonprofit is getting to be a blurred line. Procter and Gamble had offered water purification tablets called Pure, for which they thought were very inexpensive, and they thought there would be a big market all over the developing world where water quality is terrible and where it has huge consequences for health, therefore for education, therefore for whether people can even go to work, let alone whether there are jobs. They found that there was very little market for these products. For one thing it needed a lot of education and so many people would hoard the tablets for a big occasion. So they were drinking on a daily basis polluted water and then having these tablets once a month with guests. Well, for many reasons this was not working commercially and voices within Procter and Gamble said well then, you know, we're just not going to do it, we drop it. Other voices, stronger voices, because of the PVP said we have a responsibility, we can't drop this. If we can't make money on it we'll set up a nonprofit. They set up a nonprofit in collaboration with an NGO, gave all of it to the nonprofit when the tsunami hit in India and Asia, southeast Asia, when the tsunami hit those tablets were given away by Procter and Gamble. They created a partnership with Unicef called Children's Safe Drinking Water Initiative, and they have kept that alive. So that's a different business-society relationship.

And the last example is IBM because IBM may be further along than most other companies in understanding this relationship and acting on it. They are the only survivor of the mainframe companies of 30 years ago despite hard times and many changes. And, by the way, if we think in America that our jobs are lost to global competition, some may be, but in this case last year IBM had the bulk of its profit from Europe and Asia—India and China and Europe – and that has allowed it to maintain and increase job levels in some parts of the United States including Massachusetts, where it has then been able to use profits earned there to invest in continuing jobs here. They operate in 170 countries and because government rules have changed they can now be all IBM, so they can integrate. Until the 21<sup>st</sup> century in many countries, including Japan,

you had to have a separate wholly owned subsidiary and now companies can get the benefits of mobility across countries. They too have values they have had since the founder Tom Watson, a statement on paper, but when Sam Palmisano became CEO in 2002 he thought that the values should be refreshed, so he did something quite unusual. He opened up discussion of the values to all 350,000 IBM employees through a massive web chat called the values jam. When he mentioned this at an IBM board meeting a retired CEO from an oil company looked at him and said, "Sam, is this socialism?" The idea that you give voice to everybody in your company about what you stand for—and they did it again in 2006 in an innovation jam where they set the ten priorities for the technologies IBM would be pursuing over the next period—and those priorities were heavily influenced by self-organizing networks, Web 2.0 style, self-organizing networks of people communicating around the world who have gotten wind of these technologies were really interested in them were already starting to act on them, those bottom up became company priorities and you won't be surprised that one self-organized network was on virtual worlds the minute Second Life came into being people were all over that figuring out, bottoms up. The second one was green computing, where there had been lots of little networking groups. People in the UK ran with it and that, because of the kinds of companies that now operate, could spread immediately everywhere so green computing is growing around the world. These are empowered and involved people in good jobs.

There are so many more things I could talk about. IBM is now because of that, a US company, is not losing to certain global competition; it's actually winning. We all know that one big threat people have talked about to US jobs, particularly those high tech jobs that Erik rightfully pointed to, knowledge worker, is that programming skills have moved elsewhere and the Indian business process outsourcing firms have been growing dramatically. Well, the biggest IT company in India today is IBM and there is a great deal of cross-fertilization because of a new organizational structure they call the globally integrated enterprise where they are trying to push decision-making down, put more people on teams that cut across the world, enable people to start projects from anywhere, gather people. They operate in many cases more like volunteers than like workers because some people are spending more time on activities that are not what their formal job definition is. They are also interested in innovations in the social contract for employment, which is one thing Erik has pointed to. We really need a new social contract in this world of uncertainty and change. Well, sometimes a private sector company like IBM can be the innovator, so IBM has innovated in two things that were done first by them and now picked up by government to take to scale.

One is transition to teaching. Transition to teaching helps people who are retiring who think they would now like to take their talents and use it in the classroom. It is helping those people with company support make that transition. That is now a program that has been picked up by Governor Schwarzenegger for California—it's called Encorp and it's being looked at in New York State and Massachusetts as a model. A second is a potential change in benefits, worker benefits. I'm one of those people who for years have said benefits need to be portable in a world of change. Why don't we have ways that people could invest in learning, re-learning, etc., on their own. IBM

announced a year ago, they called them matching learning accounts. They got known when Congressman Rahm Emanuel said we need to make this nationwide as 401(1)'s -- an employer match into an individually portable account that could be used for any education or retraining whether in the company, outside the company, whether you were an employee or not.

