

**RESHAPING
THE DIVISION OF LABOUR:
WORK AND CLASS IN NEW ZEALAND
SINCE THE 1980s**

BY

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A thesis
submitted to the Victoria University of Wellington
in fulfilment of the requirements for the degree of
Doctor of Philosophy
in Sociology

Victoria University of Wellington

2011

Abstract

This thesis is concerned with the relationship between economic restructuring, the changing division of labour and social stratification, with particular reference to New Zealand in the period since the 1980s. It begins with a critique of theories of capitalist development, leading to the adoption of an approach which focuses on both the long-term evolution of the division of labour and the ways in which production and employment are subject to periodic upheavals from episodes of economic crisis and restructuring. The regulation approach is used to analyse the restructuring of the New Zealand economy following the global crisis of the 1970s, which transformed it from a model based on mass production and interventionist regulation to one based on flexible production and liberal regulation. This provides a context for analysing related changes in employment, focussing particularly on the massive job losses in New Zealand's goods-producing industries, the subsequent period of high unemployment and the eventual resurgence in job growth based on more flexible use of labour, expansion in producer and consumer service industries, and growth in both skilled and routine white-collar occupations. The remainder of the thesis is concerned with the effects of these changes on patterns of social stratification. A consideration of the theoretical and conceptual issues surrounding class, stratification and the division of labour leads to the development of a model of class structure based on relations of production and hierarchical divisions of labour. Census data is reclassified to fit the model and analysed to show changes in patterns of stratification since the 1980s, looking particularly at shifts in the relative size and composition of middle-class and working-class employment and the implications for class formation. The model is also used to analyse changes in structural inequalities between the sexes and between ethnic groups, with a focus on the ways in which different groups were affected by the restructuring process and how this was influenced by historically gendered and ethnicised divisions of labour. The thesis concludes with an assessment of the extent of change in employment and stratification and whether this is indicative of a transition to a post-industrial economy.

Acknowledgements

Considerable thanks are due to my supervisors, David Pearson and Chamsy el-Ojeili. Their guidance, encouragement and forbearance have been invaluable in helping me navigate some difficult waters, allowing me to chart my own course while always being on hand with the right advice and support when required. The end result would have been much the poorer without their assistance. Many others have contributed in a variety of ways: commenting on drafts, providing data and technical advice, discussing ideas and problems, and offering encouragement and sympathy. For these and other contributions, my appreciation to Juliette Allen, Paul Barham, Gerry Cotterell, Kay Goodger, David Kerslake, Phillipa O'Brien, Tim Ryan, Anne Spellerberg, Sara Watson, Julie Woolf, and anyone I may have inadvertently omitted. A collective thanks also to staff and postgraduate students at Victoria University's School of Social and Cultural Studies for many helpful discussions about ideas, issues and the tribulations of doctoral research. I am grateful to Statistics New Zealand for all the data and to former colleagues at that organisation who educated me in the pitfalls and possibilities of official statistics over many years. Financial assistance was provided by Victoria University in the form of a PhD Scholarship and PhD Submission Scholarship, without which this thesis would not have been possible.

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Introduction

It is generally considered that there have been some fundamental changes in the nature of work over recent decades. The perceptions are that employment has become less secure and stable, and standard working arrangements have given way to more flexible and atypical forms of employment. Work is seen to be increasingly concerned with the production of information rather than the production of goods, requiring workers to obtain ever-greater levels of specialised skills in order to survive and succeed in the labour market. Many commentators identify wider social implications in these changes: it is argued that a diminishing attachment to stable long-term employment means our lifestyles and identities increasingly centre on consumption rather than production, while the decline of traditional working-class employment is said to have eroded the importance of class as a form of social differentiation. And there is a frequent refrain that these changes are driven by the inexorable forces of globalisation and technological progress over which we have little control and to which we must adapt and conform in order to prosper.

Many regard these changes as indicative of a transition to a new type of economy and society, variously described as post-industrial society, the new capitalism, informational capitalism or the knowledge economy. Against this, sceptics argue that the extent of change has been greatly exaggerated and the shifts that are observable are not fundamentally new but rather manifestations of long-term trends resulting from the enduring dynamics of industrial capitalism. As is often the case with such debates, the truth is likely to lie somewhere between the polarised positions of those dominating the discussion, and can best be revealed by rigorous empirical research in specific national contexts. In New Zealand, there has been surprisingly little research of this nature. Although the transformation of the New Zealand economy in the 1980s and 1990s generated considerable literature and there has been a fair amount of research into specific aspects of labour market and employment change, as yet there has been no comprehensive analysis of the multi-faceted shifts in employment and social structures which contextualises them within broader processes of capitalist development.

This thesis seeks to address this gap by examining two broad and interrelated questions. Firstly, to what extent have these shifts in employment and related patterns of social stratification occurred? And secondly, to the extent that they have occurred, is this indicative of the emergence of a new type of economy and society or a development of more longstanding trends? These questions are addressed by means of two distinctive analytical perspectives. The first is a focus on the division of labour, a foundational but now much neglected concept within sociology, which provides a useful angle from which to approach structures and processes of change in the realms of production, employment and stratification. The second perspective is that of the regulation approach, a neo-Marxist school of political economy, which interprets the progression of capitalist economies in terms of a succession of different modes of development emerging from periods of crisis and restructuring. The marriage of these two perspectives results in an approach situating the analysis of New Zealand's changing employment and social structures within the context of long-term evolution in the division of labour, while also highlighting the manner in which that process was disrupted by a more concentrated period of upheaval associated with the crisis and restructuring of the late twentieth century.

The narrative of the thesis at various points touches on much of New Zealand's economic history from the colonial era onwards, but the focus is very much on the years from the mid-1980s to the mid-2000s. In this period, a neoliberal restructuring project transformed the highly protected and regulated New Zealand economy into an exemplary model of free-market capitalism, in the process changing the nature of what we produce and how we produce it, and thus the ways in which labour is utilised. In New Zealand, as elsewhere, the neoliberal project had devastating effects on some sectors of production and on large numbers of workers. It eventually delivered renewed job growth in different sectors, but economic growth was modest and punctuated by a succession of crises, culminating in the global financial crisis which began in 2007. While the long-term effects of the crisis are as yet unknown, the developed capitalist economies may well be destined for another long period of stagnation which could lead to further rounds of restructuring and reform, and further changes to the nature of production and employment. In terms of this thesis, it means that the period under analysis is bookended by two major episodes in New Zealand's economic history: the restructuring project begun in the mid-1980s in an effort to resolve a prolonged economic crisis, and the collapse of the new regime amidst a further major crisis just

over two decades later. That crisis occurred after the thesis was begun and changed the tenor of the study from an account of a period of development in full swing and showing no obvious signs of imminent collapse, to one which might well have run its course.

The empirical analysis in the thesis is based on official employment data, particularly from the censuses of 1986 to 2006, but also drawing on earlier censuses for the purposes of some longer-term comparisons, and supplemented where appropriate by other data sources. The starting point was partly determined by availability of data and post-dates the beginning of the restructuring project in 1984, but this does not unduly constrain the exercise as it was only after 1986 that the effects of restructuring on the labour market became apparent in the form of massive job losses and major structural shifts in employment. As events transpired, the end point of 2006 also proved to be appropriate as it saw the last census before the emergence of the global financial crisis in the following year. It should also be noted that the analysis is largely confined to paid employment. While the interface between paid and unpaid work raises a number of important issues, which are touched on at several points, detailed analysis of changes in unpaid work is constrained by a lack of good time-series data.

The structure of the thesis moves from a consideration of theories of change within capitalism, through analyses of transformations in the economy, the labour market and the division of labour in New Zealand, to an examination of the effects on patterns of social stratification. In Chapter One, a theoretical perspective is developed by means of a critical appraisal of themes of change and continuity in theories of capitalist development. The argument challenges those accounts which contend that changes in production and employment signify a transition to a new epoch of post-industrialism, and suggests that the regulation approach provides a more balanced perspective on issues of change and continuity and a better framework within which to explore recent upheavals in the division of labour.

In Chapter Two, the regulation approach is applied to interpreting the course of capitalist development in New Zealand, with a particular focus on the transformation of the economy in the 1980s and 1990s. The restructuring project is explained as a delayed response to the crisis which emerged in the 1970s, and is seen to involve a transition from a Fordist mode of development based on mass production and interventionist regulation to a market-oriented post-Fordist mode based on flexible production and

liberal regulation. This provides a context for analyses of changes in the labour market and the division of labour which follow in subsequent chapters.

Transitions in the labour market are discussed in Chapter Three. The analysis looks firstly at the surge in unemployment resulting from restructuring and recession during the late 1980s and early 1990s, and the subsequent improvement in labour demand as the new mode of development was consolidated. It highlights the fact that the recovery was based in quite different sectors of production from those which experienced the earlier job losses, and that levels of joblessness and underemployment remained relatively high by historical standards. This is followed by a consideration of the extent to which employment has been destandardised as the conventional model of full-time and long-term waged or salaried employment has been eroded by the growth of more varied and flexible working arrangements.

In Chapter Four, the changing division of labour within employment is analysed in terms of the redistribution of work between industries and occupations, both over the long term and as a more immediate consequence of the restructuring project. In very general terms this has involved shifts from goods-producing to producer and consumer service industries, and from manual to non-manual and lower-skilled to higher-skilled occupations. This can be seen as a further development of long-term trends within industrial capitalism, which have involved a progressive decline in the direct labour required for goods production and a simultaneous expansion in the extended division of labour surrounding the production of commodities in the form of both goods and services.

The remaining chapters are concerned with the effects of the changing division of labour on patterns of social stratification. Theoretical and conceptual issues surrounding class are discussed in Chapter Five, in particular debates over the 'death of class', the merits of economic and cultural approaches to class analysis, and the relationship between class, gender and ethnicity. The argument of the chapter is that economic class analysis still has an important role to play in the study of material inequality, but can be enhanced by greater attention to the inter-relationship between relations of production and divisions of labour. This leads to the development of a typology of class structure which is utilised in the empirical analysis in subsequent chapters.

In Chapter Six, changes in New Zealand's class structure are analysed using census employment data for the two decades from 1986 to 2006. The analysis shows, not surprisingly, that there has been a decline in working-class employment and an

expansion in middle-class employment, but that the former still accounted for over half of the workforce in 2006. The analysis also reveals a widening of income inequality between those at the upper and lower reaches of the class structure over the two decades. The chapter concludes with some comments on the implications of these changes for processes of class formation.

Gender and ethnic inequality provide the focus of Chapter Seven. The analysis explores the ways in which the division of labour is gendered and ethnicised, in the sense that women and non-European ethnic groups are disproportionately located in particular types of work and therefore inequitably distributed within the class structure. While these inequalities have longstanding historical origins, they also had significant implications for the ways in which different groups were affected by the process of restructuring. Changing patterns of labour demand over recent decades and efforts to achieve greater gender and ethnic equality in employment have reshaped gendered and ethnicised divisions of labour to some degree, but the legacy of historical inequalities is still very evident.

While the empirical analysis in the thesis is firmly focused on the New Zealand context, the themes it traverses and the approach it employs have a much wider relevance. The trajectory of the New Zealand economy through the process of crisis and restructuring and the emergence of a new mode of development has significant commonalities with other developed capitalist economies, particularly those of other Anglophone nations which adopted similar free-market models of capitalism in the 1980s and 1990s. The ways in which the division of labour has evolved over the long term and as a consequence of restructuring also closely parallel the experience of similar economies, as do the shifts in patterns of social stratification. It is to be hoped this thesis will therefore offer some insights of value to the wider understanding of the changing division of labour in contemporary capitalism.

Change and Continuity in Capitalism

There is a widespread perception that in recent times we have been living through a major economic and social transformation. A *fin de siècle* mood has pervaded the social sciences, where concepts representing the old order have been increasingly prefixed with a 'post' – post-industrialism, post-modernity, post-Fordism and so on – and established ways of understanding have been dismissed as outmoded. The mood of change also infects public discourse, where concepts such as post-industrial society and postmodernism have become common currency along with ideas like the new economy, the knowledge economy and the information society. Such epochal conceptions clearly appeal to our notions of economic progress and social evolution. By encapsulating visions of change, defining our era and speculating about the future they stimulate both sociological and popular imaginations. But in the exhilaration of capturing the zeitgeist there is a temptation to overstate the extent of change, to neglect continuities and to disregard the familiarity of the forces of change. Certainly there is no denying that there have been important transitions in the advanced capitalist nations in recent times: the information technology revolution, economic and cultural globalisation, changing forms of production and employment, fragmentation of consumption patterns, weakening of class-based identities and the rise of new social movements. But equally there are continuities: capitalism is still driven by pursuit of profit, industrial production remains fundamental to economic activity, nation-states are still bounded and largely sovereign, established social divisions and inequalities persist, and for most of us the daily routine of work is little changed and of no less consequence for our material wellbeing.

The changing nature of work is at the centre of many of the accounts of societal transformation. There are perceptions that conventional forms of work are disappearing, that employment is increasingly characterised by flexibility and insecurity, that the production of goods has been superseded by the production and circulation of information, that there has been a fundamental reshaping of the relationship between capital and labour, and that new patterns of social inequality and identity are emerging

from the turmoil. None of these contentions is without some foundation, but critical scrutiny can show them to be exaggerated and reveal that the changes arise from the development and intensification of longstanding forces within industrial capitalism rather than some epochal rupture with the past. Striking a balance between the themes of change and continuity is a difficult task and one which tends to be eschewed by both the prophets of transformation and sceptical critics in their eagerness to establish cases for or against the new order. This chapter attempts to achieve such a balance by means of a critical examination of the recurrent themes relating to the emergence of a new capitalism or a post-industrial society and their implications for the nature of work and inequality. In the process, it attempts to establish the case for a reconsideration of the neglected concept of the division of labour in understanding the nature of such changes, and advocates a periodisation of capitalism which allows us to situate the analysis of the changing division of labour within cycles of crisis, restructuring and growth in capitalist economies. This approach will provide a framework for the empirical analysis of changes in capitalism and work in New Zealand, which will follow in subsequent chapters. The first step is to revisit the concept of the division of labour.

The division of labour in industrial capitalism

The division of labour is as old as human society, existing wherever there is a division of even the most basic subsistence activities between sexes and age groups, wherever there is even a rudimentary form of occupational specialisation, or wherever there are relations of exchange between communities with different productive resources or skills. Over the course of history the division of labour has become increasingly complex and specialised as population growth, social development, technological advancement and economic progress have encouraged ever more diversification and specialisation of economic roles. Within this gradual evolution there have also been particular historical junctures at which the division of labour has been subject to more concentrated transformation as a result of upheavals in the nature of economic activity. The Industrial Revolution was undoubtedly one such juncture and it might be argued that we are currently living through another.¹

¹ The term 'Industrial Revolution' is used here to refer the first such revolution, originating in Britain in the late eighteenth century and involving the mechanisation of production by means of water and steam power. Distinctions are often made between successive industrial revolutions based on distinct phases of technological development (Freeman and Louçã 2001) but these are best seen as part of the ongoing development of the forces of production unleashed by the original Industrial Revolution.

The Industrial Revolution entailed profound changes to the way labour was utilised, divided and organised, and these had such far-reaching social ramifications that the division of labour became a central concern in the attempts of the classical social theorists to interpret the period (Kumar 1978). For Marx and Weber, the expansion and development of the division of labour was expressive of what each saw as the central dynamic driving the development of capitalism – accumulation in Marx’s case and rationalisation in Weber’s.¹ Both made an important distinction between two dimensions of the division of labour which are now generally referred to as the social and technical divisions of labour (Marx 1976 [1867]: 455-491; Weber 1978 [1922]: 114-137). In broad terms, the social division of labour consists of producers – whether they be enterprises, communities or individuals – performing specialised economic roles within a web of interdependent relationships, while the technical division of labour involves the compartmentalisation of production processes whereby a number of workers perform different parts of a single process. Marx contrasted the ‘anarchy’ of the social division of labour in which relations between many producers are mediated by the vagaries of the market, with the ‘despotism’ of the technical division of labour where workers combine as one producer or ‘collective worker’ under the authority of the capitalist. Thus, “the division of labour within manufacture presupposes a concentration of the means of production in the hands of one capitalist; the division of labour within society presupposes a dispersal of those means among many independent producers of commodities” (Marx 1976 [1867]: 476).

Marx and Weber, along with Durkheim, located the origins of the social division of labour in pre-industrial societies while highlighting the increasing complexity and interdependency of economic relations entailed by the development of industrial capitalism. This represented not just a quantitative leap but also a qualitative shift in the division of labour, with ramifications well beyond the economic realm. In *The Division of Labour in Society* (1964 [1893]), Durkheim argued that the functional interdependence of the expanding division of labour represented a new basis of social integration or ‘organic solidarity’, superseding the ‘mechanical solidarity’ based on the

¹ For Marx, accumulation refers to the ongoing expansion of the stock of capital as surplus value appropriated from the labour effort of workers is reinvested in production to generate further surplus value. For Weber, rationalisation has a broad range of meaning but in the economic context refers to the organisation of economic activity in ways designed to maximise efficiency and calculability. The two concepts are linked in that the rationalisation of economic activity enhances profitability and thus stimulates capital accumulation. They should not, however, be conflated: accumulation is an economic process which may be pursued by means other than rationalisation, while rationalisation is a more ideational concept which is also manifested in a variety of contexts outside the economic realm.

collective conscience, which typified pre-modern societies. While Durkheim's focus was primarily on the occupational level and the relationship of the individual to society, Marx's conception of the social division of labour was broader – encompassing relations of exchange between different producers, industries, regions and nations – and more firmly situated in the context of capitalist development. For him, the social division of labour was a necessary precondition for capitalist commodity production, as without it there would be no market for the exchange of goods between independent producers. The development of capitalism in turn greatly expanded the social division of labour, as its competitive dynamic encouraged the proliferation of commodities and the multiplication of specialised operations involved in their production and circulation (Marx 1976 [1867]: 470-480).

The technical division of labour is a more recent phenomenon than the social division of labour, but also originated prior to the Industrial Revolution when teams of skilled craftsmen were employed in workshops to perform different parts of single production processes under the charge of an entrepreneur. However, it received significant impetus from the development of large-scale mechanised production which allowed greater sub-division of tasks and the replacement of skilled craftsmen by unskilled labourers (Marx 1976 [1867]: 455-491). Adam Smith, on the cusp of the Industrial Revolution, lauded the increases in productivity to be gained by dividing manufacturing processes into partial and repetitive tasks performed by teams of workers, while also recognising that this may be to the detriment of their physical and mental wellbeing (Smith 2003 [1776]). Charles Babbage later contributed what would become known as the 'Babbage principle', pointing to the cost advantages of minimising the amount of skilled labour employed in the production process: higher-paid skilled workers need only be used for those limited parts of the process which required their particular skills, while other steps in the process could be performed by lower-skilled and lower-paid workers, thus resulting in significant savings on labour costs (Babbage 1963 [1832]). Marx recognised the advantages for capital of such rationalisation and cost-cutting, but brought a more critical perspective to these themes. He observed that the substitution of trained craftsmen by unskilled labourers made for greater exploitation by increasing the rate of surplus value which could be appropriated from workers, while also enhancing the domination of labour by capital through strict work routines and close supervision. For workers, the result was greater alienation due to the degradation of work and denial of the fulfilment inherent in more creative acts of

labour: “It converts the worker into a crippled monstrosity by furthering his particular skills ... through the suppression of a whole world of productive drives and inclinations” (Marx 1976 [1867]: 481). While Marx focussed on manufacturing, Weber’s work on bureaucracy illustrated that elaborate technical divisions of labour were not confined to material production, but were also a feature of the rationalisation of administration and management typical of modern large-scale organisations (Weber 1978 [1922]: 956-1005).

