

Corporate “Labor Reform”: Proposals to Maximize Workplace Bullying

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Leading management consultants, top government officials and prominent financial journalists are proposing, what they dub, “labor reforms” as the solution for double-digit unemployment and underemployment, economic stagnation and the decline of capital investments.

“Labor Reform” as the Concentration of Power and Profits

First of all, the term “*labor reform*” is just a euphemism for labor regression, the reversal of laws and practices that workers and employees secured through decades of struggle against employers.

The idea that “*labor reforms*” would create jobs for the unemployed has been tried and disproven over the past decade. Throughout Europe, in particular Spain, Portugal, Greece, Ireland and France, laws facilitating firings, pay differentials between short-term and long-term contract workers and speed-ups have not reduced unemployment, which still remains at depression levels.

What neo-liberal economists and journalists call “*labor market flexibility*” is really all about increasing the power of the bosses to impose reductions in wages, dominate and dictate work rules, intensify management bullying in the workplace and fire workers without just cause or redress. Likewise “*wage flexibility*” means giving management the exclusive power to unilaterally lower wages, to alter work contracts, to stratify payments between workers, to downgrade job categories in order to lower wages and to increase output, and to pit unemployed workers against employed workers, temporary workers against long-term workers.

The Consequences of “Labor Reform”: Rising Inequalities

“*Labor reforms*” are not policies designed to end unemployment, encourage economic recovery and increase capital expenditure. They are not an economic strategy. The principle goal is to concentrate power in the hands of the bosses in order to lower labor costs, increase profits and double-up production from a reduced workforce.

The growing disparity of power between capital and labor resulting from “*labor reforms*” is the key factor producing inequality. Neo-liberals attribute growing inequality to technological changes, ignoring the fact that it is the growing power of capital that determines how productivity gains, from the introduction of technological innovations, are distributed between capital and labor.

"Labor Reform" and the Astronomical Rise of Workplace Bullying

Most liberals focus on the problems of sexual harassment and intra-working class bullying. These problems certainly require attention and correction. But far more pervasive and with far-reaching consequential is management harassment of all workers of both genders. Because *'labor reforms'* allow management to fire workers without due process and because union shop stewards do not exist in 88% of the private and public workplaces, management intervenes in everyday workplaces, arbitrarily increasing work assignments and downgrading work performance. And many times it does so with verbal and some times, physical abuse. Management no longer faces workplace solidarity: it can abuse workers, isolate and harangue them, threaten and dictate ultimatums. Any self-defense is immediately interpreted as insubordination and the worker is fired – an example to others to unconditionally submit. Intimidation takes the form of hiring temporary low-wage workers to compete with permanent employees, or threatening to 'relocate' the factory. Macro and micro personal bullying is today an integral part of capital- labor relations.

Bullying has an economic function – it is designed to increase output, inculcate obedience and raise profits. But management bullying has profound negative psycho-social effects on workers. Verbal abuse, face to face intimidation, arbitrary downgrading without recourse and other everyday indignities cause depression, a loss of self-worth dignity. This leads to self-abuse, worker and family violence and/or a 'chain of bullying' of those below ... children, spouses, neighbors and outsiders (immigrants).

The bullying by management does not merely express itself in victimizing workers but also in forcing them to enter in *"co-operative relations"* where they are supposed to "share" tasks, responsibilities and innovations, without rewards or say in the distribution of material benefits or in the shaping of workplace power relations. It's bad enough to be bullied and exploited, its worse to be forced to co-operate with management bullies, to smile at indignities and praise the degrading relationships.

The Most Vulnerable: Unemployed, Temporary and Young Workers

The most brutalized sectors of the workforce are the unemployed and temporary young workers, which the neo-liberal ideologues argue will be the beneficiaries of *"labor market flexibility"*. In fact, lowering the status of employed workers has not created jobs for the unemployed. Temporary workers are hired at the lowest level, paid less than half the wage of permanent workers and can be fired with no notice. Most young 'temps' work with the promise of a permanent job and are driven to compete with a multitude of others . . . yet only a few are rehired when the contract ends and, even among them, it is usually another temporary contract. Unemployed workers are subject to intense interviews that go far beyond their work capabilities: they are interrogated regarding their readiness to obey, submit and collaborate with management—this is a key factor in getting hired. Temporary workers are encouraged by management to exceed existing work norms, to work overtime without extra payment, thus fostering animosity and hostility among permanent workers. The unemployed are there to pressure the temp; the temp is employed to compete with the permanent; the young are hired to replace older workers near retirement age to lower pension payments .Veteran workers fear that the younger workers they are assigned to train will then take their jobs or force them into early retirement with a loss of their pension and benefits. Management fosters distrust, hostility, competition and bullying among workers which undermines solidarity by dividing workers between temps and 'permanent' workers

so they can dominate, intimidate and exploit both.