Alright, those are good things. You know, there is lots of stuff about women. Thirty-nine percent of all IBM employees on any one day work outside the office because of their work-at-home program because people are on the move to customer offices. Much of this tied, however, to work/life balance, work/family relations. They want those women. So I visited in Egypt the first woman who had brought her baby into the office for breastfeeding. I saw in Korea that IBM was trying to bring the world's highest standards to raise daycare standards in Korea or they wouldn't have funded those centers. And so, because the women in the US and the women in Korea talk to each other in this connected world and the Koreans say why should we have anything less than what they have in the US. So they're forced for harmonizing standards and starting to provoke change. Now I said it's only starting. They set their own vacation schedules and figure out how much time to take too. So, I consider, these are overloaded jobs often, but it seems to me they qualify for good and meaningful work.

Well, with respect to organization theory, what theory points can I make out of this? Globalization brings a few things that challenge our models of organizations, to which these few handful of vanguard companies are responding. One is high degrees of uncertainty. Everything is changing quickly. It's hard to pin things down. You can't rigidify an organization structure. You can't even know who's going to be the name of your employer necessarily from day to day. Jobs are less secure. That's absolutely true. And, this means that those organizations that are going to survive spend more time on institution building and not just on immediate profit maximizing. That's an important sociological point. There has always been an institutional or cultural underlying factor in companies as we've written about them, but somehow economics seem to take over, it was all about profits, because these strong companies have had strong cultures, have talked about values for a long time. But in the 21<sup>st</sup> century institution building becomes much more important for several reasons. First of all, if they want to work effectively with their customers and in the societies in which they are operating, they have to show that they represent something more enduring than just today's transaction and that they are not going to take the money and depart. That's a very important imperative now. They're going to have to show that they actually contribute something to that country, that community, or they're not going to get the business. Secondly, for their employees, they need a source of meaning above current jobs or current activities because the jobs may be changing day by day, and so they have to stand for something, and they use that institutional structure of what they stand for above the profits to attract, motivate, retain the best talent. Especially because through the company suddenly people have opportunities to volunteer and serve their community and be proud of who they're part of. So, Palmisano at IBM says why is he spending money like this, which is long-term money, no short-term payoff. Because now they sometimes give away things like Procter and Gamble did to nonprofits before

they have a commercial interest. He said because we're not the same company we were many years ago. The business comes and goes. Business cycles mean our profits rise and fall, so there has to be something enduring or we can't build the relationships that are necessary to keep operating and, besides, people kind of like that. There is a tone in this presidential campaign, despite the nastiness, and in the movement of social entrepreneurs into the social economy, that people want things that are meaningful. So, that's a rationale—it's a rationale for longer-term decisions, social glue for employees. It allows Banco Real to walk away from customers even though they're limiting, maybe limiting profits in the short term. So institutional work is very important and in terms of the workplace of the future more and more people will be engaged in doing that. That is, they will self-consciously see themselves as contributing something to society and thinking of it every day on the job. That's some of the things we learned from our interviews in the exemplars.

The second point about globalization, how it changes organizations, is the increasing complexity introduced by globalization. You know, more moving parts all over the place. More variables to pay attention to. More competition coming from unexpected places because we're not bounded. It's a boundaryless world. So it's very difficult. We've been talking for years about the rise of the networked organization over the chain of command. It's almost impossible to work through vertical chains of command or through chains of any kind. They have to be circles. People have to be connected quickly. Some companies talk about lowering the center of gravity away from headquarters. They want more initiation of projects at ever-lower levels, including in the cement factories. They want them to come up with ideas and immediately spread them throughout the world without necessarily looking for approval above. Fluid teams, multidirectional reporting, more self-organizing, more remote work, and the power in that system goes to the connectors. I mean, very much like network theory. I mean, it's clear that the power goes to the people who have the biggest Rolodex, the largest number of connections, can organize other people very quickly but they're not necessarily in the highest in a vertical chain.