Growing specialisation within both the technical and social divisions of labour saw the workforce become increasingly fractured by hierarchical distinctions of skill and authority – and therefore of status and remuneration. Diverse production processes and the compartmentalised tasks within them called for different levels and types of skill, while the increasing complexity of production and exchange expanded the tasks of co-ordination, administration and management which entailed varying degrees of privilege and authority. All this served to stratify labour and add greater complexity to class relations. In Marx’s unfinished statement on class in the final volume of *Capital*, his very last sentence speaks of “the infinite fragmentation of interests and positions into which the division of social labour splits not only workers but also capitalists and landowners ...” (Marx 1981 [1894]: 1026). However, for Marx these divisions were secondary to the fundamental divide between capital and labour, and would not prevent society polarising into ‘two great hostile camps’ with the progressive concentration of capital and immiseration of labour. Weber was unconvinced of the inevitability of such polarisation and – defining class in terms of market situation rather than production relations – identified a large number of economic ‘class situations’ which reflected the complexity of the division of labour in capitalism. These consisted of ‘positively privileged’, ‘negatively privileged’ and intermediate property and commercial classes, in which owners were differentiated by types of property and spheres of industry while workers were distinguished by levels of skill. Weber suggested that these economic positions coalesced into a smaller number of social classes within which social mobility was ‘easy and typical’, although the unity of such classes was highly variable. These were the working class, the petty bourgeoisie, the propertyless intelligentsia, and those privileged through property and education (Weber 1978 [1922]: 302-307).¹

While Marx argued that industrial capitalism took the division of labour to new levels of complexity, he was somewhat equivocal on what would become of it once

¹ The relationship between class and the division of labour is discussed in detail in Chapter Five.

capitalism was overthrown. The younger Marx waxed romantically about a communist society “where nobody has one exclusive sphere of activity, but each can become accomplished in any branch he wishes” (Marx and Engels 1965 [1845]: 45). But Rattansi (1982) suggests that Marx’s early views on the subject reflected a tendency to conflate the concepts of class and the division of labour – with the consequence that his vision of the classless society which would succeed capitalism was one without a specialised division of labour. Rattansi argues that in later works such as *Capital* Marx is less sanguine about the prospects for the abolition of the division of labour, distinguishing it from class and accepting it as a necessary feature of large-scale industrial production even in a classless post-capitalist society. Subsequent history could be said to support such a conclusion, inasmuch as no socialist or communist society has succeeded in abolishing specialised divisions of labour and the inequalities they entail – although Marxists dispute the belief that these societies represent genuinely socialist societies of the type envisaged by Marx (eg Callinicos 1991).

Marx was less equivocal when it came to the future of the division of labour within capitalism. The imperative of capital accumulation would drive capitalists to maximise the exploitation of markets and the exploitation of workers, producing an increasingly extensive social division of labour on the one hand and an increasingly intensive technical division of labour on the other. Continued elaboration of the division of labour was inherent in the expansive dynamic of capitalist commodity production with its “ever growing specialization of the products produced as commodities” and “ever greater division of complementary production processes into independent ones” (Marx 1978 [1885]: 119). Further developments in technology and methods of production would only give greater impetus to these processes: “each new productive force, insofar as it is not merely a quantitative extension of productive forces already known ... causes a further development of the division of labour” (Marx and Engels 1965 [1845]: 32). Subsequent history has borne out these expectations as capitalism has spread its reach into ever expanding domestic and global markets, revolutionised labour processes through new technologies and methods of production, and churned out an ever greater range of goods and services through increasingly complex networks of production and circulation. Indeed, the classical theorists would likely have been staggered by the extent to which both the social and technical divisions of labour had progressed by the late twentieth century: the social division of labour through the proliferation of enterprises and industries performing specialised functions within production,

circulation and consumption (Sayer and Walker 1992: 56-107); and the technical division of labour through the marriage of assembly-line technology and Taylorist scientific management, which encouraged extreme fragmentation and intense managerial control of labour processes (Braverman 1974).

The division of labour clearly played a dynamic role in the development of industrial capitalism during the twentieth century, but at the same time it seemed to fall out of favour as part of the conceptual apparatus social scientists brought to the analysis of that development. Over recent decades there has been some attention to specific dimensions of the division of labour in the context of debates about the labour process (technical divisions of labour), gender relations (the sexual division of labour), and globalisation (the international division of labour). But in the voluminous literature on the economic and social transformations of recent times, very little emphasis has been placed on the dynamic role which the evolving division of labour has played in processes of change. A notable exception is the work of Sayer and Walker (1992), who are highly critical of this neglect and offer their own corrective by showing how attention to the division of labour can shed light on a number of changes commonly discussed under the rubrics of the service economy, post-industrialism, post-Fordism and so on. At the core of their work is a contention that the latest phase of capitalist development is marked not by a break with industrial capitalism, but by a widening and deepening of the division of labour in a further development of forces which have been with us since the Industrial Revolution. Their argument unfortunately appears to have made little impression and the division of labour continues to languish in the shadows cast by the grand ideas of epochal transformation. But as the following discussion attempts to show, the division of labour still has much to offer in informing our understanding of the changing face of capitalism.

From post-industrialism to informationalism

The demise of industrial capitalism and the rise of post-industrial society emerged as important currents in sociological thought in the 1960s and early 1970s, most notably through the work of Daniel Bell (1999 [1973]) and Alain Touraine (1971). Although encompassing a range of different perspectives, the post-industrial literature identified a number of common features in the emerging society: shifts in the focus of economic activity from goods-producing to service industries; the growth of white-collar jobs and particularly professional and technical work at the expense of manual production jobs;

the centrality of scientific or theoretical knowledge as a source of innovation and planning; the increasing importance of tertiary education and of the university as an institution; the emergence of new forms of social stratification in which the possession of knowledge rather than property is the axis of inequality; and the decline of working-class radicalism and the politics of class. Together these developments were held to represent not just a further progression in the evolution of industrial capitalism, but a transition to a whole new type of society which differed in fundamental respects from the industrial society which preceded it (Kumar 1978; Badham 1986).

Early post-industrial theory was to some extent an exercise in ‘social forecasting’ as Bell put it, and its predictions were soon overtaken by developments which would shape the nature of economic and social change over the next few decades – principally the rapid advances in information technology, the global crisis in capitalism in the 1970s and the extensive economic restructuring which followed. As the IT revolution gathered pace, post-industrial society was identified more precisely by Bell (1979) and others as an information society in which new technologies played a defining role. There were a number of recurring themes in the early literature on the information society which built on those in earlier depictions of post-industrialism: the information revolution represented a transformation comparable to the Industrial Revolution; information was becoming the principle source of innovation and growth and the main economic activity as measured by shares of production and employment; knowledge rather than labour was becoming the main source of value; the constraints of time and space were being transcended by instant communication and globalised infrastructures; and these transformations would bring with them a raft of social and cultural changes (Kumar 1995: 6-35; Webster 2002).

Others were less concerned with the exhilarating possibilities of new technologies than with the sober realities of the crisis in capitalism which signalled the end of the post-War boom, and sought to identify the new model of capitalism which would succeed the ailing Fordist-Keynesian version. A number of different schools of thought, which can be loosely grouped under the heading of post-Fordist theory (Amin 1994), saw the crisis of the 1970s as marking a break not with industrial capitalism as such, but with the particular mode of development which had characterised the advanced capitalist economies since the Second World War – one in which accumulation was based on mass production and mass consumption, and in which national economies tended to be highly regulated and insulated. The restructuring which followed the crisis

was generally held to involve a shift towards more flexible production and fragmented consumption along with a liberalised mode of regulation favouring greater market competition. Some argued that there was an affinity between these economic changes and the emergence of a postmodern social condition, marked by the weakening of established social structures and identities and increasing cultural fragmentation, individualisation and impermanence (Harvey 1990; Lash and Urry 1987). However, post-Fordist theory generally stopped short of claiming that the economic transformation would usher in a new type of society along the lines of the post-industrial or information society. It also tended to attribute less significance to technology as the driver of change – technology would certainly facilitate changes in economic activity, but those changes were driven by the imperatives of restoring profitability and growth to the capitalist economy rather than by technological forces. We will return to a more detailed consideration of post-Fordism later in the chapter.

These two developments of the 1970s and 1980s – the IT revolution and post-crisis restructuring – were both seen as providing the impetus for the development of a new form of informational capitalism by Manuel Castells in his *Information Age* trilogy (Castells 2000a; 2000b; 2004). This is a work worth considering in greater detail as it encapsulates many of the themes from other strands of the literature, and paints the most detailed and empirically-grounded picture of the emerging capitalist society. It is, however, an epic work which traverses the vast domains of economy, society and culture, and so in the interests of brevity the following discussion is confined to the key dimensions of what Castells identifies as the ‘new economy’ and the implications for work and inequality. Those key dimensions are threefold: the new economy is *informational*, in that productivity and competitiveness depend on the production and application of information; it is *global* in that production, circulation and consumption are organised on a global scale; and it is *networked* in that economic activity is carried out within networks of interaction between businesses (Castells 2000a: 77).

In conceptualising the new economy as informational, Castells makes a distinction between modes of production and modes of development (2000a: 14-18). The mode of production is still capitalist as conventionally understood by Marxism, but the history of capitalism has been marked by successive modes of development based on different types of technology. These are agrarianism, industrialism and informationalism: the agrarian mode involved the application of human labour to natural resources; the industrial mode involved the application of new energy sources to manufacturing

processes; and the informational mode involves the application of information technology to improve the generation of knowledge and information itself. Agrarian, industrial and informational production may all occur simultaneously within particular economies, but the mode of development is defined by the major source of productivity in a particular age. Information is to informational society what industry was to industrial society – a technology which permeates all aspects of economic and social organisation. Castells argues that the information technology revolution is just as significant as the Industrial Revolution was in transforming economy, society and culture (2000a: 29).

For Castells, the new economy is global in a way that is qualitatively different from the erstwhile world economy linked by trade and investment: it has overcome the constraints of time and distance between different parts of the world, using the infrastructure of information communications technologies and abetted by the liberalisation of trade and financial regulations, and can thus operate “as a unit in real time, or in chosen time, on a planetary scale” (2000a: 102). Nowhere is this more evident than in globalised financial markets, in which high volumes of capital circulate around the globe through instantaneous electronic transactions which create a web of interdependence between national economies. International trade has not only grown substantially in volume but also changed in character: a growing proportion of trade is in services and high-tech goods, which accentuates trade imbalances between high-tech and low-tech economies; developing countries are accounting for an increasing proportion of international trade; there has been increasing liberalisation of international trade; and there is a growing network of trade relations between firms which cut across regions and countries. A further dimension of globalisation is the increasing internationalisation of production through growth of foreign direct investment, increasing penetration of multinational corporations, and development of international production networks. The latter is distinctive to the new economy, enabling production processes which incorporate components produced in different locations by different firms, and in which sophisticated manufacturing and communications technologies play a critical role (2000a: 101-123).

The networked character of the new economy links closely to its informational and globalised dimensions, in that the dominant forms of economic activity occur within networks which are global in scale and dependent on flows of information and capital, enabled by information communications technology. The logic of the network,

according to Castells, exerts a greater influence over economy and society than the specific interests within the networks, so that “the power of flows takes precedence over the flows of power” (2000a: 500). The supreme manifestation of the power of flows in the economic sphere is found in the hegemonic role of the global financial markets, where the instantaneous flow of capital through electronic circuits exerts a determining influence over all other forms of economic activity. The logic of the network also provides the morphology for what Castells sees as the dominant organisational form in the new economy – the network enterprise. This concept encompasses a variety of organisational strategies which arose from attempts to enhance flexibility in production, management and marketing following the crisis of the 1970s. Although diverse, these strategies together represent the superseding of the traditional model of the large vertical corporation by interdependent networks between or within businesses, which are integrated by means of information technology (2000a: 166-180).

In looking at the effects of these changes on work, Castells identifies some common trends in the employment structures of what were then the G-7 nations: the decline of agricultural and traditional manufacturing employment; the rise in producer services and social services; the growth of ‘informational’ work in managerial, professional and technical occupations; simultaneous increases in work at the upper and lower levels of the occupational structure, including the formation of a ‘white-collar proletariat’ of routine clerical and sales workers; and overall upgrading of the occupational structure, as jobs requiring higher levels of skill and education grow more quickly than jobs at the lower end of the scale (2000a: 244). The other major trend is towards individualised and flexible forms of employment, as the flexible production models enabled by information technology and encouraged by the network enterprise undermine the standard employment model of stable, full-time, waged or salaried employment governed by standard employment contracts. Thus, we have the rise of what Castells generically labels the ‘flexi-timer’: part-time workers, temporary workers, the self-employed, sub-contractors and teleworkers. While these trends are not necessarily confined to those at the lower-end of the labour market, Castells does see the emergence of a dualised employment model consisting of a core labour force of skilled informational workers and a disposable labour force of lower-skilled workers whose jobs can be automated, sent offshore, outsourced or sub-contracted according to the dictates of market demand and labour costs (2000a: 281-296).

This dual model is reflected in changes in class relations, which see labour divided between ‘generic labour’ and informational or ‘self-programmable’ labour. Self-programmable workers have education which enables them to remain flexible and adaptable to changing skill requirements, while generic workers lack this ability and are confined to routine tasks in which they are expendable due to automation or business decisions (2000b: 372-373). The capitalist class, meanwhile, is still concerned with producing and appropriating profits, but exists on three levels: the holders of property rights, including shareholders, family owners and individual entrepreneurs; the managerial class who control capital assets on behalf of shareholders; and the global financial markets, where “profits from all sources ultimately converge in search of higher profits”, effectively constituting a ‘collective capitalist’ (2000b: 373-374). By investing in financial markets, informational workers themselves often become owners of collective capital, and so their relationship with the capitalist class is very different from the schism between labour and capital in industrial capitalism, and indeed less significant than the cleavage between informational and generic labour (2000b: 375-377). In this context, there is a decline in class identity and in the strength of organised labour, which is increasingly superseded by new social movements based on the power of primary identities such as sex, ethnicity, nation and religion (Castells 2004).

In many respects, Castells’s work can be seen as post-industrial theory for the information age – essentially an updating and expansion of the themes explored by the likes of Bell and Touraine more than two decades earlier. Substitute Castells’s ‘information’ or ‘informational’ for Bell’s ‘knowledge’, and we find several familiar ideas: the centrality of technology in processes of social change; information as the material foundation of a new society; the growth of informational employment; the replacement of a labour theory of value with an information theory of value; the transformation of class relations through the emergence of a new class of informational workers; the decline of organised labour, and so on. Castells’s vision of the emerging society also resonates in key respects with those of many other leading contemporary social theorists who see the events of recent decades as marking fundamental economic and social transformations. Notable examples include Ulrich Beck on the destandardisation of work and decline of class in ‘reflexive modernity’ (1992; 2000a); Zygmunt Bauman on the passage from heavy to light capitalism and from a society of producers to a society of consumers in ‘liquid modernity’ (2000); Richard Sennett on the personal consequences of instability and insecurity in the employment culture of the

‘new capitalism’ (1999; 2006); David Harvey on the relationship between the flexible accumulation regime of post-Fordism and the condition of postmodernity (1990); Scott Lash and John Urry on informational and globalised production in ‘economies of signs and space’ (1994); and Michael Hardt and Antonio Negri on the ‘informatization of production’ and the rise of ‘immaterial labour’ in the age of Empire (2000; 2004).

Not all of these writers couch their arguments explicitly in terms of post-industrialism, but they all to varying degrees convey a sense that we have moved beyond industrial society into a new type of economy and modernity. The changes they depict are not just cumulative or cyclical, but epochal; not simply the latest episode in industrial capitalism’s long history of development and reinvention, but a decisive rupture with the past (Savage 2009). Against this, there are two major strands of criticism: firstly, that empirical scrutiny can show the trends proposed by these writers to be greatly exaggerated, and in some cases even contrary to the empirical reality (Bradley *et al* 2000; Williams 2007; Doogan 2009); and secondly, to the extent that the trends are verifiable, they are not so much the product of a fundamental break with the past, but rather the outcome of the same dynamics which have driven the development of industrial capitalism since its inception (Kumar 1995; Webster 2002). There is truth to both these strands of criticism, but there is a fine line to tread between scepticism and denial. Rejection of the more grandiose epochal scenarios can lapse into a stubborn refusal to acknowledge some very real changes, and so debates tend to become polarised. Steering a path between those polar positions – acknowledging change while maintaining a scepticism towards epochal thinking – is the aim of the critique in the following sections.

A new capitalism?

The variety of transformations envisaged by the writers cited in the preceding discussion makes generic criticism difficult. However, by focussing on the key themes identified by Castells – who exemplifies and systematizes the key ideas within the broad genre of what can loosely be called post-industrial theory – we can impose some necessary order and limits on the discussion. Those themes with a bearing on the current thesis are the informational, globalised and networked dimensions of the ‘new economy’, which are reviewed in this section; and their effects on the nature of employment and class relations, which will be discussed in the next section. From a brief assessment of each of these points, we can arrive at some tentative conclusions

about whether or not we have truly crossed a great divide into a new epoch of post-industrial or informational society. In the course of this discussion, the neglected concept of the division of labour will be coaxed from the shadows to help shed some light on the issues.

Informationalism

Bell's post-industrial society was a knowledge society in that theoretical knowledge drove the increasingly important functions of innovation and planning, while knowledge-based activities such as education, science, and research and development accounted for growing shares of production and employment. While this may be true, it is difficult to see how it constitutes a break with industrial society: capitalism has always relied on advances in knowledge to maintain competitiveness and profitability through technological development, product innovation and rationalisation of labour processes; and the growing importance of knowledge in processes of planning and policy formulation has accompanied growth in the scale and complexity of industrial capitalism throughout its development (Kumar 1978: 219-230; Webster 2002: 51-57).¹ More recent writers in the post-industrial tradition have progressed from a concern with the instrumental role of knowledge or information in economic activity, to a concern with the production of information as a commodity in itself. In this view, the commodification of information has progressed to such an extent that information rather than material goods provide the focus of economic activity in the new economy. Thus, Castells claims that the informational society is distinguished by the application of information and its related technologies to the production of information, so that "information generation, processing and transmission become the fundamental sources of productivity and power" (2000a: 21). This is echoed in Hardt and Negri's depiction of the 'informatization of production' which sees a progression from an industrial paradigm to an informational paradigm in which "providing services and manipulating information are at the heart of economic production" (2000: 280). Similarly, in Lash and Urry's economies of signs and space, "what is increasingly produced are not material objects but signs" (1994: 4), in the form of both informational products and 'aestheticised' commodities (including material goods) which embody symbolic information.