The on-going drive to strip workers of all protective social legislation and eliminate trade union organization in order to increase profits has allowed capitalists to lessen capital investments in job creating activities. Management bullying at the workplace has become endemic because individual workers have no redress, lack solidarity and have the “choice” of submitting to daily abuse until it become unbearable, or quitting. Management can always find cheap replacements that are more submissive, more willing to endure added job tasks for lesser pay. In many cases, especially among public sector employees, management bullying is a tool to remove and replace competent professionals with political or family cronies. Organizational loyalty replaces professional competence, leading to a decline of public service and advocacy for the citizens, especially the most vulnerable.

Labor Market Reform as a Cover for the Failures of Capital

As we have noted, stripping labor of its rights and concentrating power in the hands of management has not created jobs. The reason is that unemployment and underemployment is a result of the behavior of the capitalist class. They are not investing in job creation!

Instead CEO's are paying higher dividends to big stockholders, investment bankers and hedge funds. Corporate directors are channeling billions into acquisitions, buying out competitors and monopolizing markets or simply “broadening the portfolio”. They reap huge salaries and bonuses.

Corporate strategic planners and accountants relocate corporate offices overseas and stash hundreds of billions of dollars offshore to avoid taxes while reducing the availability of capital for job-creating investments at home.

The corporate elite relocates plants and operations “off-shore” to low-wage countries, in the process firing millions of workers and thus creating a massive pool of unemployed workers. ‘*Capital flexibility*’, not ‘*labor inflexibility*’ (job protection), is the decisive factor generating and maintaining high unemployment and underemployment: Capital has the “*flexibility*” to acquire existing firms instead of creating new plants and jobs; it has the ‘*flexibility*’ to ‘*offshore*’ its operations and displace millions and it has the ‘*flexibility*’ to hoard funds and profits overseas, hidden from domestic taxes.

Conclusion

The entire argument for “*labor reform*” and labor flexibility to create jobs is entirely without merit. Worse it is a subterfuge to cover up the fact that it is “*capital flexibility*”, which is the cause of unemployment.

Moreover, the vast imbalance between financial and productive investments has led to the diminution of stable well-paying jobs in productive sectors. The movement by the corporate and financial elite toward a high unemployment strategy is predicated on its supreme control over the executive branch of government at the top and iron-fisted control over the workplace at the bottom.

Political-corporate integration is at its highest point in history: “*flexible capital*”, unrestrained movements of capital, is the dominant state ideology. The inability of trade unions and other organized sectors to challenge state policy has led to their total subjection

to threats of capital flight and their acceptance of the imposition of “*labor reforms*” destroying the social basis for organization.

Capital-State integration at the top is accompanied by worker fragmentation and isolation at the workplace. Here “*labor reform*” plays a major role in sustaining management absolutism: corporate power at the top corrupts and absolute power at the workplace absolutely corrupts – to paraphrase and adapt Lord Acton to the 21st century.

Workplace bullying by management, is the starting point in an extended chain or domination and exploitation that stretches from the highest levels of corporate headquarters to the lowest office and workplace. Frustrated atomized workers suffering indignities do not strike and do not vote. They are the silent majority who tell the pollsters they oppose Wall Street, they want a national health system for their family, affordable higher education for their children and stable, secure employment for themselves—but feel powerless and voiceless!

This majority needs a movement to impose ‘*capital reforms*’: an end to capital flight, mergers, acquisitions and hoarding instead of capital investments. Perhaps the starting point is workplace reform: organizing and fighting management bullying in every day work.

Another response to the escalation of managements workplace bullying is the growth of self-employment, as skilled workers turn to small-scale enterprises and self-managed co-operatives to free themselves from managers constantly looking over their shoulders, barking for greater output and demanding “extra hours and overtime” without compensation.

Decades earlier, a whole generation was raised with the understanding that employment in a larger firm was a collegial experience of sharing knowledge and advancing through meritorious achievements. Today, few skilled workers hold that view: corporate employment involves a merciless “grind”, abrupt changes in ownership, radical restructuring, high stress workloads and perpetual job insecurity.

The risk of exiting to small-scale individual enterprises may be preferable to the strains and indignities of everyday corporate bullying, even in the public sector. But the bankruptcy rates for small independents remain high.

Socialism anybody?

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