The third thing that changes about many assumptions about organizations in the globalizing world is diversity. I mean, diversity, which here in the US tended to mean race and gender, and maybe we added some other things, sexual orientation, physical, etc., in a globalizing world for these companies diversity is everywhere, it's everything—it's a main focus because they know that the variety of people who are going to have to be pulled together in these fluid ways interact across boundaries. They are all different. They'd better learn how to be sensitive to other cultures, other nations—this is a huge preoccupation of these countries. And it's impossible to maintain an assumption which I think some people writing about organizations still maintain: homogeneity, like it's one kind of person. And certainly dominance by one kind of group is being reduced. They are not all the way they would like to be, but they attempt to operate, first of all as local insiders in multiple countries, and I can't explain that exactly—I don't have enough time to tell you what that means—but they are very sensitive to the countries in which they are operating. Not only do they use more locals, but they are very sensitive to local needs and they want to know what those interests are so they can operate on the basis of

them. They surface and enable expressions of difference. They have diversity days and international buffets, etc. They allow people to choose into networks or to express their differences, but they also seek commonality of platforms and values, and so they are a force for universalism. So, the one IBM, while there are differences and were all not the same, when there is a technology issue the Haifa, Israel research lab works very closely and comfortably with the Cairo, Egypt research lab whether or not the countries are at work. They are a force—they want peace among nations because they want to be able to move people around and communicate. So, one of the questions is actually whether they are a buffer against oppressive states and oppressive religions rather than the thing we have to get rid of because they oppress people because they don't look that way to me. But there are a couple of—so there is a lot of identity work that goes on in these companies and people at many more levels have to be conscious of their identify compared to the others in order to communicate across these vast global spaces.

So, but I have some questions and issues about this. I said it's a work in progress. First of all, they don't do everything well. They're not perfect. It is not workers paradise. In an IBM survey, for example, people like their bosses, but were often very confused about what this new system was all about. They were concerned, they expressed concerns. In one case from Europe, from Switzerland, people expressed concerns about they'd have to learn Chinese and move to China to keep their job, so they knew their employment was secure, but it wasn't secure in the place they might have chosen to live. The answer is they don't have to learn Chinese; the Chinese are going to have to learn English. But, we'll see, right? Because China is a wildcard in the global economy that we have to understand well because it's not a free market system.

Second—and I don't know how long the parade is behind them. These are exemplars. Other people look to them as models. There is a kind of level at which many of these kinds of practices are infusing in many different companies, in many parts of the world. ICICI Bank, the largest bank in India, local bank, adopts these practices. CEMEX, Sembrando, the CEO is on the board of IBM. He borrowed a lot of CEMEX practices from IBM. All the factors of institutionalizing diffusing practices are going on, but I do not know how deep it's going to go. We'll have to see. I think it'll go deeper if we applaud them than it will be if we trash them, but that's just a personal view.

Secondly, inequality, which Erik pointed to in the US, the middle being driven out. One of the biggest sources of inequality, ironically, while these companies are helping develop countries through some of their projects, like the financing for poor people to add on to their homes or get education. But still, there's inequality growing all over the world. And it is true that the successes in these companies, as well as in the countries, are people who are more cosmopolitan and less local. That is, they tend to be—they don't have to have high tech skills, but they are educated, they speak English, they are literate. And, they're mobile. They are willing to relocate somewhere or be on a team where they have to travel for some period of time, because these companies are no

longer relocating people for long assignments. Instead, they might be moving a team for four months or six months or two months, but they have to be mobile, and they have to have that rolodex. So, it's going to be the divide between people who are connected and, therefore, can benefit, and the people who are somehow left behind.

Now, the companies themselves are trying to make sure there are fewer left behind, so an IBM project in rural villages in India is giving the kids kid-smart workstations to learn English, literacy, reading, math, and it's phenomenal to see that, but this is a drop in the bucket.