¹ Bell here distinguishes between the empirical knowledge of industrialism and the theoretical knowledge of post-industrialism but this appears to be more of a heuristic convenience than a meaningful distinction (Webster 2002: 51-57).

It is extremely difficult to gauge empirically whether we have indeed moved from a goods-producing to an information-producing economy. The customary approach is to identify industries that can be defined as informational and then measure their contribution to production and employment. However, there is a tendency in such exercises to cast the net very widely and include as informational practically every activity which is not a direct act of material production, thus embracing many service industries which in fact produce very little in the way of information – an issue to which we will return when we look at the matter of employment structures. Moreover, much informational production is not distinct from material production, but is part of the extended division of labour surrounding material production, feeding into the many activities involved in the production, circulation and consumption of material goods. These sorts of intermediate informational products are becoming more visible (and measurable) due in part to increasing specialisation within the social division of labour, which sees informational activities once hidden within the internal operations of goods-producing or goods-circulating enterprises increasingly externalised and purchased from specialised service enterprises – functions such as research and development, marketing, communications, management consultancy, legal and accounting services and so on. This is not to deny that informational activities are becoming more important, but it does cast doubt on the argument that informational production represents the basis of a new economy. Informational activity conducted for the ultimate purpose of producing and selling goods hardly represents a shift away from a goods-producing economy, although it may indicate that information is becoming a more important part of those activities. Goods production which relies on information is still goods production. And it might be added that goods which embody symbolic information are still goods – rather than signs as Lash and Urry would have us believe.

The idea of informationalism also rests on the power of information technology as a transformative force – it is not just about the production of information but also about how information technology provides the means for the transition to an economy and society based on informational production. Information society theory is often charged with technological determinism, in that technology is seen to be an exogenous driver of change rather than being socially embedded. This is certainly true of many populist accounts of the information society (eg Toffler 1980), but perhaps less true of more sophisticated accounts such as that of Castells, although he too is often accused of technological determinism (Stehr 2000; Garnham 1998). Castells in fact suggests at the

outset that there is a dialectical relationship between technology and society, that while scientific discoveries and technological innovation may occur autonomously, they do so within particular social and economic contexts which influence how they are developed and applied, and which in turn are shaped by the use of technology (2000a: 5). This is an entirely reasonable position, but one that is not sustained in the course of his substantive analysis where information technology repeatedly appears at the heart of an extraordinary range of changes, while the longstanding forces of capitalist development are downplayed. Thus, globalisation appears as the triumph of technology over the constraints of time and space rather than the result of capitalism's expansionary quest for new sources of profit; organisational restructuring appears as a revolutionary marriage of information technology and networking logic rather than a further stage in the ongoing rationalisation of production; and employment change is conceptualised in terms of a disjunctural surge in informational production rather than as a continuation of long-term trends in the division of labour. While information technology has clearly played an important role in all these changes, it is debatable as to whether it provides the impetus behind them or is rather an enabling technology which facilitates and perhaps accelerates processes of change which are built into the logic of capitalism.

It is tempting to attribute considerable transformative power to information technology because of the pace at which it has developed, the extent to which it has colonised our workplaces and homes, and the sheer ingenuity of many of its achievements. However, this does not necessarily make it a transformative force on a par with the industrial technology which changed economy and society so radically during the Industrial Revolution. In this respect, Golding (2000) makes a useful distinction between two types of technology: one which "allows existing social action and process to occur more speedily, more efficiently, or conveniently"; and one which "enables wholly new forms of activity previously impracticable or even inconceivable" (Golding 2000: 171). Golding contends that information technology generally falls into the former category, that it has not fundamentally changed what we do, but rather how we do it. If we apply this to the realm of production, it could be argued that for the most part information technology provides us with some very impressive tools to enhance production processes, accelerate and expand communications, facilitate networking and improve the gathering and dissemination of information. For all the wizardry involved in these advances, they are essentially improvements rather than new forms of activity and do not entail the sort of transformations in methods of production, relations of

production and divisions of labour unleashed by industrial technology. From a contemporary perspective, the personal computer might seem a far more impressive piece of machinery than the spinning jenny, and the microprocessor a more staggering invention than steam power, but arguably their consequences have not been as great. However, this should be qualified with the observation that the IT revolution may still be in its infancy and we cannot yet discern where it may take us – just as the full implications of industrial technology may not have been apparent to those living through the early stages of the Industrial Revolution.

Globalisation

Globalisation features strongly in the transformational perspectives of a number of major theorists including Castells (2000a), Bauman (1998), Beck (2000b), Giddens (2003) and Hardt and Negri (2000). While this literature and the topic of globalisation in general encompasses a range of economic, cultural and political dimensions, our concern here is primarily with the economic dimension – again covered most systematically by Castells. He and others of a strongly globalist persuasion posit the existence of a single integrated global economy in which the autonomy of nation-states is severely diminished, signalling a new stage in capitalist development. Against this, others question both the novelty and extent of globalisation and warn against downplaying the importance of national economies and national policies (Hirst and Thompson 1999; Gilpin 2001). This debate is too extensive and complex to adequately canvas here, but there is scope for some very general comments about the novelty and extent of globalisation and about that aspect which has the greatest bearing on the current thesis – the international division of labour.¹

The novelty of globalisation is disputed by world-systems analysis, which argues that capitalism has operated as a globally integrated system based on an international division of labour since the sixteenth century (Wallerstein 1974; Arrighi 1994). Castells acknowledges this, but makes a distinction between the world economy of old and the global economy of today on the basis that the latter operates on a planetary scale in real time (2000a: 101-102). This is not entirely convincing: both global and world economies are planetary by definition (what is the world if not planetary?) and while financial markets may operate in real time, this is not the case for international trade and transnational production, which are still constrained by the need to move goods between

¹ See Held and McGrew (2003) for a range of different perspectives on globalisation issues.

countries, even though new technologies have accelerated and enhanced communication within trade and production networks. Most importantly, it is difficult to make a qualitative distinction between the historic world economy and the contemporary global economy when the forces of global interdependence are fundamentally unchanged. Today's globalisation, like that of preceding centuries, is still driven by the expansionary dynamic of capital accumulation which impels capital to seek out new production opportunities, open up new markets and exploit new sources of cheap labour and materials (Wallerstein 2004). In this respect, we should be wary of over-emphasising the role of technological change as a driver of global integration while underestimating the global imposition of neoliberal economic models through international institutions such as the International Monetary Fund, the World Bank and the World Trade Organization in their efforts to revive and sustain capital accumulation in the wake of the crisis of the 1970s (Harvey 2005).

Even if globalisation is not new, we might justifiably apply the term to the current era if global integration is accelerating at a faster rate than previously. Evidence for this can be found in the ascendancy of global financial markets, liberalisation of international trade, penetration of transnational corporations, and internationalisation of production (Castells 2000a: 101-147). However, Hirst and Thompson argue that such evidence does not necessarily support a strong globalisation thesis, for a number of reasons. Firstly, the current phase of integration and openness is not unprecedented, but is in fact a reversion to the state of affairs that existed in the late nineteenth and early twentieth centuries. Second, genuinely transnational corporations are rare, as most large companies remain nationally based in terms of assets, production and sales while trading multinationally. Third, foreign direct investment is highly concentrated among the advanced economies rather than flowing freely into the less developed countries. Fourth, trade, investment and financial flows are not genuinely global, but tend to be dominated by the major economic powers. And fifth, because of their dominance, those major powers have the capacity to exert regulatory governance over the supposedly uncontrollable global markets should the will exist (Hirst and Thompson 1999: 2). While this position is contentious, it does provide a valuable corrective to the exaggerated accounts of globalisation that tend to dominate academic and political discourse. Hirst and Thompson are not suggesting that there has been no change in the international economy, but dispute the extent of global integration and argue that the principal economic entities are still nations, interconnected through trade and

investment rather than subsumed into a single global entity. Hence, they characterise the world economy as ‘inter-national’ rather than global, and the process of increasing interdependency as one of internationalisation rather than globalisation. The distinction is more than semantic – it highlights the importance of national economies and national strategies, and provides grounds for challenging the legitimacy of neoliberal economic policies which have been imposed worldwide on the pretext of maintaining ‘global competitiveness’ in an inexorably globalising world.

For the purposes of the current study, the most pertinent aspect of interdependence within the international economy is the international division of labour (Dicken 2003). A distinction must be made here between the ‘classical’ international division of labour and the ‘new’ international division of labour. The classical international division of labour consists of countries specialising in production of particular types of commodities exchanged through trading relationships. In the perspective of world-systems analysis, this involves relations of unequal exchange between core states producing predominantly high-value products and peripheral states producing predominantly low-value products, while semi-peripheral states occupy intermediate or transitional positions between the two (Wallerstein 2004). The new international division of labour involves transnational manufacturing operations, in which producers locate different parts of their production processes in different countries offering different comparative advantages. This is achieved through a range of networking arrangements involving branch plants, subsidiary companies or sub-contracting relationships – all varieties of Castells’s network enterprise. The newness of this phenomenon is relative – Fröbel *et al* (1980) identified it as an important model of production in the 1970s, and it has its origins in the growth of transnational enterprises after the Second World War (Wright 2002b). Like the classical international division of labour, this new version also entails global inequalities as capital exploits low-cost labour in developing countries and repatriates the profits to developed economies (Munck 2002). Both the classical and new international divisions of labour can be viewed as global manifestations of the more localised divisions within national economies and local enterprises. The classical international division of labour is a global version of the social division of labour as it involves many producers trading different commodities in international markets, while the new international division of labour is a global manifestation of the technical division of labour as it involves single producers dividing up their production processes on a transnational basis. In terms of

the latter, we can also see the Babbage principle at work on a grand scale: just as factory production enabled skilled labour to be replaced by cheaper unskilled labour in local contexts, so transnational production enables the more expensive labour in core countries to be replaced by cheaper labour in less developed countries.

The international division of labour has become increasingly interdependent and complex in recent decades as market liberalisation and technological developments have facilitated greater movement of goods and capital.¹ In terms of the classical international division of labour, exports and imports constitute increasing shares of production and consumption for most countries. In terms of the new international division of labour, manufacturing operations (and more recently some service functions) have been increasingly relocated from developed to developing countries offering competitive advantages, particularly in respect of labour costs. The old divide between core and periphery has blurred somewhat as newly industrialising countries have become less dependent on the production of food and raw materials, diversifying into the production of both manufactures and services for both international and domestic markets. These changes obviously exercise critical influences over divisions of labour within nations: in the less developed nations, increasing numbers of workers are engaged in secondary production and services; while in the advanced capitalist nations, the direct labour of material production declines relative to the indirect labour of product development, strategy, marketing, distribution, administration and management. Therefore, while globalisation or internationalisation itself may not be particularly novel, increasing interdependency within the international division of labour is an important factor to be considered in any analysis of national employment structures.

Networks

The network is not quite as ubiquitous a theme in the post-industrial literature as informationalism and globalisation, but it is central to Castells's vision of the new society, which for him is a 'network society'. While others might not go this far, echoes are found in Hardt and Negri's depiction of network production as the dominant organisational form in the 'deterritorialized' world of informational production, while in Lash and Urry's 'economies of signs and space' there is an emphasis on the flows of

¹ Technological factors here are not confined to information communications technologies, but include developments in production techniques which have enabled parts of manufacturing processes to be deskilled and outsourced, and advances in transportation which have enabled goods to be transported more quickly and more cheaply – including an invention as humble and low-tech as the shipping container, which has dramatically reduced the cost of international shipping (Levinson 2006).

capital, commodities and information through space via the architecture of networks. These accounts regard networks as a distinguishing feature of a new economy even though, as with informationalism and globalisation, networks are not in themselves fundamentally new but are a longstanding feature of economic and social organisation. Castells concedes this, but argues that the distinctiveness of today's network organisation is that information technology "provides the material basis for its pervasive expansion throughout the entire social structure" (2000a: 500). This again raises issues of technological determinism, but perhaps most disquieting is the sense that technology has transformed the network into a social force which seems to exercise a determining influence over economy and society independently of human agency – as expressed in the idea that the 'power of flows' is more important than the 'flows of power' (Tonkiss 2006: 46-49). This deflects attention from the very real exercise of power by capital and political elites and – like the impression of inexorable globalisation – has a potentially depoliticising effect by conveying a sense that human actors are helpless in the face of the irresistible logic of the network (Marcuse 2002).

We should not, however, dismiss the concept of the network altogether. Others argue more reasonably that while networks are becoming an increasingly important form of organisation, society is not constituted by networks but by individuals, groups and organisations who increasingly relate to each other within networks (Van Dijk 1999). In the economic sphere, networks are above all a means by which to rationalise the organisation of complex economic activities for the purpose of maximising profits. Information technology has come to play an important enabling role in such networks, but it is a new tool to achieve old ends: global financial networks are a technologically sophisticated means by which to organise the circulation of capital on a global scale in real time; and the network enterprise is a technologically integrated means to achieve organisational efficiencies in the production and circulation of commodities. It was observed in the previous section that transnational production networks are a manifestation of the division of labour, and the same applies to networked production on more localised levels where different firms within networks or different units within networked firms perform specialised and inter-related roles as a collective producer or as interdependent individual producers. The various types of organisational change encompassed by the concept of the network enterprise are essentially ways of reorganising or restructuring the division of labour. In this context it is useful to remember that the division of labour is not just about how work is divided, but also

about how specialised roles are integrated. As Sayer and Walker (1992: 6) put it: “The puzzle is this: how are the various specialized activities to be connected so that they function in a reasonably coherent and efficient manner?” The network enterprise can be seen as one approach to solving that puzzle.

Transformations in work and class

Work

In the perspective of post-industrial theory, social forces such as informationalism, globalisation and networking are considered to transform employment in the advanced economies in two key respects: there is a structural shift in employment from goods-producing industries and occupations to service or informational industries and occupations; and there is a destandardisation and individualisation of employment relationships, which engenders increasing insecurity and instability in employment. There is evidence for both these trends, although as with the topics discussed in the previous section there is a tendency to exaggerate both the extent and the novelty of such developments. These issues are the focus of substantive analysis in later chapters, so this discussion will briefly highlight the key issues.

Structural employment changes involve the redistribution of work across both industries and occupations. In terms of industries, post-industrial theory conventionally interprets the shift in employment from manufacturing to service industries as a sign of the coming of post-industrial society, just as the shift from agricultural to manufacturing employment was indicative of the rise of industrial society (Bell 1999 [1973]: 123-142). The category of services, however, is problematic for a couple of reasons. One is that it is a catch-all residual category encompassing diverse activities linked only by the fact that they involve neither the direct extraction of raw materials nor their processing into manufactured goods, and so expansion in such a category in itself tells us little. Hence there are varied attempts to sub-divide services more meaningfully, but the axial divide remains that between goods and services, and analysis tends to be focussed on the transition between the two. This brings us to the second problem with services, which is that much of the activity of service industries is not distinct from that of goods industries, but is part of the extended social division of labour surrounding the production and circulation of goods (Sayer and Walker 1992; Gershuny 1978; Cohen and Zysman 1987). Growth in service employment is not new but has been occurring

since the Industrial Revolution when the demand for transport, communication, financial, commercial and mercantile services accelerated in tandem with the production of material goods and their distribution through a market economy (Kumar 1978: 200-204). Recent decades have seen more marked structural changes as the automation and internationalisation of production has reduced manufacturing employment in the advanced economies and more labour has moved into those industries not *directly* involved in material production. However, many of these industries play *indirect* roles in goods production in the form of either pre-production, post-production or ancillary work. And as noted earlier, this work is becoming more visible and measurable as growing specialisation in the division of labour sees it increasingly split off from goods-producing industries. Not all the work of service industries is related to material production, but it is too simplistic to interpret their growth as evidence of a fundamental shift from goods to services when much of it is due to the proliferation of material goods and the expansion and specialisation of the division of labour involved in their production, circulation and consumption (Sayer and Walker 1992: 56-107). The changing international division of labour is also a key element in this, as much of the direct production work once done in the advanced capitalist nations has not simply disappeared but has been shifted offshore, leaving the more developed countries to concentrate on the indirect work surrounding production. Any shift from goods to services, therefore, is primarily one within the domestic economies of particular countries rather than within capitalism as a whole.

Castells is well aware of the problems with the concept of services (2000a: 219-223), but retains it in his analysis while introducing alongside it an alternative distinction between goods-handling and information-handling industries, designed to illustrate his contention about the rise of informational employment. This distinction is a minor advance in that it broadens the class of industries concerned with goods to include activities such as transportation, wholesaling and retailing. However, many of the industries he classes as information-handling also play important roles in the business of producing and circulating goods – industries such as communications, finance, insurance and real estate. Even if we accept Castells's categories, his analysis does not show that information handling has become a more important source of employment than goods handling – goods-handling industries still accounted for a greater share of employment in the advanced economies in the early 1990s, albeit within

the context of a long-term shift towards information-handling industries (Castells 2000a: 318-324).

Occupational shifts in employment are obviously closely linked to industry shifts, but they also reflect changes in employment structures within industries. Post-industrial theory tends to interpret growth in white-collar work as another indicator of the transition to post-industrialism, but many white-collar workers are employed in either secondary industries or enterprises which service secondary industries. And just as there has been an expanding social division of labour between industries and enterprises involved directly or indirectly in material production, so there has been an expanding technical division of labour within goods-producing enterprises which has resulted in growth in the indirect labour of supporting, augmenting and managing the direct labour of physical production. Thus, in a typical manufacturing enterprise the number of workers on the factory floor has been dwindling as jobs have been automated or sent offshore, while at the same time the offices have been filling up with white-collar workers involved in tasks of management, administration, planning, research and development, communications, marketing and so on. It is a fallacy to see such workers as the embodiment of post-industrialism when they are part of the extended division of labour involved in goods production (Sayer and Walker 1992: 67-75).¹

There is also a tendency in post-industrial theory to treat white-collar jobs as qualitatively superior to blue-collar jobs, not only embodying greater skills and knowledge but also enjoying better working conditions, greater autonomy and more job satisfaction. This is not always the case. At around the time Bell was lauding the growth of white-collar work as the harbinger of a new era, Braverman (1974) was pointing out that white-collar jobs were subject to the same processes of deskilling and degradation which accompanied the technical division of labour and mechanisation in manufacturing. While Braverman was criticised for overlooking the fact that job degradation in some areas was accompanied by job enhancement in others, it did not alter the reality that many white-collar or service jobs were subject to increasing routinisation, mechanisation, subdivision and supervision. This is no less true today as pressures to achieve efficiencies through rationalisation and computerisation have de-skilled and de-humanised much of the work of clerical, sales and service occupations

¹ In the same vein, Hardt and Negri's concept of 'immaterial labour' is misleading when many of the workers it embraces are contributing to the business of material production, particularly as they extend the concept to include the work of producing goods which have an informational dimension (Hardt and Negri 2000: 289-294).

and in many cases created conditions more typical of industrial assembly lines than the idealised world of the knowledge economy (Ritzer 2000; Head 2003). Data-entry clerks, call-centre workers, checkout operators and fast-food workers are not necessarily of a higher order than those on the assembly line simply because they work in an office, shop or restaurant rather than a factory.