And, that leads me to my next point, which is without government none of this can be done. And so that's not to say necessarily that I agree that government should be creating the jobs, but government should be allocating the funds, because a lot of these don't happen in countries where the governments are corrupt or closed. Many of these things are happening in the 21<sup>st</sup> century because of the liberalization of countries like Brazil, Egypt, Russia. We'll see what happens in Russia. As I've talked to the people who are doing business in Russia right now, there's an awful lot of leftovers of that government that they have to navigate around.

And they are—and here's another thing we have to be concerned about, and here I really do want to echo Erik's point about public agendas. And that's all of us. You know, we have a presidential election in the United States. Barack Obama actually will be Boston tomorrow night celebrating his 47<sup>th</sup> birthday, so we're very pleased to have him here. But, issues like tires for road beds, Proctor & Gamble helped Egypt get its first health maintenance organization. IBM has transitioned to teaching. In a way, these wonderful contributions are setting a public agenda, but nobody elected them to set a public agenda. Luckily, there are benign public agendas, but without a strong public sector, even the companies themselves say they can't really do business. They don't want to be responsible for having to build their own roads to a facility in a remote corner. They will not go into countries with corrupt governments, and they don't want to be caught up in big conflicts. They're not courageous. I mean, Coca-Cola is not one of my exemplars. I just want to say that first. Not, not, not an exemplar. And, of course, they weren't very courageous about the Olympics and human rights. However, IBM was courageous in the lawsuit about affirmative action brought where University of Michigan was told it would have to change, and IBM did file a friend of the court brief. That was a risky move for them. They want to be above politics, so, therefore, we do need a strong public sector. What that private–public sector does is something we the people, the citizens, debate in the US and everywhere in the world.

But as far as business goes, I'm an action person and I'm going to push for more companies to engage in more of these practices because they're a win-win. They are good for business, they're good for the employees, they're win, win, win, and they also make positive contributions to society to things that people really care about.

Thank you.

ARNE KALLEBERG: Thank you. That was terrific. Thank you.

Our discussant is Michael Piore, and we're delighted to have him here. He's the David W. Skinner Professor of Political Economy at MIT, and Associate director of the Center for Technology, Policy, and Industrial Development. He's also the current president of the Society for the Advancement of Socioeconomics. He just returned from his meeting in Costa Rica. His extensive writings have addressed the broad interplay among economics, politics, and society through the study of topics such as low income labor markets, the impact of technology on work, migration, labor market segmentation, and the relationship among the labor market, business strategy, and industrial organizations. Among his extensive publications are The Second Industrial Divide, Birds of Passage, Dualism and Discontinuity in Economic Life, and Internal Labor Markets in Manpower Analysis. Welcome, Mike.

MICHAEL PIORE: Thanks, Arne. It's a pleasure to be on the program with such a distinguished and articulate set of speakers, and I feel somewhat inadequate to actually do justice to the issues which are raised by these two speakers, particularly in a very short, short amount of time.

But, so I guess the one point I want to emphasize in that short time is despite Rosabeth's kind of caveats at the end of her talk, these are two very different prescriptions as to how to deal with globalization. And what I'm about to argue is that neither one of them is really adequate. I think it is a mistake in terms of the policy debate and the intellectual issues involved to try and suggest that they can be easily put together. And so in some ways I think that my task really should be, as a commentator, to try and draw out the conflicts between them, because I think that's what needs to be addressed in thinking about these issues. But I really didn't think through my task here in a way which I could do that. But I think maybe indirectly I'll try and do that.

I think clearly there's a reaction to globalization setting in kind of the world environment. Particularly strong in Latin America, but as we've seen in the presidential campaign here, strong in the United States as well. And as we've seen, and perhaps most dramatically in the Irish vote on the European Constitution, a reaction which is happening in Europe as well, I see that reaction as aimed, more than anything else, at neo-liberalism in the Washington consensus, which is a program or an approach to economic management in government which emphasizes the market as the chief governing mechanism. And I guess I see globalization, or I see people's perception of globalization, as being largely an effort to increase the role and extend an impact of the market and on economic behavior.

I think it is a particular concern of sociologists to address this process, which is going on because it is largely felt, and perhaps I speak too much as an economist, but I think I'm not alone—I think economists are not alone—as seeing the reaction is driven by social forces and social forces reacting against economic forces. So that, in the sense, if we're going to try and understand the world in which we are living in today, I think we need to understand the interplay between economic and social forces.