With the benefit of having seen the consequences of technological and organisational change, today's commentators are perhaps more aware than earlier forecasters such as Bell that change and restructuring can lead to the degradation as well as the enhancement of work. Thus, many rightly highlight the polarisation of work in today's economy, as in Castells's distinction between the skilled and privileged class of informational labour and the de-skilled and disadvantaged class of generic labour. However, at the same time there is a tendency to adopt a very catholic definition of categories such as informational labour and thus to over-estimate their significance. Castells claims that informational workers make up about a third of the employed population in OECD countries (2000b: 376), but this encompasses such a broad and disparate range of occupations – many of which can only be described as informational to the extent that they involve some sort of job-specific credentialing and skills – that informational labour becomes of questionable value as an analytical category (Halcli and Webster 2000). This is exacerbated by the upgrading of job titles, which has seen increasing numbers of workers classified as managers on the basis of minimal levels of authority or autonomy, or as professionals on the basis of modest levels of specialised knowledge. There is no doubt that there has been considerable growth in the genuinely informational labour of education, research, design, innovation, communication, strategy and so on. But that is only obscured, not illuminated, by the indiscriminate application of the concept to a much wider range of less fitting occupations.

The other aspect to claims about the transformation of work is the idea that flexible production models, organisational restructuring, technological change and economic uncertainty have made work increasingly insecure, impermanent and individualised. This is a particular concern of Beck (1992; 2000a), Sennett (1999; 2006) and Bauman (2000; 2001), all of whom convey a sense that long-term and full-time waged employment is becoming outmoded as flexible and precarious employment becomes the norm. In much of this literature the trends are assumed rather than empirically demonstrated, and where empirical support is provided – as in Castells's discussion of the 'flexi-timer' (2000a: 281-296) – the evidence is less than conclusive. In a trenchant

critique of this perspective, Doogan (2009) marshals persuasive empirical evidence to demonstrate that not only are the claims greatly exaggerated, but some are actually contrary to the reality – for instance long-term employment is shown to be increasing rather decreasing in advanced economies (see also Fevre 2007). There has undoubtedly been some destandardisation of work associated with increasing rates of part-time employment, temporary work, self-employment and teleworking. But not all such work is insecure or precarious, and with the exception of part-time work each of these types of employment still accounts for relatively small proportions of the workforces of advanced economies. In the case of part-time work, the growth is not solely attributable to changes in labour demand, but also reflects an increasing supply of people who want to work part-time rather than full-time. Much of the growth in part-time employment has been among mothers with dependent children, people of retirement age and tertiary students – groups for whom part-time work provides a means of maintaining engagement in the workforce rather than being symptomatic of a broader weakening of attachment to employment.

Nonetheless, there is certainly a popular perception that employment has become increasingly precarious and insecure. Doogan suggests that the gap between perception and reality indicates a ‘manufactured uncertainty’. Following Bourdieu (1998), he claims that it amounts to a new ‘mode of domination’ whereby systematic exaggeration of the threats posed by global market competition is used by employers to coerce workers into accepting unfavourable conditions in the interests of maintaining competitiveness and retaining jobs. And he argues that many who are sympathetic to the cause of workers – including trades unions and social commentators – unwittingly contribute to this pervasive sense of anxiety by overstating the threats of globalisation and technological change and their effects on the labour market. Thus, Doogan suggests there is a ‘confluence of narratives’ between post-industrial social theory and neoliberal management discourse – in which Boltanski and Chiapello (2005) identify a ‘new spirit of capitalism’ celebrating the virtues of flexibility and adaptability as requirements for both businesses and workers to succeed in the competitive environment. This is not to say that social theorists have been complicit in neoliberal strategies, but rather that they may have been a little too uncritical in accepting vested ideological representations of economic change.

There may also have been a misreading of the trends of the 1980s and early 1990s, when restructuring of production and deregulation of labour markets made many

workers redundant or forced them into precarious working arrangements. This was compounded by technological developments that raised fears about the extent to which jobs would be automated or exported. These developments were unusual at the time in that they significantly affected the security of middle-class white-collar workers as well as manual production workers, who had hitherto been the most affected by recession and restructuring. In what might be described as a case of premature extrapolation, many commentators seem to have interpreted this not as a temporary consequence of readjustment but as the genesis of a long-term trend, and extrapolated it into a future increasingly devoid of stable and secure employment (Beck 2000a; Rifkin 1995; Aronowitz and DiFazio 1994).¹ In fact, it was more a matter of what Schumpeter (1987 [1942]) might call a process of ‘creative destruction’ whereby the destruction of jobs in some sectors was followed by the creation of jobs in others. When the worst of this process was over, there were indeed higher levels of unemployment and higher levels of non-standard employment than had previously been the case, but the revival of job growth exposed the gloomier forecasts as unduly alarmist. In the meantime, however, the perception that work was changing fundamentally and irrevocably had become entrenched as conventional wisdom and has proved difficult to dislodge. The current economic crisis has led to more waves of redundancies and reawakened the threat of insecurity and the reality of precarious employment for many workers, but this too is likely to be a temporary phenomenon rather than a harbinger of a jobless future. While we should not ignore the fact that for many people flexible and insecure employment is the reality and that this can have serious economic and personal consequences (Sennett 1999), it is important to keep the changes in perspective and not lose sight of the fact that conventional full-time employment is still the norm and likely to remain so for the foreseeable future.

Class

The transformation of employment is widely considered to have been accompanied by a transformation of class relations. There are two main variations on this theme: firstly that the importance of class *per se* has diminished, and secondly that class remains relevant but the class structures of industrial society have been fundamentally transformed. The first position is discussed extensively in Chapter Five, but some brief

¹ Strangleman (2007) suggests that the literature on the end of work is also characterised by a nostalgia for a lost sense of the permanence of work, which is not new but is also found among earlier generations of writers and thinkers on work.

observations can be made here. In essence the argument about the decline of class is that diminishing attachment to stable employment, the growing importance of consumption as a source of social differentiation and the general fragmentation and individualisation of social life have greatly weakened the significance of class as a form of social organisation and identity. This perspective is expressed most strongly in postmodernist arguments that class is effectively dead (Pakulski and Waters 1996), but there are elements of it in Beck's claim that individualisation dissolves the social institutions of industrial society including class (Beck 1992; Beck and Beck-Gernsheim 2002), and Bauman's contention that we are moving from a society of producers to a society of consumers where identity is derived not from work but from consumption choices (Bauman 2005).¹ To some extent, these arguments are premised on the false assumption that standard employment is in serious decline and we therefore have a diminishing attachment to work and to class affiliations and identities formerly centred on work. A more plausible argument is that class is becoming less visible not as a consequence of the decline of work as such, but as a consequence of the decline of the manual production work which traditionally provided the basis for working class cultures and solidarism, and which tended to bring the contours of class relations into stark relief. This may mean that class consciousness is waning, but it does not mean that class is dead. Class will remain an important dimension of social differentiation as long as work remains a fundamental aspect of most people's lives – as the key determinant of their material circumstances, as a site where they form social relationships and share collective interests, and as an element in how they define themselves and perceive others. The material dimension of class remains particularly salient, as disparities in wealth and income have grown in most advanced capitalist nations over recent decades as a consequence of neoliberal economic and social policies. It is somewhat ironic and unfortunate that this occurred at the same time as social theorists were proclaiming the demise of class.

The other approach to the transformation of class relations is that changes in the nature of production have fundamentally altered the class structures of industrial society. We find this in both Bell's post-industrial society and Castells's informational society, where the possession of knowledge or information is considered more critical than ownership or control of the means of production in structuring class relations. This is a theme which is very common in post-industrial theory, but it is not entirely

¹ See Atkinson (2007; 2008) for critiques of Beck and Bauman on class.

convincing. For Bell, status replaces economic interests as the axis of stratification, and the highest status group is the professional class or knowledge class, which consists of four estates – scientific, technological, administrative and cultural – each with different collective interests (Bell 1999 [1973]: 374-377). Ownership does not feature at all in Bell's stratification model, and his classes (a term used interchangeably with status) are nothing more than occupational categories. As a result, the division between capital and labour appears to be of less consequence than the division between say a technician and a clerk – a notion that is arguable at best. The elevation of professionals to the summit of the stratification hierarchy also obscures the fact that salaried professionals are subordinate to capital and bureaucratic elites, and generally operating at their behest rather than being in the vanguard of the post-industrial society as Bell would have us believe (Giddens 1980: 262-263).

For Castells, the divide between capital and labour still matters, but within the category of labour there is what appears to be a more important split between informational labour and the low-skilled workers he calls generic labour. The former, as the most valued producers in the new economy and as owners of 'collective capital' in the form of investments, have interests which appear to coincide more with those of capital than those of generic labour (2000b: 375-377). Castells seems to suggest that while the division between capital and informational labour is blurring, the division between informational and generic labour is becoming sharper. This dualistic conception of informational and generic labour can be disputed on a number of grounds. Firstly, as noted earlier, informational labour is a very heterogeneous category ranging from humble technicians to corporate executives and encompassing diverse material circumstances and interests, so they are unlikely to have much cohesiveness as a class. Secondly, there is no sharp dividing line between informational and generic labour, but rather a graduated stratification of workers with different levels and types of skill ranging from unskilled labourers to higher professionals – quite where generic labour ends and informational labour begins is difficult to tell. Thirdly, whatever their differences in education, informational and generic labour do share common interests as workers who lack ownership of the means of production. The fact that informational workers may be owners of collective capital is of little consequence. Many low-skilled workers are also owners of collective capital as members of superannuation funds. And while workers and owners may share a common interest in seeing a healthy sharemarket, this does not alter the fact that they also have conflicting interests: owners

have an interest in extracting as much surplus as they can from their workers (skilled or unskilled), while workers have an interest in resisting exploitation and domination by owners. This basic fact about the capitalist mode of production does not change just because of a shift towards informational production.

This is not to deny that differences in education or skill are important dimensions of stratification, nor that they are becoming more important as the nature of production changes. In capitalist societies better qualified workers have always tended to occupy more privileged positions than those less qualified, and the possession of credentialed knowledge is becoming an increasingly important determinant of life chances. But skill differences do not replace differences in ownership; rather, they intersect and overlap in ways that produce complex patterns of inequality. There are two important dimensions to stratification: relations of production based on ownership and non-ownership of the means of production, and divisions of labour involving hierarchical gradations of skill and authority. The challenge is to develop an understanding of the relationship between the two which can capture the complexity and changing character of contemporary class relations – a challenge which is taken up in Chapter Five.

The regulation approach

The preceding discussion suggests that the case for a distinctively new form of capitalism and a new social epoch – whatever we should choose to call it – is not built on solid foundations. While capitalism has undoubtedly evolved, the extent of change has been routinely exaggerated and erroneously identified as something qualitatively new rather than a development of the longstanding dynamics of industrial capitalism pointed out so long ago by Marx and Weber. The imperatives of capital accumulation and rationalisation have always driven developments of the sort we have observed here: the expansion of capitalism through internationalisation and commodification; the constant specialisation and reorganisation within the division of labour; the utilisation of scientific techniques and expert knowledge to enhance production and planning; and the development of new technologies to gain competitive advantages and exploit new sources of profit. All of this has been characteristic of capitalism since the Industrial Revolution. The theories discussed to date do draw attention to some important trends, but if anything these trends represent the development and intensification of industrial capitalism rather than its demise. Industrial capitalism has evolved and changed but it is resilient, and we should be wary of proclaiming its passing without critically examining

the nature of change or observing the continuities. And in so doing, the alluring gloss of post-industrialism begins to chip away, revealing the old juggernaut of industrial capitalism hidden beneath.

The question remains that if we reject the idea of an epochal transformation in capitalism, how are we to interpret the undeniable changes that have occurred over the last few decades? The answer may lie in theories which contend that capitalism is subject to periodic transformations as a result of economic crises and/or technological changes, identifying a number of phases of capitalist development since the Industrial Revolution but without positing a fundamental rupture with industrial society. This brings us back to the theories of post-Fordism mentioned earlier in the chapter. In these schools of thought industrialism persists but in a different form, the dynamics of change are familiar from earlier phases of capitalism, and the social consequences tend to be less profound than in the post-industrial and informational models. These theories identify a significant transition in the development of industrial capitalism around the 1970s when the mass production methods of Fordism gave way to more flexible forms of production, enabled by technological change and institutional reforms.

There are three main schools of thought within this broad approach. One is the flexible specialisation approach, which suggests that there have been two significant 'industrial divides' since the late nineteenth century, the first involving the rise of mass production, and the second involving a transition to flexible production utilising skilled workers and adaptable machinery and processes to produce more diversified goods (Piore and Sabel 1984). The second is the neo-Schumpeterian approach, which suggests that there have been five long-waves of development since the Industrial Revolution, each based on different 'techno-economic paradigms' and 'socio-institutional frameworks': the age of cotton, iron and water power; the age of railways, steam power and mechanisation; the age of steel, heavy engineering and electrification; the age of oil, motorisation and mass production; and the current age of information and communications technology (Freeman and Louçã 2001). The third is the regulation approach, which identifies four modes of development since the Industrial Revolution, each separated by periods of crisis which result in the adoption of new forms of accumulation and regulation, with the latest involving a transition from Fordism to post-Fordism (Boyer and Saillard 2002). Of these three schools, the regulation approach is the most influential and avoids problems of dualism in the flexible specialisation approach and technological determinism in the neo-Schumpeterian approach. Before

considering the regulation approach in greater detail, it is worth expanding on the concept of Fordism.

Fordism is sometimes narrowly conceived as a particular type of production process, but more broadly it encompasses both production and consumption norms, supportive institutional frameworks and even entire social configurations.¹ In the first instance, Fordism refers to a system of production exemplified by the assembly lines of Henry Ford's automobile plants and the scientific management techniques of F.W. Taylor, which together rationalised production processes through a detailed technical division of labour and close hierarchical supervision of workers. But beyond this, Ford also sought to intensify the labour effort and promote consumption, along with the welfare and morality of workers, through pay incentives for those who conformed to certain standards both within and outside the workplace. The extension of this sort of social contract from the individual workplace to the wider society led to the idea of Fordism as the foundation for a whole new social order. This was to some extent realised in the advanced capitalist nations after 1945, when an economic regime based on mass production was supported by a social contract between labour, capital and the state. Workers accepted the rigours of Fordist labour processes, in return for which employers allowed them a greater share in productivity gains through wage increases, while the state brokered the relationship through an active role in centralised bargaining and pursued Keynesian policies of stimulating aggregate demand through public spending and expanded welfare provision. The result was a virtuous circle of mass production and mass consumption: productivity gains lead to higher wages, which lead to increased demand, which lead to higher profits and further investment in production. This provided the foundation for a sustained period of economic growth which only began to falter in the late 1960s and to collapse in the 1970s when declining productivity and profitability, exacerbated by the oil crises of the 1970s, plunged capitalist economies into crisis and initiated a period of extensive restructuring and reform (Harvey 1990: 125-145; Jessop 2002: 55-94).

The regulation approach originates with a group of French political economists of a broadly Marxist persuasion known as the Parisian school, starting with the seminal work of Michel Aglietta (1979) on the historical development of the US economy and continuing in the form of an extensive international research programme today (Boyer

¹ The use of the term in the broadest sense owes much to Antonio Gramsci's essay on "Americanism and Fordism" (Gramsci 1971: 277-318) which has been influential as a reference point for much Marxist writing on Fordism and post-Fordism.

and Saillard 2002).¹ Beginning from the problematic of crises in capitalist economies, the Parisian regulationists reject both neoclassical assumptions of economic equilibrium and Marxist predictions of an inevitable and final breakdown of capitalism. Instead, they seek to demonstrate how periodic crises are resolved through economic and institutional transformations which enable capital accumulation to remain relatively stable over long periods of time. This general approach has spawned a number of different schools of thought across the social sciences, concerned not just with economic change but also with locating various patterns of social change within economic contexts (Jessop 1990; 1997).² Rather than attempting to survey this diversity of thought, the following summary focuses on the core features of the approach developed by the Parisian school and outlined in introductory works by Robert Boyer and colleagues (Boyer 1990; Boyer and Saillard 2002).

The regulation approach sees the history of capitalism as progressing through successive *modes of development* consisting of different *regimes of accumulation* and *modes of regulation*. Regimes of accumulation involve particular configurations of production and consumption which allow periods of sustained capital accumulation and the postponement or resolution of cyclical tendencies towards disequilibrium. Such regimes are based on distinctive technological paradigms consisting not just of particular types of technology, but also associated labour processes and production methods. Accumulation regimes can be broadly categorised into two main types: extensive and intensive. Extensive accumulation is based on increasing the level of absolute surplus value by utilising greater quantities of labour to expand the scale of production, while intensive accumulation involves increasing the rate of relative surplus value through new methods of production which enable greater productivity and more intensive exploitation of labour. Because intensive accumulation brings productivity gains which can be passed on in wage increases, it is more conducive to the expansion of consumption. These two types of accumulation are not mutually exclusive but one or

¹ Some confusion has resulted from the direct translation of the French term '*régulation*' into the more narrowly understood English term 'regulation'. *Régulation*, to the Parisian school, refers to the way in which institutionalised social relations operate to ensure the systemic reproduction of the mode of production, which is far broader than the type of microeconomic management signalled by the English understanding of regulation (Boyer and Saillard 2002: 1). Where the term 'regulation' is used here, it should be understood in the broader sense intended by the French writers.

² Notable examples of the use of the regulation approach in other branches of the social sciences include Jessop's work which focuses primarily on the changing nature of the state in capitalist societies (Jessop 2002; Jessop and Sum 2006), Peck's work on the social regulation and spatial contexts of labour markets (1996) and the transition from the welfare to the workfare state (2001), Koch's analysis of labour markets and patterns of social inclusion and exclusion in post-Fordism (2006), and Harvey's work on the relationship between post-Fordism and postmodernity (1990).

other will tend to predominate in given contexts. Each accumulation regime is supported by a *mode of regulation*, which is a set of institutionalised norms, behaviours and organisational forms that support the accumulation regime and ensure its reproduction. Here again, two main types of regulation are identified: competitive and monopolistic – the former involving the liberal play of market forces and the latter involving a more managed economy dominated by monopoly capital and an interventionist state. A mode of regulation is characterised by a particular constellation of *institutional forms* which include the nature of the capital–labour relation, the forms of competition between enterprises, the monetary and financial regime, the nature of the international regime and the role of the state. In a given mode of regulation, institutional forms tend to be complementary so that each contributes to their collective reproduction and the overall cohesion of the mode of regulation. Modes of regulation are not explained teleologically as a functional requirement of the accumulation regime, but as an outcome of political struggles in which particular groups are able to force compromises that support their interests. The conjunction of a particular accumulation regime and a compatible mode of regulation in a distinctive and relatively stable economic configuration constitutes a *mode of development*.¹ Modes of development can vary cross-nationally within any given era as distinctive national histories, cultures and political relations play an important role in shaping the nature of institutions and determining national growth models.

New modes of development originate in attempts to resolve structural economic crises which threaten accumulation. Such crises arise from endogenous rather than exogenous causes and can take two forms: a crisis of the mode of regulation in which a failure to overcome cyclical fluctuations destabilises the institutional forms and necessitates reform to the mode of regulation; and a crisis of the accumulation regime, in which the limits of the regime are reached and the recovery of profitability and accumulation requires alternative methods of production, types of products, technologies and locations for production. If such crises are not resolved, they have the potential to develop into a crisis of the mode of production which threatens the viability of capitalism, but to date capitalism has proved remarkably resilient in recovering from crisis through restructuring. This has seen it move through a succession of different

¹ The concept of mode of development is used in a somewhat different sense from Castells's usage. In both cases it refers to a particular historical phase within capitalism, but for Castells modes of development are defined by the dominant technologies of the age while in regulation theory they are defined by distinctive forms of accumulation and regulation.

modes of development since the Industrial Revolution, based on different combinations of accumulation and regulation. Initially there was an expansionary phase of extensive accumulation and competitive regulation lasting through most of the nineteenth century. This was followed by a transitional period of intensive accumulation in which mass production techniques developed but a competitive mode of regulation restrained wages and prevented the development of mass consumption, leading to overinvestment and the crisis of the 1930s. This contradiction was resolved during the Fordist period, in which intensive accumulation was further enhanced by mass production methods, but was now accompanied by a monopoly mode of regulation in which compromises between capital and labour, mediated by the state, delivered real wage growth which enabled mass consumption and sustained an unprecedented period of growth between the Second World War and the early 1970s. The regime began to falter in the late 1960s for a number of reasons: mass production techniques started to exhaust their potential for productivity gains; increasing internationalisation of economic activity destabilised the domestic circuits of mass production and mass consumption; increases in wages and social expenditure created inflationary pressures; and consumer preferences began to shift away from standardised mass-produced goods and services. All this was exacerbated by the oil crisis of 1973 and developed into a major structural crisis which eventually initiated a period of extensive restructuring of capitalist enterprises and both national and international economies, beginning the new phase of capitalism loosely referred to as post-Fordism.¹

There is no single hegemonic model of post-Fordism, but rather a variety of national models which share some characteristics and differ in others, representing the outcomes of political struggles in different national contexts.² Boyer and Amable amongst others have identified four major varieties of post-Fordist capitalism in the OECD based on different modes of regulation (Boyer 2000; 2005; Amable 2000; 2004). Firstly, there is the *market-oriented* model typical of most English-speaking countries, in which market logic provides the organising principle, with an emphasis on competitiveness and innovation and a reduced role for the state. Secondly, there is the *meso-corporatist*

¹ The regulationists' periodisation of capitalism is disputed by some, particularly in terms of whether it is possible to distinguish different eras according to different regimes of accumulation (Brenner and Glick 1991). These issues are too complex to enter into here, but in terms of this thesis the important point is that there is generally accepted to have been a shift in the nature of capitalism following the crisis of the 1970s involving a departure from mass production and monopolistic regulation – though there are differing perspectives on how this should be interpreted.

² The same was true of Fordism, of which Tickell and Peck (1995) identify nine variations based on different couplings of accumulation and regulation.

model which prevails in countries like Japan and Korea, in which large firms dominate the economy and the state has an important co-ordinating role. Thirdly, there is the *statist* model typical of some continental European countries such as France and to a lesser extent Germany, which is a state-driven form of capitalism with a relatively high level of public intervention in economic activity. And finally, there is the *social-democratic* model found in the Scandinavian countries, which is characterised by greater social partnership between different interest groups and negotiation over the nature of regulation.

New Zealand conforms most closely to the market-oriented model, which will be described in more detail in the next chapter when we investigate the restructuring of the New Zealand economy. But in very broad outline we can identify some critical shifts in the nature of accumulation and regulation in countries adopting this model. The virtuous circle of mass production and mass consumption gives way to one of flexible production and fragmented consumption, utilising microelectronic technology and flexible labour to produce short runs of diversified products, which together with customised services cater to an increasingly differentiated and fast-changing market – a regime which has been characterised as one of ‘flexible accumulation’ (Harvey 1990).¹ This is accompanied by a return to a more competitive mode of regulation based on neoliberal principles of unfettered market competition. Institutional reforms within the mode of regulation involve a number of important changes: dissolution of the capital–labour compromise, which weakens the bargaining power of labour; enhancement of competition through deregulation of product markets; loosening of restrictions on the flow of capital within financial markets; prioritisation of inflation control as the goal of monetary policy; withdrawal of the state from its formerly interventionist role in the economy; and greater integration of national economies within the international economy (Jessop 2002). Although this model enabled capitalist economies to recover from the crisis of the 1970s and set a new trajectory for development, it failed to deliver the sort of stable long-term growth experienced during the Fordist era. Growth was slower and more intermittent, sustained by rising debt and a series of short-lived

¹ While the transition to post-Fordism undoubtedly involved some ‘flexibilisation’ of production, critics have rightly observed a tendency in some of the literature to overstate the degree of flexibility and the contrast with the inflexibilities of Fordism – Fordism was perhaps not as universally inflexible as some would paint it, and post-Fordism not as exceptionally flexible (Pollert 1991; Curry 1993; Sayer and Walker 1992: 191-223). Moreover, mass production methods do survive in some large manufacturing and service enterprises – although even here there does tend to be a greater diversity of products and services and more flexible production processes, which some have termed ‘flexible mass production’ (Boyer and Durand 1997).

bubbles based on speculation in financial and property markets, which resulted in a succession of crises culminating in the major financial crisis which began in 2007 (Foster and Magdoff 2009).

The regulation approach stresses the role of class interests in determining trajectories of economic development. It has already been noted that the Fordist mode of development was based on a *quid pro quo* compromise between capital and labour, under which workers accepted Fordist production methods in return for collective bargaining rights, real wage growth and expanded welfare provisions. While capital benefited from the resulting expansion of consumption, by the 1970s there was growing resistance among employers and business interests to the power of organised labour, high levels of industrial action, the inflationary effects of wage growth and the tax burden imposed by the welfare state. This fuelled the rise of neoliberalism, which some commentators see as a reassertion of capitalist class power in response to the advances made by labour over preceding decades (Harvey 2005; Duménil and Lévy 2004).¹ While it might be arguable whether the actors concerned perceived it in such terms, there is no doubt that the eventual triumph of neoliberalism greatly benefited capital at the expense of labour, initiating a marked redistribution of income from wages to profits, a loosening of restraints on capital's ability to pursue those profits, a restriction of labour's ability to organise for higher wages and better conditions, and an abdication by the state from the responsibility of compensating labour through an adequate social wage in the form of state welfare (Glyn 2006).

In a sense, the Fordist and post-Fordist modes of development can be characterised as contrasting and ultimately unsuccessful attempts to resolve an irresolvable contradiction within capitalism – the fact that workers constitute both costs of production and sources of consumption. In the Fordist period, the emphasis was on workers as consumers and wage growth was seen as a means to stimulate consumption, but this proved unsustainable once productivity growth slowed and the cost of labour began to undermine profitability and stimulate inflation. In market-oriented post-Fordism, the emphasis shifted to treating workers as costs of production and containing those costs by deregulating labour markets, weakening organised labour and relocating

¹ Neoliberalism is variously understood as an ideology, a policy framework and a form of governmentality (Larner 2000). In this thesis it is used to refer to the ideological legitimisation for the market-oriented mode of regulation. Thus, following Harvey, it can be defined as “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices” (2005: 2).

production to low-wage countries. This had two significant consequences which ultimately lead to the current financial crisis. Firstly, the redistribution of income from labour to capital and from low to high income earners meant a greater share of that income was invested in financial and property markets as opposed to consumption, shifting the locus of economic activity from production to speculation. This financialisation of the economy was encouraged by deregulation and globalisation of financial markets, which enabled excessive speculation by financial institutions supported by massive debt-leveraging. Secondly, the constraint on wages meant private consumption could only be sustained by rising household debt, facilitated by easy credit and high levels of borrowing against rapidly appreciating property values. This debt filtered through the deregulated financial system in the form of mortgage-backed securities repackaged into complex and opaque financial products. Large volumes of household debt turned 'toxic' with the bursting of the US housing bubble in 2006–2007, destabilising already highly leveraged financial institutions and precipitating the global financial crisis in 2007 (Foster and Magdoff 2009; Harvey 2010).

Neoliberal capitalism was thus hoist with its own petard, although it remains to be seen whether this will prove fatal. Attempts to remedy the crisis have already been some retreat from neoliberalism, with moves towards re-regulation, greater state intervention and a revival of Keynesian stimulus spending. But these may be short-term fixes rather than long-term strategies, and have not as yet fundamentally altered the neoliberal framework. Most importantly, the underlying problems – income inequality, stagnating production, unsustainable debt levels and a rapacious financial sector – remain unresolved and require more than mere tinkering in order to be remedied. The last major crisis in the early 1970s was followed by protracted political struggles over economic directions before the neoliberal solution in the form of Thatcherism and Reaganomics emerged triumphant almost a decade later (Harvey 2005). It is likely that efforts to solve capitalism's current problems will also play out over several years of political struggle, compromises and failed strategies before we can discern the long-term consequences of the present crisis and the shape of the capitalism to come.

It might seem that we have now travelled some distance from our initial concern with the changing division of labour in capitalism. In fact, much of the post-Fordist literature has little to say about the social division of labour, while its concern with the technical division of labour is largely confined to the issue of changes in labour processes. But what the regulation approach does is provide us with a way of

interpreting the changes in capitalism which have in turn shaped changes to the division of labour and its manifestations in employment and class structures, and so enables us to contextualise the analysis of those topics within an understanding of processes of capitalist development. An example of this is Koch's (2006) comparative study of post-Fordist labour markets and social structures in Europe, which he presents as an attempt to address a dual gap: "on the one hand, social structure played only a minor role in regulation theory and, in particular, in the debate on the transition from Fordist to post-Fordist growth strategies; on the other hand, regulation theoretical concepts have been hitherto rarely considered in the debate on social inequality and stratification" (2006: 1-2). The current thesis can be seen as a similar attempt (albeit somewhat different in approach) to address this dual gap in the New Zealand context – although in New Zealand the task is magnified as neither the regulation approach nor the study of social stratification have been strong currents in academic thought.

The ways in which restructuring reshapes labour markets, employment structures and social inequalities depends very much on the specifics of the national context, particularly a nation's economic history, its natural resources, its location in the international division of labour and the mode of regulation it adopts. The specifics of the New Zealand situation will unfold over the course of the following chapters, but in broad terms they are the changes already highlighted in the discussion on post-industrial theory. These include: structural shifts from goods production to producer and consumer services and circulation activities; occupational shifts from manual production work to a combination of low-skilled and knowledge-based work which either provides services or indirectly supports goods production; and a limited shift away from the standard full-time wage-earner model towards more destandardised forms of employment. In terms of class structure, this means a shift from working-class to middle-class jobs; a shift within the working class from blue-collar to white- or grey-collar work; and a shift within the middle class towards professional and managerial work. All these trends also have important implications for gender and ethnic inequality, as gender and ethnic groups are distributed inequitably within the division of labour and are therefore differentially affected by changes in the nature of production and employment.

It might be reasonably asked that if these are all changes which are highlighted by post-industrial theory, what is to be gained from discarding that approach and opting for the regulation approach? One reason is that the regulation approach is not an epochal

theory which rests on demonstrating a decisive break from industrial capitalism, but is instead concerned with changes in the nature of industrial capitalism and is therefore less prone to the hyperbole which we observed in the discussion on post-industrial theory (a point of difference which is obscured by some critics who mistakenly seem to regard post-Fordism as synonymous with post-industrialism). Another related reason is that if we wish to locate the changes in the division of labour within the context of capitalist development we need a sound understanding of how capitalism develops and the ways in which it has changed. The regulation approach is better equipped than post-industrial theory to capture the way that capitalism progresses through stuttering steps rather than giant leaps, through a succession of different modes of development of varying success rather than through quantum jumps from agrarianism to industrialism to informationalism. And it is better equipped to analyse those changes in terms of capitalism's own internal logic – its cycles of growth, crisis and restructuring and the play of class interests – rather than attributing them to exogenous and uncontrollable forces of technological change or globalisation or networking logic. The regulation approach balances themes of both change and continuity by highlighting the transitions between Fordism and post-Fordism while explaining them in terms of the established imperatives of capitalism: the need to sustain capital accumulation and resolve crisis tendencies through viable forms of production and consumption and compatible forms of regulation. While post-industrial theory puts an overwhelming emphasis on change and its staunchest critics counter with a stubborn emphasis on the continuities of industrial capitalism, the regulation approach shows how change and continuity go hand in hand, and how industrial capitalism survives in its essential features by changing.

Conclusion

To conclude, we can return to where we began, with the classical perspectives on the division of labour. That discussion highlighted the fact that the progressive expansion of and specialisation within the division of labour was an enduring feature of the growth of human society, but also that industrial capitalism gave considerable impetus to that process by virtue of its expansionary dynamics and its intensification and rationalisation of production processes. This is the theme developed by Sayer and Walker (1992), who show that many of the developments we have discussed here can be seen as aspects of the ongoing widening and deepening of the division of labour and efforts to better organise and integrate it. In this sense, the division of labour should be seen not just as

an outcome of other developments, but as a dynamic force in its own right and a concept with considerable explanatory power. There is undoubted merit in this argument and much to be said for restoring the division of labour to its former position as a central concept in the analysis of industrial capitalism. However, it would be wrong to suggest that the division of labour simply expands and complexifies constantly and inexorably in tandem with the expansion of capitalism. Within the ongoing long-term evolution of the division of labour, there are particular conjunctures at which it is subject to more sudden and severe upheavals. These episodes accelerate the demise of some industries and occupations, hasten the rise of others, and bring about new ways of organising the complex whole at both the micro-level of technical divisions of labour and the macro-level of the social division of labour. Such instances of creative destruction occur most dramatically at those conjunctures where economic crises precipitate the restructuring of capitalism through new models of accumulation and regulation, abetted by new technologies. The regulation approach provides an understanding of these periods of upheaval and can therefore complement the focus on the long-term evolution of the division of labour, allowing an integration of the themes of change and continuity. This is the perspective which informs the empirical analysis of the changing nature of work and stratification in New Zealand in the following chapters, beginning with a look at the economic transformations resulting from the neoliberal restructuring project of the 1980s and 1990s.

Economic Transformation in New Zealand

There can be few better examples of capitalism's capacity for reinvention than the transformation of the New Zealand economy in the 1980s and 1990s. Over a few short years of intense reform and restructuring, it went from being an exemplary model of Fordist accumulation and monopolistic regulation to an almost antithetical example of flexible accumulation and competitive regulation. The stimulus for the transformation lay in the global crisis of capitalism in the 1970s, which severely damaged the New Zealand economy, and the subsequent failure of Keynesian-Fordist strategies to reset the country on the path of growth and prosperity. The neoliberal solution adopted by New Zealand from 1984 onwards was not its own creation but was already being implemented in some of the world's most powerful economies such as the USA and the UK. However, New Zealand arguably took the neoliberal path further and faster than any other developed country at that time, at considerable human cost in terms of unemployment, inequality and poverty. While the strategy eventually delivered renewed growth in production and jobs, it was a faltering and short-lived recovery which ended resoundingly with the onset of the global financial crisis in 2007–08. This cycle of crisis, restructuring, growth and further crisis conforms closely to the interpretation of capitalist development provided by the regulation approach, but this perspective is rarely brought to bear on the analysis of New Zealand's economic transformation.¹

This chapter attempts to show the utility of the regulation approach to understanding the transition between the two contrasting modes of development which prevailed before and after the crisis of the 1970s. It begins with a brief account of the development of the New Zealand economy prior to that crisis, then provides a narrative

¹ Of the many general accounts of the restructuring of the New Zealand economy, only O'Brien and Wilkes (1993) draw on the regulation approach, but this is largely confined to a characterisation of the before and after economies as models of Fordism and post-Fordism. Neilson applies the French regulationist perspective more systematically to interpreting the changing nature of the state (1998) and the implications for the labour movement (1993). Elsewhere in the literature there are scattered references to Fordism and post-Fordism which owe little explicit debt to the regulation approach, while more systematic applications of the approach are generally confined to rather narrow research topics.

of three phases in the subsequent transition to a new mode of development – the stages of crisis, restructuring and consolidation – before concluding with an outline of the key features of post-Fordist accumulation and regulation. This is a necessarily brief and schematic account as the objective is not to provide a detailed analysis of New Zealand's economic development, but to establish a context for the analysis of accompanying transitions in the labour market and the division of labour which will follow in subsequent chapters.

From colonialism to Fordism

The development of capitalism in New Zealand can be periodised into four relatively distinct phases or modes of development separated by periods of economic crisis which were resolved through extensive programmes of reform and restructuring. The first is the colonial period, which established the pre-conditions for the capitalist economy and the subjugation of the Maori economy through the appropriation of land and an influx of labour – a period which is framed by the signing of the Treaty of Waitangi in 1840 and the start of the Long Depression in the late 1870s.¹ The second is the neo-colonial period, an age of agrarian capitalism which saw the consolidation of a pastoral economy linked closely to Britain through flows of trade and finance, spanning the period from the 1890s to the Great Depression of the 1930s. The third is the Fordist period, which began with the election of the first Labour Government in 1935 and matured during the long boom from the end of the Second World War until the crisis of the 1970s. And the fourth phase is the post-Fordist era which commenced with the election of the fourth Labour Government in 1984 and takes us up to the beginnings of the new crisis in 2007.

In terms of the time periods, these phases broadly accord with the periodisation of capitalism identified by the Parisian regulationists and discussed in the previous chapter. However, the nature of capitalism in the earlier periods was obviously very different in New Zealand to that in the more advanced economies of Western Europe and North America. New Zealand was still very much a frontier society when Britain was in the full throes of the Industrial Revolution, and industrialisation in New Zealand was constrained until after the Second World War. Despite considerable growth in manufacturing and service industries since 1945, New Zealand is still distinguished

¹ This phase was preceded by a period of initial contact between 1769 and 1840 in which the European presence consisted mainly of sealers, whalers, traders and missionaries. As there was no large-scale settler colonisation in this period, and capitalist relations of production were therefore not prevalent, this era is excluded from the periodisation of capitalism in New Zealand.

from most of the larger capitalist economies by its dependence on agricultural exports. However, periods of growth and crisis in the New Zealand economy have clearly been linked to the vicissitudes of the more advanced economies to which it exports its primary products. And as the New Zealand economy has developed, the modes of regulation which have emerged from periods of crisis have borne increasing resemblance to those of the larger capitalist economies. By the time of the post-1945 boom, New Zealand exhibited a mode of regulation which was as thoroughly Fordist as those of the USA and Britain – although it was much less dependent on Fordist mass production. After the collapse of Fordism, New Zealand even became something of a global pacesetter in its programme of restructuring and reform and its commitment to the tenets of neoliberalism. The focus in this chapter is very much on the transition from Fordism to the market-oriented post-Fordist mode of development, but before examining that we need to briefly consider New Zealand's integration into the international division of labour as an agricultural producer, which played a critical role in its subsequent development.