The reaction against the market is not the first time—this is hardly the first time this has happened—and the kind of clash between the market and social forces, as captured by Palone in his notion of the double pendulum, and in some ways, as I think Arne has pointed out also the other night, that what we're living through is a replay of earlier moments of history in which there was an interaction between social and economic forces.

But I think this moment is different than that, or these earlier moments, because in the earlier moments there was a—there were a series of ideologies, or in the best sense of the term, of ideas about what a different world might look at—like. A world which was different from the market. And they were expressed by Marx, by Cains and a variety of other thinkers, and the current moment is a moment in which we are operating in a kind of intellectual vacuum. All these older ideologies have been discredited and thrown aside and while people are really reacting against the market, there's no coherent intellectual alternative being presented.

So, the task before us, I think, as scholars, as thinkers, is to offer some kind of alternative. And I must say, if I really had that alternative, I would, I would, that's what I would be talking about, about here, and in the—in the lack—in face of a lack of alternative, I'm kind of thrown back on criticizing the alternatives which have been offered by my colleagues. But I guess I really don't think that these presentations constitute adequate alternatives. And so let me just say a word about why I think they're inadequate.

I think that the notion that one can draw an alternative to the current trends in globalization out of the practice of the best firms is misplaced. And I say that as somebody who's done a lot, who's based a lot of his own research on looking at companies and particularly at lead, lead, lead companies. But, I think that looking at lead companies is mis – is, in this case, going to be misleading. And I think it is misleading, looking at this from an economist's point of view, because for me the basic lesson, which economics has to teach, is that the economy is about the interaction of a series of different entities. And it's in the interaction that, that, that the results, good or bad, emerge. And, therefore, you really can't see what's going on by looking at best, at best practice.

What you need to make best practice into, into a model, is to look at what that is, whether best practice is going to—is what would lead best practice to spread, either through subcontracting or through the relationships which the company have, or through some kind of social process whereby other companies follow the leader. And Rosabeth hinted at some of those mechanisms at the end of her talk, but I think that's the heart of the approach which she is proposing, and I don't, I don't see those mechanisms. I particularly don't see them because as I look at the world, which we now look at nostalgically, the world that Erik kind of characterized in the 60s and, and, and 50s.

I think if you look at, take IBM, for example, that IBM was then, as it is now, a different kind of company. And it was presented as being a more—and it certainly presented itself as being a more advanced, a more humanitarian, a more progressive company. And yet I see no evidence at all that the IBM model influenced any, any, anybody else in that period or in subsequent periods, except in one respect. And that is in its nonunion policy. What drove the high end in, in, in the 50s and 60s was, in fact, exactly the counter to the IBM policy. It was trade unions.

And I think if you look at what has been removed from the institutional constellation that has led to the particular—well, I don't know, that's too strong to say that it's led to it, but that, that, that is certainly an important part of the change in the environment which has led to the kinds of consequences that we now attribute to globalization, I think it was largely the demise of, of, of trade unions. On the other hand—and let me just to be even-handed in terms of criticism—I think that's what's missing from Erik's kind of prescription and presentation, is a theory of what determines the wages and working conditions in the, in the, in the public sector and in the non—in the, in the social sector.

And, again, I haven't done my, my homework here, but it's my, certainly my impression that the jobs in the social sector and the jobs in government sectors have generally been low-paying and, and, and have, particularly in daycare and elder care and those sectors, which are particularly labor intensive and in need of expansion, have not been the kind of jobs which would remedy the bipolarization in the infrastructure. I don't think that they can just be willed to be high-paying jobs or higher paying jobs. I think that we need a theory of how it is that those sectors' wages and—are determined, and that the idea that they're going to be better than in the private sector partly becomes—comes out of the fact that we have a very elaborate theory of what—and concept of what determines wages and working conditions in the private sector and no really robust theory of how this operates in these other sectors.

For me, however—and I'll end on this point—it seems to me that the basic problem that globalization has posed is not really in term—that is, is not to be found in individual institutions, but to go back to this point about the economy consisting of an inter, inter, interaction and interdependency of institutions.