The colonisation of New Zealand in the mid-nineteenth century has been explained by Bedgood (1980: 19-22) as the outcome of a crisis in British capitalism which necessitated colonial expansion in a quest for outlets for surplus capital and surplus labour. The initial phase of capitalism in the colony can be seen in Marxian terms as a period of primitive accumulation in which the necessary conditions for capitalist agriculture were established through dispossession of Maori land and the creation of a class of wage labourers, drawn primarily from landless immigrants and supplemented where necessary by indigenous labour. Land was acquired by a variety of means including legitimate purchase, fraudulent transactions, military conquest and government confiscations (Sorrenson 1992). By the 1870s the vast majority of the country's productive land was in the hands of Pakeha settlers, and public works schemes were opening up more land for farming and establishing the infrastructure for capitalist agriculture. The main focus of agriculture in this period was the production of wool for the British market, while cereals, meat and dairy products were mainly produced for the domestic market. Growth in agriculture also stimulated expansion in the social division of labour, which saw the development of service industries such as mercantile, financial and transport services along with secondary industries concerned with primary product processing and public works. New Zealand's integration into the world economy as an agricultural exporter made it susceptible to international crises,

and the contraction in export markets resulting from the Long Depression stalled the development of the fledgling economy and mired it in a protracted period of stagnation lasting from the late 1870s to the early 1890s (Gardner 1992; Hawke 1985; McAloon 2009).

The next phase of New Zealand's development saw further consolidation of its position as an agricultural producer and a sustained period of growth from the mid-1890s until the start of the 1920s, followed by more faltering growth until the onset of the Great Depression (Hawke 1985; Brooking 1992). The initial recovery owed much to the fortuitous combination of a revival in export markets and a crucial technological development in the form of refrigerated shipping, which allowed the export of meat and dairy products to Britain. Accumulation thus became centred on pastoral production of wool, meat and dairy products for export, with the earnings funding the importation of manufactured goods and further investment in agricultural production. Reciprocal flows of goods and capital tied New Zealand closely to Britain in what Denoon (1983) characterises as a relationship of 'unforced dependence', determined not by imperial control but by internal social forces. This involved the consolidation of a mode of regulation which favoured the allied interests of farmers, merchants and financiers over those of industrial capital and urban labour (Armstrong 1978). Industrialisation remained a distant prospect, with secondary production confined largely to the processing of primary products, while the domestic market for manufactures was constrained by low wages and poor living standards among the working class. But while New Zealand's fortunes may have been heavily reliant on agricultural exports, it was not exactly a nation of farmers. Mechanisation of agriculture and expansion of the surrounding social division of labour meant that by the mid-1920s only about three in every ten New Zealand workers were employed in primary industries – slightly more than the proportion in the secondary sector (25 percent), but considerably less than the proportion in service industries (45 percent).¹

Heavy dependence on agricultural exports and foreign capital meant that New Zealand was again hit hard by an international crisis when the Great Depression struck in 1929. A period of massive unemployment and widespread hardship was followed by the election of the first Labour Government in 1935, which set the foundations for the Fordist mode of development that would deliver renewed growth and prosperity after

¹ The figure for primary industries includes forestry, fishing and mining as well as farming. The figure for secondary industries includes construction and utilities as well as manufacturing. Less than 16 percent of workers were engaged in manufacturing.

the Second World War. We observed in the previous chapter that the regulation approach highlights the role of class struggle and compromise in setting trajectories of economic development, and this was certainly true of New Zealand in the 1930s. Labour's election and subsequent strategy built on disaffections which emerged in the preceding period: real wage increases had been constrained while farmers, merchants and speculators enjoyed prosperity; the industrial arbitration system had proved generally unfavourable to workers' interests; and Depression-era policies failed to alleviate widespread unemployment and hardship. All this created a tide of support for the advancement of working-class interests through both trade unions and parliamentary representation (Richardson 1992). The Labour Government's response was a compromise which would stabilise the capitalist economy rather than replace it, and would deliver both better standards of living for workers and profits for capital (Jesson 1989: 14-21). It was a compromise which was maintained largely intact for at least three decades after the War in an era dominated by National governments, in what Roper calls a period of 'Keynesian consensus' (2005: 121-138).

The compromise was built on a strong role for the state in the management of the economy and distribution of the social product. The labour movement largely surrendered its goal of socialism and accepted the constraints of the capital-labour relation in return for ongoing real wage increases, full employment and expansion of the welfare state through health, education, housing and social security provisions. Capital reluctantly accepted restrictions on commercial freedoms and the need to share productivity gains in return for a compliant workforce, expanding domestic markets and economic stability. There were also compromises between different fractions of capital, as agrarian interests made concessions to industrial capital by accepting import controls and channelling of investment into domestic secondary industries, while in turn receiving benefits in the form of guaranteed prices, subsidies and centralised marketing. The problems associated with New Zealand's heavy dependence on agricultural exports had been exposed by the Depression and it was clear that the primary sector could not provide sufficient employment for a growing population, particularly at a time when farming was being rapidly mechanised. While New Zealand's destiny as an agricultural producer was by this time irrevocably sealed, it was clear that industrialisation was required in order to expand domestic production and employment and to reduce dependence on the export earnings of the primary sector. This was achieved through a mix of import controls and demand management policies. Import licensing provided the

necessary protection for secondary industries, with the granting of licenses manipulated to keep out finished consumer goods while allowing the importation of materials or capital goods which would provide inputs into domestic manufacturing. Demand for the products of protected industries came almost entirely from within the domestic economy and was sustained by real wage increases, monetary policy which expanded the availability of credit, and fiscal policy which expanded spending on welfare, health, education and housing (Hawke 1985; 1992; Easton 1997b; Roper 2005).

This mode of development conformed in its essential elements to the brand of Fordism which prevailed in North America, North-western Europe, the United Kingdom and Australia (Jessop 2002: 55-58), albeit with distinctive features owing to a continued dependence on agricultural exports, the relatively embryonic state of the manufacturing sector and a small domestic market, which together constrained the development of large-scale mass-production industries. Nonetheless, its technological paradigm was based on advances in machine technology which delivered productivity gains in agriculture and – in combination with Taylorist technical divisions of labour – in the manufacture of both consumer and producer goods.¹ Its accumulation regime was based on the production of agricultural goods for export and of standardised processed goods, consumer durables and services for domestic consumption; with export demand fuelled by Fordist growth in foreign markets (particularly Britain) and domestic demand fuelled by productivity-linked wage growth and expanding welfare provisions at home. O'Brien and Wilkes (1993: 16-18) use the term 'dependent agricultural Fordism' to characterise Fordist accumulation in New Zealand, on the grounds that mass production largely involved the production and processing of primary products rather than manufactured goods, and that these products were largely consumed not in the domestic market but in the British market. While this does highlight the distinctiveness of the New Zealand situation, it neglects the critical role import substitution industries played in sustaining accumulation during this era. Those industries were dependent on agricultural exports to fund the importation of manufacturing inputs, but primary production accounted for a relatively small and declining share of GDP and employment, while within the secondary sector the processing of local primary products

¹ It has become customary to decry New Zealand's manufacturing sector in this period as inefficient and sclerotic, but empirical analysis by McAloon (2006) reveals a more varied picture with several industries exhibiting considerable technological and organisational innovation which yielded significant improvements in productivity and competitiveness.

was less significant than the processing of imported manufacturing inputs for the domestic market (Hawke 1985: 258).

The accumulation regime was supported by a mode of regulation that conformed closely to the institutional forms typical of Fordism. Firstly, the capital–labour relation was regulated by the compromise which delivered real wage growth through collective bargaining. Second, competition was restricted by a range of import barriers, subsidies, price controls and investment restrictions which favoured the development of monopolies and oligopolies in many sectors (often state-owned). Third, the monetary and financial regime involved tight regulation of the financial sector, while the Reserve Bank managed the money supply to promote dual objectives of full employment and price stability. Fourth, the state had a strongly interventionist role focussed on sustaining economic growth and full employment through demand management and regulatory controls and through its own role as an employer. And finally, the relationship with the international economy was characterised by a greater degree of insulation than in the past thanks to the development of import substitution industries – although New Zealand was perhaps less insulated than the larger Fordist economies due to its continued reliance on agricultural exports and imported manufacturing inputs.¹

The Fordist mode of development delivered sustained growth, full employment and rising incomes for most of the period from the 1950s to the early 1970s. Growth rates were steady rather than spectacular, averaging over four percent per annum, which was healthy by historical standards but not sufficient to maintain New Zealand’s relative international standing, as GDP per capita gradually slipped below the OECD average by the mid-1960s (Easton 1997b: 15-27). Demand for labour generally exceeded supply despite a growing working-age population, increasing labour force participation by women and Maori, and relatively high levels of immigration, with unemployment hovering at around one percent until the mid-1970s.² Employment grew rapidly in both secondary and tertiary industries, with the former employing 35 percent of the workforce and the latter 53 percent by 1971. The primary sector’s declining share of employment was matched by a falling share of GDP – just 12 percent by the late 1960s

¹ Paradoxically, import controls increased the penetration of foreign capital as foreign manufacturers who wanted access to the New Zealand market were required to establish finishing operations here, with the prime example being the vehicle assembly industry (Hawke 1985: 273-274).

² Based on Census data. Registered unemployment was considerably lower, averaging around 0.1 percent of the labour force between 1950 and 1974 (Roper 2005: 4), but this measure understates the actual level of unemployment as many job-seekers would not have formally registered with the Department of Labour when jobs were plentiful and the duration of unemployment was likely to be relatively short. The Census measure includes people looking for work but not formally registered.

(Easton 1997b: 140). But while agriculture no longer dominated the domestic economy, it still dominated the country's exports as the protected manufacturing sector was focussed on import substitution and generally too inefficient to compete in overseas markets. New Zealand therefore remained vulnerable to fluctuations in international commodity markets, suffering from a major collapse in wool prices in the late 1960s, benefiting from a subsequent commodity price boom in the early 1970s, and then being plunged into recession when struck by the multiple blows of the global crisis in Fordism, the first oil shock and Britain's entry into the EEC, which all occurred around 1973–74. This spelt the beginning of the end for the Fordist mode of development, although it would be a decade before it finally succumbed to the gathering forces of neoliberalism.

Fordism in crisis

The period from the crisis of the early 1970s to that of the late 2000s can be divided into three phases which are typical of the restructuring of capitalist economies. The first consists of failed attempts to resolve the crisis within the framework of the existing mode of development, in this case through Keynesian-Fordist fixes. The failure of these strategies leads to the second phase which involves radical restructuring of the economy based on a wholly new strategy, in this case the neoliberal project. The third phase involves consolidation and embedding of the new mode of development, which may involve some compromise and a limited 'rolling back' of some earlier reforms in order to achieve a political consensus – in this case what is sometimes described as a 'third way' strategy. The duration of the third phase depends on the stability and success of the new mode of development and in this case it was rather short-lived, delivering a relatively brief period of unstable growth before being dealt what may prove to be a terminal blow by the global financial crisis.

The course of this process of crisis, restructuring and consolidation tends to be shaped in large part by struggle and compromise between competing class interests in which political actors play pivotal roles. In most developed countries, the neoliberal solution was advanced by parties which represented the interests of capital, notably Thatcher's Conservatives in the UK and Reagan's Republicans in the US. But in New Zealand we had the curious situation of the traditional party of business interests (National) pursuing Keynesian solutions between 1975 and 1984, before the traditional party of the working class (Labour) implemented a neoliberal restructuring agenda

between 1984 and 1990. Normal business was resumed when the National Government of the 1990s finished off some aspects of the process which had been politically unpalatable to Labour – notably welfare and labour market reform – before the Labour Government of 1999–2008 adopted a third-way strategy which tempered some of the more extreme aspects of earlier reforms while leaving most of the neoliberal programme firmly in place (Roper 2005). We will return to the restructuring process in the next section after outlining the course of the crisis in Fordism.

As Roper observes, most accounts of New Zealand's crisis of the 1970s and early 1980s blame a combination of external shocks which severely affected the country's terms of trade – particularly the oil crisis and Britain's entry into the EEC – and poor economic management by government (Roper 2005: 6-14). Such explanations fail to account for the causes of the global crisis which afflicted other industrialised countries and consequently damaged New Zealand's export markets, a crisis which was exacerbated rather than caused by the first oil shock. Roper argues that the primary cause of the crisis both in New Zealand and internationally was declining profitability, which he explains in Marxist terms as a result of the law of the tendency of the rate of profit to fall (Roper 2005: 14-20). This argument, in simplified terms, is that competition impels capitalists to replace variable capital (living labour) with constant capital (plant and machinery etc), and as the former is the source of surplus value the rate of profit tends to fall and the process of accumulation suffers. The theory of the tendency of the rate of profit to fall is contentious even within Marxism, where competing explanations of crisis focus on under-consumption (or over-production) resulting from workers being paid less than the value of their labour and thus creating a demand gap between what they produce and what they can afford to consume, while others focus on the wage squeeze which occurs when pressure for increases in real wages impacts adversely on the rate of profit (Clarke 1994). The regulation approach tends to eschew monocausal explanations of crisis as the circumstances of different episodes may vary, but it concurs with the general Marxist perspective that capitalism has inherent tendencies towards crises – amply demonstrated by the frequency of their recurrence throughout history – and that these are manifested in declining profitability and explicable in terms of capitalism's own internal logic rather than the exogenous factors blamed by neoclassical and Keynesian economists.

Whatever the explanation for capitalism's long-term crisis tendencies, the question remains as to how crises are forestalled over long periods of sustained growth and why

such growth models eventually break down. To answer that, we have to move from the abstract laws of capitalism to the specifics of particular modes of development. In the case of Fordism, profitability was able to be sustained for a prolonged period through the operation of a virtuous circle of mass production and mass consumption. Mass production techniques generated productivity gains, which in turn funded real wage growth and allowed the expansion of consumption, which thus generated rising profits to be invested in further productivity improvements (Jessop 2002: 56). The breakdown of this mode of development, as noted in the previous chapter, can be attributed to a number of factors: the exhaustion of possibilities for further productivity gains in mass production, the inability of mass production techniques to satisfy changing patterns of consumer demand, the inflationary tendencies inherent in a regime based on wage growth and public spending, and the increasing internationalisation of economic activity which undermined the management of national economies (Boyer 1988: 200-203).

This was an international crisis which impacted severely on New Zealand through the contraction of export markets and investment flows, but it was also a domestic crisis in which New Zealand itself experienced a marked slowdown in labour productivity growth (Marks 1983) at a time when real wage growth was accelerating as a result of the breakdown of centralised wage fixing and a climate of increasing industrial unrest (Easton 1997b: 93-94). Profitability inevitably suffered, in turn constraining investment and creating pressures to reduce labour costs through redundancies or wage restraint. This spelt the end of both full employment and real wage growth which had underpinned Fordist development, with unemployment rising exponentially and the real wage rate falling for much of the decade after 1975. Consequently, consumers had less disposable income to spend on the products of Fordist industry, the state was placed under increasing fiscal pressure from falling tax takes and rising welfare costs, public debt soared and economic growth plummeted – falling from a peak of over seven percent in 1973/74 to a negative growth rate of almost three percent in 1977/78 (Dalziel and Lattimore 2004).

The strategy of the Muldoon administration of 1975–1984 was to attempt to resuscitate Fordism through Keynesian policies of demand management, regulatory intervention and fostering of large-scale industry, which far from resolving the crisis may ultimately have served to prolong it. It should also be noted, however, that in this period the economy was not as sclerotic and over-regulated (at least by international standards of the day) as it was subsequently painted by advocates of the neoliberal

reform programme (Goldfinch and Malpass 2007). The National Government did engage in some market liberalisation and attempted to reduce some forms of government spending but in other respects government intervention increased, notably in the form of increased agricultural subsidies, a freeze on wages and prices introduced in 1982 to control rampant inflation, and the state-funded 'Think Big' energy projects of the early 1980s – the latter described by O'Brien and Wilkes (1993: 125) as "the last gasp of the Fordist regime." These, and other strategies such as job creation schemes and expansion in state sector employment, were unsuccessful in containing unemployment, which reached almost 6 percent of the labour force by 1984 – an increase of over 75,000 people in a decade. Despite a catalogue of poor economic indicators, the economy did grow in the early 1980s, at an average of just over 2 percent per annum between 1980 and 1984 (Dalziel and Lattimore 2004: 151), but it was growth built on unstable foundations, held together with stopgap solutions and funded by unsustainable debt.

Meanwhile, relations between labour and capital were deteriorating. During the Fordist period workers had been in a relatively strong position because of high labour demand and the importance of wage growth to the expansion of consumption. But the compromise between capital and labour could only be maintained in boom conditions when high productivity and profitability continued to deliver real wage increases. When declining profitability put pressure on employers to constrain labour costs in the 1970s, there was an upsurge in industrial conflict. Whereas in the 1960s there had been an average of 104 work stoppages and 82,000 working days lost through industrial action per year, in the 1970s there was an average of 409 work stoppages and 293,000 working days lost each year (Deeks *et al* 1994: 374). Roper argues that following the breakdown of centralised wage bargaining in 1968 the balance of power shifted in favour of workers as increasingly militant unions secured some important victories. But this was countered in the late 1970s by the emergence of 'employer militancy', abetted by a government which sought to curb the power of unions and restrain wage increases (culminating in the wage and price freeze of 1982). As the balance of power shifted back towards capital, employers moved from support of centralised bargaining and compulsory unionism to advocacy of a deregulated system which would allow more flexibility in employment contracts and wage fixing (Roper 2005: 96-106).

This was part of a broader ideological shift amongst employer and business organisations, away from the Keynesian-Fordist consensus towards the neoliberal

doctrine of unfettered free-market capitalism, which was now ascendant in countries such as the UK and the USA. A similar shift in thinking had taken place within the government's key economic agencies – Treasury and the Reserve Bank – where the old orthodoxy of Keynesianism gave way to a new orthodoxy based on neoclassical and monetarist economic theory, which was very much at odds with the policies of the National Government (Roper 2005: 160-168). The lobbying of an increasingly activist business community and the advice of increasingly agitated officials had little influence on the staunchly Keynesian Muldoon administration, but did find receptive ears among key figures in the Labour Party which was to take power in 1984 (Oliver 1989). And it was ironically under a Labour government that the struggle over the direction of economic development after Fordism would be resolved in favour of capital rather than labour.

Restructuring and reform

The period from the mid-1980s to the mid-1990s witnessed an overhaul of the economy which was perhaps more radical and extensive than any in New Zealand's history. And in contrast to major reforms of earlier periods the programme was not democratically mandated, with Labour giving little warning of the impending economic revolution during the 1984 election campaign and subverting the customary processes of consultation to implement their reforms once in office – as did the succeeding National government during the 1990s (Kelsey 1995: 28-45). Critical accounts of the imposition of the neoliberal solution generally focus on senior members of the Labour administration being captured by ideologically-driven officials and avaricious business interests, and emboldened by a foreign exchange crisis at the time of their election to embark on a ruthless and unpopular programme of reform (eg Jesson 1989; Kelsey 1995; Goldfinch 2000). A different reading of the process is provided by Larner (1996; 1997), who argues that it was not so much a matter of the Labour administration being ideologically seduced and manipulated to act in the interests of capital, but rather that Labour saw certain neoliberal strategies as a means to achieve economic efficiencies which would provide them with the resources to pursue social-democratic goals. Whatever the motivation of the actors and the political machinations involved, these can only provide a partial understanding of the transformation of the New Zealand economy. They might help to explain why the shift from Keynesianism to neoliberalism took the particular form it did in New Zealand, but it must be remembered that this was

just one instance – albeit a particularly dramatic one – of a shift that was taking place throughout the advanced capitalist nations in response to the failure of Keynesian-Fordist strategies to resolve the global crisis of capitalism. This is not to say that the policies adopted in New Zealand were either inevitable or judicious, but rather that they have to be seen in the context of a particular moment in capitalist development.

To encapsulate the restructuring programme in a brief summary is difficult due to the scope and severity of the reforms, but we can broadly outline the major changes in terms of what Kelsey (1995: 85-239) describes as the five ‘fundamentals’ of the programme: market and trade liberalisation, state sector reform, disinflationary monetary policy, fiscal restraint and labour market deregulation.

Market and trade liberalisation involved the removal or reduction of the many regulations, incentives, subsidies, barriers and controls that had built up over the preceding decades of Keynesian economic management (Kelsey 1995: 85-114; Bollard and Buckle 1987). According to the new orthodoxy, these interventions distorted markets and prices, resulting in inefficient allocation of resources and discouraging innovation, flexibility and competition. The finance sector was the first to be comprehensively deregulated, stimulating a frenzy of activity on financial markets and the diversion of investment from productive to speculative activities – with the consequence that New Zealand suffered severely from the global sharemarket collapse in 1987 (Jesson 1999). While liberalisation stimulated the financial sector, it had quite the opposite effect on the productive sectors of agriculture and manufacturing. Small farmers were hit hard by the removal of government assistance at a time of rising interest rates, with many forced off the land and their holdings consolidated into larger-scale operations. The manufacturing sector was decimated by dismantling of the import licensing system, reduction of tariffs and removal of tax incentives for exporters. Many local manufacturing industries found themselves unable to compete with cheaper imported products in a contracting domestic market, resulting in widespread plant closures and redundancies (to which we will return in chapters three and four) (Britton *et al* 1992). Restrictions on foreign investment in New Zealand were also relaxed, prompting an inflow of foreign capital, increasing foreign control over New Zealand companies – including formerly state-owned enterprises sold off under the government’s privatisation programme – and the repatriation of locally-generated profits to overseas owners (Kelsey 1999: 121-160).

Reform of the state sector saw a rash of corporatisation, privatisation and restructuring, driven by the neoliberal orthodoxy that public sector organisations are inefficient and ineffective (Kelsey 1993: 29-75; 1995: 115-149; Easton 1997a; Boston *et al* 1991). Corporatisation began with the state's trading organisations in areas such as energy, communications and resource management which, under the State-Owned Enterprises Act of 1986, were required to be run as businesses in ways that were as profitable and efficient as comparable private enterprises. Subsequently, commercial imperatives and business models were also imposed upon organisations in areas formerly regarded as non-commercial such as health, education and state housing. Gains in profitability and efficiency were achieved at the cost of thousands of jobs in state-sector organisations which had been amongst the country's largest employers, along with the loss of community services and increasing user charges for consumers. Corporatisation served as a prelude to the privatisation of many state-owned enterprises by turning them into saleable entities and paving the way for greater public acceptance of their eventual sale. Privatisation was ostensibly a means of reducing public debt, but it was clearly also driven by an ideological conviction that commercial enterprises belonged in the hands of private capital and not the state. Once in private ownership, the remaining constraints of public responsibility and accountability were largely subordinated to the profit motive, which meant further job losses and further costs to consumers. Meanwhile, core public sector agencies which were spared corporatisation and privatisation were subject to significant budget cuts and the imposition of commercial practices in respect of accounting, management and employment relations. The results were repeated rounds of organisational restructuring, significant reductions in staff levels, deteriorating pay and conditions for remaining staff, increasing flexibilisation of the workforce through the use of casual workers and consultants, and commodification of the agencies' services which became 'outputs' to be purchased by ministers, other government agencies and private users.

Disinflationary monetary policy was in many ways at the core of the neoliberal programme (Kelsey 1995: 150-172; Whitwell 1990; Dalziel and Lattimore 2004: 50-62). The monetarist diagnosis of New Zealand's economic malaise held that high inflation was distorting price signals and preventing efficient resource allocation as well as reducing returns on financial assets, discouraging investment, and hampering international competitiveness. If inflation could be brought under control and price stability maintained, it would allow market forces to operate more effectively and

thereby provide conditions for sustainable economic growth. Several aspects of the wider reform programme contributed to the disinflationary strategy, including a tight fiscal policy and industrial relations reforms which constrained wages. But the central mechanism was a tight monetary policy implemented by the Reserve Bank, initially by controlling the funds available to banks and later through the indirect setting of interest rates. Prior to 1984 the Reserve Bank had been obliged to consider objectives such as economic growth and full employment along with price stability in implementing monetary policy. After 1984 price stability became the overriding goal, and this was duly enshrined in statute with the Reserve Bank Act of 1989, which dropped references to other objectives. Inflation was successfully reined in – falling from over 18 percent to less than one percent between 1987 and 1992 – but at significant cost to producers and workers. Producers already facing the removal of protection and subsidies were hit with high interest rates, high exchange rates (in the case of exporters) and declining domestic demand, exacerbating the effects of market liberalisation on profitability and employment. The growing pool of unemployed acted as a constraint on wage settlements, so that those who remained in work faced reductions in real incomes and living standards. These costs were not unintended consequences, but were integral to the disinflationary strategy, legitimated by the argument that short-term pain was necessary for long-term gain.

Monetary policy was supported by fiscal restraint, which involved a reversal of the Keynesian strategy of high levels of government spending funded by high and progressive taxation and borrowing. The neoliberal prescription was for reductions in government spending, particularly in social welfare, and a lower and flatter taxation regime, which together would not only allow a balancing of the books but would also encourage productive investment, increase incentives to work and reduce welfare dependency (Kelsey 1995: 207-239; Dalziel and Lattimore 2004: 63-84). The Labour Government initially focussed on taxation reform, broadening the tax base by introducing the Goods and Services Tax (GST) and reducing personal and company tax rates, thus undermining the progressive nature of the taxation regime and encouraging a redistribution of income from lower to higher earners. This was followed by attempts to reduce spending through the reorganisation of the state sector described above. Political considerations constrained Labour's reform of the welfare state, but the succeeding National Government had no such qualms, launching a radical assault on welfare spending spearheaded by significant reductions in benefit levels and tightening of

eligibility criteria, resulting in considerable economic hardship for beneficiaries and low-income earners (Boston *et al* 1999). When budget surpluses were eventually achieved in the mid-1990s they were used to retire public debt and fund further tax cuts rather than to alleviate the hardship of those who had borne the brunt of the austerity programme or to repair the battered health and education systems. The inviolability of fiscal restraint was enshrined in statute by the Fiscal Responsibility Act of 1994, which required the government to maintain a prudent level of debt, an operating surplus on average over time, a positive level of net worth, prudent management of fiscal risks and stability in tax rates. Henceforth, it would be extremely difficult for any government to return to an expansionary fiscal policy of the type seen during the Fordist period.

Neoliberal philosophy regarded the labour market as akin to any other commodity market and held that it should therefore be governed by demand and supply rather than regulatory control, which essentially meant that employers should have greater flexibility in how they hired, fired, utilised and remunerated workers. This would necessitate dismantling the long-standing system of centralised bargaining and weakening the collective organisation of workers. The Labour Government made some tentative steps in this direction, most notably with the Labour Relations Act of 1987, which sought to encourage movement away from national awards towards enterprise agreements, and the State Sector Act of 1988 which brought public service pay fixing under the same system as the private sector and encouraged departmental rather than service-wide agreements (Walsh 1989; Deeks *et al* 1994: 66-80). However, the Labour Government was constrained by the party's close relationship with the union movement and it was only after the election of National in 1990 that radical reforms could be enacted, in the form of the Employment Contracts Act of 1991 (the ECA) (Deeks *et al* 1994: 81-101; Dannin 1997; Walsh and Brosnan 1999). The stated intent of the ECA was to 'promote an efficient labour market' and to this end it effectively individualised the employment relationship, making it a matter between individual workers and employers rather than the union and the employers' organisation. Unions could still negotiate collective contracts, but they lost the automatic and exclusive right to represent workers in negotiations and to secure blanket coverage of any agreement across industries or occupations. In the name of 'freedom of association', union membership became voluntary and individual employees were able to choose who should represent them in negotiations and whether to negotiate an individual contract with their employer or to be part of a collective agreement. Employers were not

compelled to negotiate collective contracts – this was a matter for negotiation between the parties – and where they did enter into collective agreements it tended to be at site or enterprise levels rather than at a multi-employer level. This was encouraged by restrictions on strike action, which was only allowed in support of negotiations for a collective contract with a single employer and not in support of multi-employer negotiations. The effects of the ECA were to weaken the capacity of workers to pursue their interests collectively and – in a labour market where the supply of workers greatly exceeded demand – to strengthen the powers of employers to enforce agreements unfavourable to workers' interests. This not only allowed employers to restrain wages and conditions, but also facilitated increasing use of flexible or non-standard working arrangements, as we will see in Chapter Three. The effect of the ECA on trade unions was dramatic, with union membership falling from 42 percent of wage and salary earners in 1991 to 22 percent by 1995. The proportion of the workforce covered by collective agreements is estimated to have fallen from 49 percent to 29 percent between 1990 and 1993, with almost all collective contracts being enterprise rather than multi-employer agreements (Walsh 1997: 196-197).

By the end of the fourth National Government's second term in office in 1996, advocates of the reform programme could point to a number of successes in terms of economic indicators. The economy was in recovery mode: growth averaged over five percent per annum between 1994 and 1996, and the 1996 figure of 6.4 percent was the highest since the crisis hit 20 years earlier. Inflation was under control, the budget was back in black, public debt was at its lowest since 1984, private sector investment was accelerating, employment growth was at its highest in 20 years, and unemployment was on the way down. (Dalziel and Lattimore 2004). However, it is questionable whether New Zealand was in a better position than it would have been had it pursued a less radical and destructive programme of reform (Dalziel 2002). Impressive economic growth figures have to be seen in the context of the years of policy-induced recession which had gone before – New Zealand was not so much booming as dragging itself out of a deep hole into which it had dug itself. Even the sudden surge in growth in the mid-90s only took per capita GDP back to a level slightly above that of 1985 in real terms. And a fall in unemployment from 10.6 percent to 6.3 percent between 1992 and 1996 sounds less impressive when compared with the figure of 4.2 percent in 1986 – when there were 47,000 fewer people unemployed.¹

¹ Statistics New Zealand, Household Labour Force Survey, December year averages.

The road to recovery was littered with victims of the neoliberal juggernaut – not just the unemployed whose jobs had been wiped out by market liberalisation and monetarism, but other beneficiaries whose incomes had been cut or who had lost their entitlement, and low-paid workers whose real wages had fallen as a result of labour market deregulation. But not everyone had suffered – there had been a redistribution of income and wealth from labour to capital and from low-income to high-income earners. In the decade before Labour took office, employee compensation (wages and salaries) on average accounted for 53 percent of GDP while gross operating surpluses (profits) accounted for 39 percent; by 1996 the employee share had fallen to 42 percent while operating surpluses had risen to 45 percent.¹ The redistribution of income from labour to capital was accompanied by a redistribution among workers as the earnings gap between high and low income earners widened (Dixon 1998). Combined with the regressive changes to taxation regimes and cuts to welfare benefits, this resulted in increasing levels of household inequality: between 1984 and 1998 the wealthiest 10 percent of households enjoyed a rise of 43 percent in real disposable income, while the bottom 50 percent of households saw their disposable income fall by 14 percent – with an estimated one-fifth of households living below the relative poverty threshold between 1993 and 1998 (Waldegrave and Stephens 2000).² New Zealand had moved from a mode of development in which generalised prosperity and a more equitable distribution of income were integral to the growth regime, to one in which a high degree of inequality was an accepted and perhaps essential feature of the growth model.

Consolidation and a new crisis

By the end of the fourth National Government's second term in office in 1996, the restructuring project was more or less complete and the fundamentals of the new regime firmly in place. Any desire to push the project further was constrained by electoral reform which saw Mixed-Member Proportional Representation (MMP) introduced for the 1996 election. The adoption of MMP by public referenda occurred in the context of widespread disaffection with the anti-democratic nature of much of what had occurred over the preceding years, when the two-party system had effectively presented voters with a choice between the neoliberals in the blue corner and the other neoliberals in the

¹ Statistics New Zealand, National Accounts (year ended March 2009), Consolidated Accounts full series.

² Using a poverty threshold of 60 percent of the median, equivalent, disposable household income.

red corner, both of whom used the strong powers of the Executive to push through unpopular programmes with little resistance from Parliament and little regard for the will of the electorate. The first MMP election in 1996 forced National into coalition with the economically centrist New Zealand First party, putting the brakes on an already-slipping neoliberal project rather than reversing it in any significant way. Between 1999 and 2008, the Labour Party held power through a variety of arrangements with other parties from the left and centre of the political spectrum, including formal coalitions and confidence and supply agreements.

The latter period embraces Labour's conversion to a 'Third Way' approach, emulating similar shifts in other countries which had been through neoliberal revolutions, most notably the UK under the Blair government and the USA during the Clinton administration. Essentially, the Third Way strategy was to retain the fundamentals of a marketised economy while pursuing social-democratic goals of greater fairness and equity (Giddens 1998). The extent to which a free market and a fair society are compatible goals might be debated, but the reality of Labour's tenure – as in other countries which pursued similar strategies – was that the third way proved to be much closer to the second way (neoliberalism) than the first (democratic socialism). Both Roper (2005: 221-238) and Kelsey (2002: 49-87) argue that the Labour government embedded rather than usurped neoliberalism, retaining all the key features of the earlier reforms while mitigating their harsher consequences with some adjustments to regulatory and social policy settings. This did little to roll back the neoliberal project but did achieve something of a political compromise, defusing much of the left-wing opposition to the market economy while for the most part placating business interests and neoliberals – although they remained quick to denounce anything which might threaten the inviolability of the market. Differences between the major political parties were largely confined to arguments around the margins of the market-oriented model, and even among opposing interest groups there was a general acceptance that the rules of engagement in economic activity had been set and the players had to adjust their behaviour and expectations accordingly. The success of this compromise was due in part to favourable international conditions, which enabled New Zealand to achieve solid if unspectacular economic growth and improvements in most economic and social indicators from the start of the new millennium until the onset of the global financial crisis.

To briefly summarise the key shifts during the consolidation period we can return to the five key strands of the restructuring project – market and trade liberalisation, state sector reform, disinflationary monetary policy, fiscal restraint and labour market deregulation. In relation to the first three elements we find the persistence of neoliberal economic management, while in regard to fiscal policy and the labour market there is greater evidence of the social-democratic leanings of the post-1999 Labour-led governments. Markets remained regulated by competition rather than government intervention, although there was a return to some light-handed intervention in infrastructural sectors where deregulated markets had delivered unsatisfactory results for consumers – most notably the electricity and telecommunications sectors – and a greater willingness by the state to play an active role in fostering certain industries and skills considered critical to New Zealand’s economic development.¹ The state sector reforms remained largely in place and most of the privatised enterprises stayed in private hands, although the government did buy back a controlling share in Air New Zealand and the whole of the railways infrastructure as well as re-entering the banking market with the establishment of Kiwibank. Monetary policy continued to be determined by the requirements of the Reserve Bank Act, which gave precedence to considerations of price stability over those of economic growth and employment, although there was a limited relaxation of the inflation targets.

Fiscal policy remained constrained by the principles of the Fiscal Responsibility Act (incorporated into the Public Finance Act in 2004), but increases in spending were made possible by revenue gains from the economic recovery and an increase in the top marginal tax rate. Most of the new spending under the Labour-led governments was in social policy areas, with increased funding for health, education, superannuation and state housing, and the introduction in 2004 of the Working for Families programme to assist low- and middle-income families with income support and tax credits. This expansion in spending also led to renewed growth in state-sector employment. These were essentially attempts to mitigate the damage done by the neoliberal reforms and leaven the social deficits of the free-market economy, and fell far short of a return to the Keynesian welfare state. There were clear policy differences between political parties in this area, with those on the right wanting the proceeds of economic growth to be used to

¹ Most notable in this regard was Labour’s Growth and Innovation Framework (later reincarnated as the Economic Transformation Agenda), which sought to encourage innovative enterprises, skills development and global competitiveness, particularly in the areas of biotechnology, information and communications technology and creative industries (Office of the Prime Minister 2002).

fund tax cuts rather than social spending, but this was essentially an argument about how to distribute surpluses rather than about the requirement for prudent fiscal management, which was set in legislation and generally agreed by the major parties (Dalziel and Lattimore 2004: 80-84; Roper 2005: 229-234).

Labour market deregulation was rolled back to a limited degree when the Employment Contracts Act was replaced by the Employment Relations Act (ERA) in 2000. The new Act sought to redress some of the inequities of the ECA and encourage a more conciliatory approach to employment relations built on 'mutual trust and confidence' and 'good faith behaviour'. Among its stated objectives were to address the 'inherent inequality of bargaining power' between workers and employers, to encourage collective bargaining while also protecting individual choice, and to promote mediation to solve disputes and reduce the need for judicial intervention. Although the Act removed some of the impediments to union representation and collective bargaining contained in the ECA, it also retained some of the key aspects of that Act: union membership remained voluntary, the right to negotiate individual contracts was retained, employers were not compelled to enter into collective agreements, and there were still significant restrictions on the right to strike (Walsh and Harbridge 2001; Deeks and Rasmussen 2002: 118-138; Rasmussen 2004). Despite its intentions, the ERA failed to reverse the decline of collective organisation among workers – the fall in the number of union members was arrested, but the proportion of workers belonging to unions remained static at about 17 percent and the proportion covered by collective agreements continued to decline to a low of 14 percent in 2007 (Department of Labour 2009a). The divide between collectivised and individualised employment relations had been well and truly crossed during the preceding years and there appeared to be no going back, leaving employers holding the upper hand at the bargaining table.