What I see as the basic problem of globalization is that it has occurred without global governance. That in the sense that the process of globalization has overcome our governance institutions, that has overcome them in part just because it—that is the governance institutions are national and the and globalization is increasingly an international phenomenon, but it also overcome them for ideological reasons. That part of the market ideology, part of the reason that the proponents of the market are pushing globalization is exactly to escape the set of restraints and controls the framework which governance structure, a set of governance institutions would provide. And in that sense, I take very seriously the notion that the market has become the gov—has substituted for governance, for governance institutions.

And this leads, for me, to the second point. And that is, that in this period of the last 20 years, I think the whole study of the government sector and how government organizations and government institutions operate has atrophied. And that we don't have the kind of research that would—that enables us to really address the problems of how to reconstruct effective governments and institutions. And so I, again, to be as provocative as possible, I think the study of lead corporations and lead companies is misplaced. I think what we need to do to address the problems of globalization is to study lead government institutions. To study the kinds of governance institutions that link together and provide the glue that has been so heavily criticized by market, by the market ideology. Because we need to reconstruct an understanding of what holds the world economy together and what would produce restraints on the downside of globalization, and to do that we need to create new governance institutions. So, that's my research agenda, is to focus on government rather than on, so much on the private sector.

And just to put in a plug for my own research, I've been working with a group of, of, of people at MIT and with Andrew Shrank at the University of New Mexico, I'm looking at the process of labor market regulation. And what we've—and regulatory institutions. And I think what we've discovered is that these institutions are much more complex, much more interesting, and offer much more possibilities than certainly the conventional wisdom dominated by market ideology would suggest. But I've also been working in this project in kind of a parallel with my colleague Richard Locke, who has looked at private government—governance—that is the kind of private structures which have been created exactly by lead companies like Nike, like Adidas, and I guess a whole long list of other companies who are not so willing to go public with the kind—as subjects of the kind of research that Rick has been conducting. But, his studies do not suggest, they do not suggest that these lead companies have been effective in changing the conditions of their subcontractors or their contractors. That they do not suggest that these voluntary private institutions have been really effective in changing the work and working conditions of the global world.

Now, they are new on studies, there are a lot of complications, it's not—that is in interpreting them. But I don't think they lead to a lot of optimism. That without a—new forms of governance and a new revival and revitalization of government as, as the, the organization which holds together the interplay between these private institutions. They don't suggest that without such revitalization we're going to come very close to establishing a new social—a new global order that is consistent with the highest values that we'd like to obtain in the workplace. Thanks.

ROSABETH MOSS KANTER: Mike, thank you. I will respond to the little slap at IBM, but that's not the main point. First of all, you'll be happy to know, in terms of government, I just did recently a book called America the Principled, which is not about companies, it's about the country, and Chapter 4 is called Restoring Respect for Government, and Chapter 6 is Building Community Through Service, of course. But there's — we have a way to go. It's a critical institution, and also we need countervailing forces definitely. On global governance, who and how? That requires leadership.

That's why I'm hoping we'll have a regime change in the United States. So that, that's really the question. And there has been a lot of research that the private attempts to create the international consortiums don't necessarily work unless they're backed up with something. But when we come from a country that doesn't accept the criminal court that's supposed to be international, then we're a limit on global governance.

And I have to say that many of the companies that I have talked to—I understand the limits of lead companies. Believe me. As I'm writing the book, I'm thinking of all the ways I have to make the argument for it. Because I didn't talk about the Japanese company. The Japanese company is taking the lead in the keidanren in Japan in looking at income inequality, wages top to bottom, and they want to get a law passed in Japan that limits how much the top can get versus the bottom. That's quite amazing. Because if they're living to a higher standard, they want everybody to, too. So, sometimes the lead companies can be a force.

Thirdly, you asked about the spread, the mechanisms for spreading. Well, this is spreading through the contracting system. These—at least in this set, they have very high standards for suppliers, for distributors, for business partners. They've got screens for them. And this is new, though. We're talking about a phenomena bursting on the scene in the last eight years in the 21<sup>st</sup> century. They're also providing ideas, mechanisms, models that governments are adopting and spreading. Only government can do that. By the way, Proctor & Gamble has unions and many of the companies that I'm talking about, The Korean Bank, Japan, etc., they have unions.

And on IBM, the only thing IBM ever taught the rest of Americans in the 60s. By the way, it's a very different IBM now anyway. That used to be the place of stifling conformity. They also brought to America, and other US companies emulated, their emphasis on equal employment opportunity and diversity, which happens to be something very important to me as a woman.

ERIK WRIGHT: Let me just briefly comment on the one point that Michael made with respect to my particular proposal, my particular thoughts in my presentation, but I'd like to more embed what I said in a broader agenda. I was making quite limited, quite limited points in the context of this panel.

Michael correctly said that I didn't have anything to say about the specific dynamic processes that determine the wage structure within either the state or the social economy. And that in order for the kinds of jobs that get created through either of these sites of job creation, one would need to—if we wanted to know if they would be—provide adequate standards of living for people, we would certainly need to have an account of those determinants.

Now, I do think—and he said that it's not sufficient to simply say that the wage structure within the state or the social economy is a question of will. Well, of course it's not just a question of will in the sense of what our ideological and political commitments are, but I think it is to a substantial extent a question of will, and that's the difference

between particularly states and how they organize their rules and markets. Precisely because you can establish a wage structure within the state as a matter of public policy, and that's why the wage structure for child care workers in Sweden is very different from the wage structure for child care workers in a market-driven system of child care workers. There's no reason why child care workers or elder care workers cannot provide adequate standards of living. Now, whether they'll be high paying jobs or not, that's a separate question. I'm concerned with jobs, in the particular presentation, that are in the middle of the employment structure. There's no reason why elder care and child care jobs can't be in that middle range. And that's a question of the political will to decide to allocate parts of the social surplus to funding such jobs in an adequate way.

The reason why I played importance in discussing the social economy on basic income is precisely because I think a social economy—that is, those economic activities organized through voluntary associations directly to satisfy needs, to provide for various needs. I think those kinds of activities are unlikely, through their own revenue generating capacity, to generate adequate standards of living, and that's precisely why the market is an unsatisfactory way for providing for the standards of living of people engaged in such activities. Basic income is one way of solving that, which provides a context for the state not directing the internal workings of those activities by simply incorporating them within the state, but creating a context within which people can pursue those activities on their own.

I use the arts as an example because it seems to me one in which we already do have a vibrant social economy. Most artistic production and performance is done in a non-market oriented way. Non-market in the sense that the actors are engaged in the attempt to perform activities to satisfy a particular human need, and then they run into the obstacles of needing a day job. Having to be waiters and waitresses in order to do it. In a sense, basic income would raise the wages of waiters and waitresses because there'd be a scarcity in certain cities of people wanting to do that work because they no longer would need to do it in order to provide for an adequate standard of living.

Now, one final quest—just one final comment on Rosabeth's interesting exploration of these best practices. The best practices that she described, to me, it strikes me that they are of two different characters. Some of them attempt to simulate in however possible—whatever vague and indirect ways something more like a democratic organization within a firm. The attempt to simulate without actually changing power relations, what firms would be like and what they would do if in fact they were controlled by their employees. Listening to your employees and taking seriously what they say is an attempt to get a kind of pale version of workplace democracy over the central priorities and values of a firm.

Now, we all know that philosopher kings, if they're benign, can do good things. One of the reasons why with respect to states we've decided we don't want to rely on philosopher kings, on kings who by chance might be benign and brilliant, is because we think on average we'll do better by having the people control the government rather than hope for benevolent monarchs. I think the same is true for corporations. I think the

implication of the best practices is that if we really wanted this to be generalized, what we need is a democratization of economic power, in one form or another.

And the broader context in my work on envisioning real utopia is within which these particular ideas are embedded, is basically one of placing democracy at the center. Democracy with respect to the economy and democracy with respect to the state. We have a thinning out of our state with respect to democracy. We need deepening democracy there, and we need new and interestingly innovative forms of economic democracy as well.

ARNE KALLEBERG: I wish we had another two hours but I'm afraid we are going to have to stop. Let's thank our terrific panel.