The consolidation phase was framed by two major international crises – the Asian financial crisis of 1997–98 and the global financial crisis beginning in 2007–08, both of which had significant effects on New Zealand's economic performance.¹ The years in between, however, were characterised by relatively buoyant conditions, with economic growth averaging between three and four percent until 2006 before falling to around one percent in the year preceding the latest crisis.² The growth regime was extensive rather than intensive, based on increases in the volume of labour rather than improvements in

¹ Between these crises there was also an international downturn associated with the 'dotcom crash' in 2001, but this did not have a serious impact on New Zealand (Reddell and Sleeman 2008).

² Statistics New Zealand: Gross Domestic Product, December quarter releases 2008 and 2009.

productivity: employment grew significantly and unemployment fell from almost eight percent to under four percent between 1999 and 2007 to give New Zealand one of the lowest unemployment rates in the OECD; but at the same time labour productivity grew slowly at around one percent per annum and fell progressively below the OECD average.¹ With low productivity and a weakened union movement, wage growth was slow for most of the period, although it picked up slightly between 2005 and 2007 as strong job growth began to generate labour shortages.² As in other market-oriented economies, consumption growth was fuelled less by rising incomes than by rising household debt, which had been growing rapidly since the early 1990s and reached 159 percent of household disposable income by 2007.³ This was sustained by a housing boom lasting from 2001 to 2007 that encouraged greater borrowing against property, along with relaxed lending criteria by banks and financial institutions. When the global crisis hit in 2007–08 credit conditions tightened, the property bubble burst and consumption slumped. Producers were faced with a sudden deterioration of markets at home and abroad as well as a contraction of loan finance, with the result that production fell and the economy was plunged into recession by the start of 2008.

By contrast with the Fordist-Keynesian period, the neoliberal regime had delivered only a short period of fragile growth and achieved this at great social cost in terms of inequality and economic hardship. Despite impressive job growth during the consolidation period, unemployment remained far higher than it had been before restructuring and persisted despite the emergence of labour shortages in some sectors, as we will see in Chapter Three. Many unskilled workers seemed to have been left behind by the process of change, and a surplus pool of labour had become an integral feature of an economy which depended on a flexible labour supply and wage restraint. Similarly, despite some reduction of income inequality and poverty levels from 2004 – seemingly due largely to the Working for Families programme – levels of inequality and poverty remained far greater than they had been before the neoliberal project began (Perry 2009). Over the two decades from the mid-1980s to the mid-2000s, New Zealand experienced among the most significant increases in income inequality and relative poverty in the OECD (OECD 2008). That this trend was eventually arrested largely by a

¹ Unemployment data from Statistics New Zealand, Household Labour Force Survey (December year averages); productivity data from Statistics New Zealand, Productivity Statistics 1978–2009 (March years); OECD comparisons from *OECD Factbook 2009*, retrieved on 16/9/2010 from <http://www.sourceoecd.org>.

² Based on average hourly earnings data from Statistics New Zealand, Quarterly Employment Survey.

³ Reserve Bank of New Zealand, retrieved on 16/9/2010 from <http://www.rbnz.govt.nz/statistics>.

redistributive mechanism such as Working for Families – which was targeted not at beneficiaries but at wage earners – was itself an indictment on an economic regime that failed to provide adequate wages for many workers, and it did not address the issue of why market incomes were inadequate in the first place (Roper 2005: 233-234).

In New Zealand, as elsewhere, it remains to be seen whether the latest crisis means the neoliberal programme has run its course. The fifth National Government elected in 2008 is more committed to the principles of neoliberalism than its Labour predecessor, and so far disinclined to seek alternative solutions to the crisis. But if the crises of the 1930s and 1970s are any indication, the story has a long way to run and its eventual outcome will depend on processes of struggle and compromise between competing class interests both here and in countries such as the UK and the USA, from which New Zealand tends to take its lead.

Contrasting modes of development

To conclude, we can place the major shifts of the 1984–2007 period more firmly within the framework of the regulation approach by looking at the ways in which the new mode of development contrasted with that of the Fordist period. In general terms, the transition conforms to the pattern described in Chapter One as typical of developed capitalist nations: a shift from an accumulation regime based on mass production and mass consumption, to one based on flexible production and fragmented consumption; and a move from a monopolistic mode of regulation centred on the capital–labour compromise, to competitive regulation prioritising the operation of free markets. Within this typical pattern, however, there are aspects of the New Zealand case which are distinctive due to the fact that it is a small economy whose comparative advantage still lies in agricultural production, and due also to the specifics of the post-1984 reforms which were the product of a particular political and social context.

Regime of accumulation

In New Zealand as elsewhere, the post-Fordist accumulation regime was enabled by the emergence of a new technological paradigm, which saw the main source of economic dynamism shift from standardised production based on machine technology to diversified production utilising microelectronics and information communications technologies. This was a matter not just of changes in the technological infrastructure,

but also new labour processes and organisational models designed to enhance flexibility, reflexivity and efficiency – something which was necessary in order for New Zealand enterprises to survive competition from both local and overseas producers in newly deregulated markets (Perry *et al* 1995; Perry 2004; Le Heron and Pawson 1996). These changes significantly affected the nature of production in both manufacturing and service industries, although it is important to note that there were large sectors of the economy – notably primary production, construction and personal service industries – where new technologies and production models offered less scope for change.

The demise of mass production techniques in manufacturing was accentuated in New Zealand by the fact that many such industries were in the business of import substitution and went into terminal decline with the removal of import protections – the car assembly industry being the most notable example. In other manufacturing or processing industries, microelectronic technology enabled the introduction of flexible machinery which could produce short runs of diversified product lines – although the extent to which this occurred is difficult to gauge empirically. In primary product processing industries, the emphasis shifted from simple bulk production to adding value through innovations in processing and packaging, and diversifying product ranges to cater for segmented markets. A small number of large-scale manufacturers of consumer durables, such as household appliances, also successfully adapted to flexible production methods and introduced design innovations which enabled them to compete with imports and in some cases expand into export markets. But the most successful new manufacturing enterprises tended to be smaller-scale operations utilising advanced technologies and innovations to target specialised export markets in fields such as electronics, software and industrial equipment.

Most of the growth in production and employment, however, was in service industries. Here, information technology revolutionised internal labour processes by allowing computerisation of many routine clerical and administrative tasks, and enabling more effective integration of internal divisions of labour by enhancing communications. In large-scale service enterprises, labour processes were also reorganised (often repeatedly) to conform to new organisational models believed to offer improvements in efficiency and flexibility. Service enterprises increasingly performed roles within production networks in which service functions were outsourced from specialised enterprises, adding complexity to the social division of labour and stimulating the expansion of producer service industries. Services also became

increasingly exportable as real-time communications through ICT networks reduced the disadvantages of New Zealand's remote location, although services remained a relatively small share of total exports (with the exception of tourism which is not a typical export). The flipside of this was that services were also increasingly importable, allowing large New Zealand enterprises to outsource functions such as data processing and call-centre operations from low-wage countries.

Flexible production catered to increasingly fragmented and shifting consumer markets. Consumption was more fragmented partly because of cultural trends which encouraged greater diversity of lifestyles and tastes – trends which were themselves influenced by the changing nature of production – and partly because of widening income disparities which meant greater differences in the level and type of consumption that could be afforded by people in divergent economic circumstances. Consumption among low-income earners became focussed on cheaper mass-produced imports distributed through high-volume and low-cost retailers, while those with greater disposable incomes provided demand for the innovative designer products of high-end manufacturers and specialist retailers and for many of the consumer service industries in areas such as entertainment, recreation, cafes and restaurants, and personal services. The increasing diversity of goods and services was most evident at the higher end of the market where, in a highly competitive environment, producers had to compete vigorously for market share through product innovation and diversification and niche marketing, creating ever-expanding and ever-changing product lines. It was no longer sufficient for producers to make a uniform product appealing to a broad market; they required a range of products which would appeal to many different segments of the market or specialised products catering to niche markets (Le Heron and Pawson 1996 318-346).

But while flexible production was able to cater to diverse and changing markets, it was unable to deliver significant growth in productivity and hence, as observed earlier, accumulation was predominantly extensive rather than intensive. That is to say, it depended on utilising increasing volumes of labour (in terms of both the number of workers and the hours worked) to increase the scale of production and the level of absolute surplus value, rather than increasing relative surplus value through productivity gains. There was a sufficient labour supply to fuel this mode of growth and sustain profitability during the consolidation period, although the labour shortages which began to emerge towards the end of the period created wage pressures which might have

threatened profitability had the financial crisis not intervened. As it was, for most of the period wage growth at the lower end of the labour market was constrained by low productivity, a surplus of low-skilled labour and a lack of collective organisation among workers. At the higher end of the labour market, those with the managerial and professional skills which were valued in the new environment were able to command high premiums, opening up the disparities in income and consumption that we have already noted. Overall, however, consumption growth was sustained more by household debt than by rising incomes, making the growth regime very fragile. In this environment export markets may have offered greater possibility for expansion, but exports remained focussed on primary products – albeit with more value added than in the past – and there was no significant increase in the value of exports as a proportion of GDP. Consequently, the post-Fordist accumulation regime did not offer the same possibilities for sustained growth and generalised prosperity as the Fordist regime.

Mode of regulation

Fordism's monopolistic mode of regulation dominated by large capital and an interventionist state was effectively dismantled by the neoliberal reforms, which introduced a competitive market-based mode of regulation. The regulation approach holds that in a successful mode of regulation there is a complementarity between the institutional forms – the capital–labour relation, the forms of competition, the nature of integration into the international economy, the monetary and financial regime, and the role of the state. In Fordism, the institutional forms tended to cohere around the capital–labour compromise which enabled growth in productivity, wages and consumption. In market-oriented post-Fordism, as we have seen, the compromise was abandoned and there was a shift in the balance of power between capital and labour. Workers were seen not as the engine of consumption but as costs of production, and to keep those costs down collectivised employment relations gave way to individualised relations which helped to constrain wages and allow more flexible utilisation of labour. This complemented other aspects of the new mode of regulation in that a deregulated labour market was seen to enhance competition in product markets, to assist New Zealand to compete in an increasingly internationalised economy, to support a disinflationary monetary strategy and to minimise state intervention in capital–labour relations.

The nature of competition was fundamentally transformed by market liberalisation. New Zealand went from being one of the most regulated and protected economies

among developed capitalist countries to one of the most deregulated and open. New Zealand producers not only had to compete more vigorously against each other, but had to compete with an influx of cheap imports and were faced with highly competitive export markets. Increased competition among producers of both goods and services meant greater emphasis on innovation and flexibility in production processes, product design and marketing. This was accompanied by considerable organisational change as large organisations were restructured to achieve greater efficiency, flexibility and reflexivity, while small and medium-sized enterprises found opportunities to compete with large enterprises in market niches or play specialised roles within production networks (Perry *et al* 1995; Perry 2004; Le Heron and Pawson 1996).

More effective integration with the international economy was one of the main objectives of market and trade liberalisation. New Zealand has always depended on external linkages due to its role in the international division of labour as an agricultural exporter. But dismantling of the structure of regulations and protections which had restricted international flows of goods and capital during the Fordist period greatly increased its exposure to global forces. The objective may have been to enable New Zealand to compete more effectively in a globalising world, but the result was greater penetration of imports and foreign direct investment in New Zealand rather than any notable improvement in New Zealand's export performance or foreign direct investment overseas. Nonetheless, the strategic change was significant in that whereas the Fordist model sought to encourage growth by insulating the domestic economy from international competition, the post-Fordist model pursued growth through internationalisation of the New Zealand economy.

The monetary and financial regime was also opened up by deregulation of the financial sector, which lifted restrictions on capital movements and drew New Zealand into global financial markets, while the floating of the dollar placed the value of New Zealand currency in the hands of foreign exchange markets. Financial speculation became a defining feature of the new regime and affected not just the financial sector but also productive sectors where profiting from financial management and improving 'shareholder value' became priorities. This resulted in the financialisation of the economy as the financial sector and financial activities more broadly assumed unprecedented dominance at the expense of the 'real economy', in the process increasing economic volatility and the risk of crisis. In this environment, the state had a diminished role in controlling financial activity and concentrated on maintaining price

stability by indirectly setting interest rates to keep inflation within target levels, and in the process also influencing the exchange rate.

The state in general assumed a far more limited role in the economy than during the Fordist era. Deregulation of product, financial and labour markets entailed a fundamental shift from a state which sought to actively manipulate markets through regulatory intervention, to one focused on providing conditions for free markets to operate efficiently and competitively while also encouraging international competitiveness among New Zealand enterprises – a model sometimes referred to as a ‘competition state’ (Neilson 2006; Lerner 1997). The state’s own participation in economic activity was also greatly reduced as a result of privatisation and corporatisation of its trading organisations and efforts to scale back the core public service. State spending was constrained by requirements of fiscal responsibility and reduced taxation on businesses and high-income earners, leading to a reining in of the welfare state by minimising levels of assistance and maximising incentives to work. Notwithstanding increases in public sector spending and employment towards the end of the consolidation period, the post-Fordist state was far leaner and more light-handed than its Fordist incarnation.

Conclusion

Over the course of its economic history, New Zealand has moved through four distinct phases or modes of development: colonialism, neo-colonialism, Fordism and market-oriented post-Fordism. These have been separated by periods of economic crisis and initiated through extensive restructuring of production and reform of institutions. The latest such period has been perhaps the most tumultuous and transformative as responses to the crisis of the 1970s moved from increasingly desperate attempts to patch up the ailing Fordist-Keynesian regime, to a radical conversion to neoliberalism which resulted in a complete overhaul of the economy, and eventually to a Third Way compromise that was essentially neoliberalism with a friendlier face. The end result conformed very closely to the market-oriented post-Fordist model typical of the English-speaking capitalist countries, with a regime of accumulation based on a virtuous circle of flexible production and fragmented consumption, and a mode of regulation based around market competition and minimal state intervention. The process of restructuring had devastating effects on New Zealand producers, workers and beneficiaries for the better part of a decade and eventually delivered only a brief period

of fragile growth before the global financial crisis struck in 2007–08. This, then, is the scenario within which the labour market and the division of labour underwent major change in the period between the last two great crises in capitalism. Having established the nature and causes of the economic transformation New Zealand experienced in this period, we can now proceed to look at how this transformation has affected the availability of work, the type of work we do and how it is distributed and organised. This task begins with an analysis of changes in the labour market since the 1980s.

The Labour Market in Transition

Processes of economic transformation of the kind experienced by New Zealand since the 1970s entail profound upheavals in the labour market and the division of labour. The onset of crisis inevitably causes a general contraction of labour demand, rising unemployment and increasing insecurity for workers. The restructuring which follows tends to result in further job destruction in certain sectors of production while creating different types of jobs in others. This may also be associated with changes in employment relationships as the institutional arrangements governing relations between capital and labour are reformed to meet new requirements. All this was certainly true of New Zealand's experience during the troubled transition from Fordism to the new market-oriented post-Fordist mode of development. Full employment gave way to rising unemployment from the mid-1970s and job losses accelerated dramatically with the beginning of the restructuring project in the mid-1980s, being felt most severely in the productive sectors which had underpinned the Fordist regime. The subsequent revitalisation of job growth was centred on different industries and occupations, and saw the emergence of a labour market characterised by greater labour surpluses, more flexibility and insecurity, and less standardised forms of employment than had been the case under Fordism.

This chapter explores the transitions in the labour market through an analysis of official data sources, focussing on changing levels of employment and unemployment and the destandardisation of work. It begins with an analysis of the rise in unemployment during the crisis and restructuring periods and the subsequent resurgence in employment growth, before considering the apparent paradox of continuing labour surpluses at a time of emerging skills shortages. The remainder of the chapter looks at non-standard work, beginning with a discussion on the nature and causes of destandardisation in employment before assessing the empirical evidence for various types of non-standard work in New Zealand.

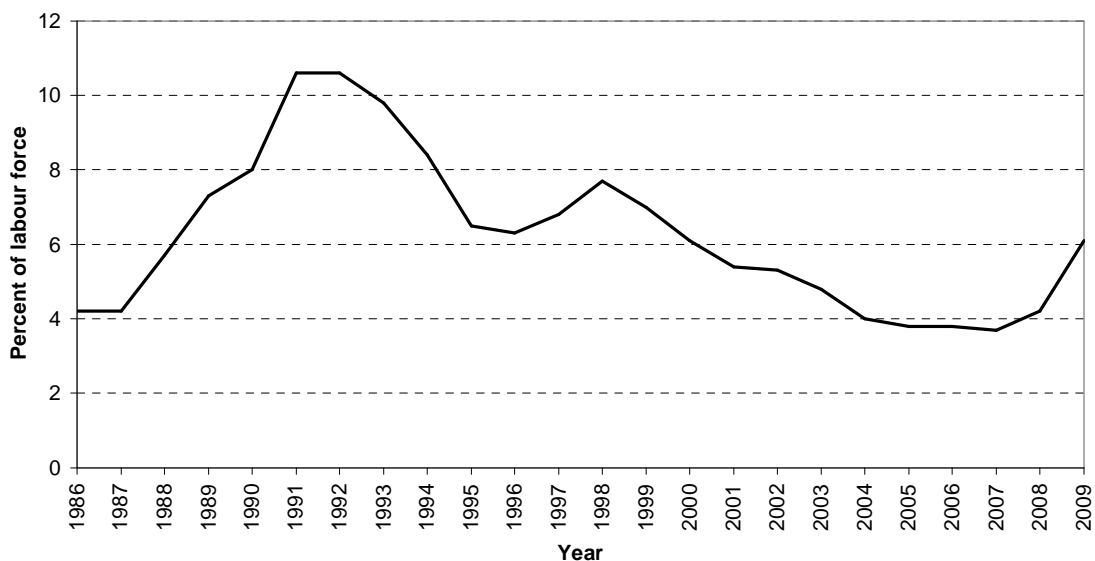
The rise and fall of unemployment

The experience of high unemployment during the crisis in Fordism and the subsequent restructuring was common to the advanced capitalist nations, although the timing and severity of job losses depended to some extent on the strategies different nation states adopted in response to the crisis (Koch 2006). The worst of New Zealand's unemployment was not an immediate effect of the crisis in the 1970s, but rather a consequence of the restructuring project in the late 1980s and early 1990s. Despite the deteriorating economic climate in the 1970s, registered unemployment did not exceed one percent of the labour force until 1979 as the National Government mopped up surplus labour by means of Keynesian demand management, job creation schemes and state-sector employment. But these were stopgap solutions which masked the underlying problem of falling market demand for labour while adding to the government's increasingly unsustainable fiscal burden. Unemployment pressures became increasingly difficult to contain in the early 1980s, and by the time the reforming Labour Government came to power in 1984 registered unemployment had reached almost six percent – a total of 77,000 people unemployed compared to fewer than 2,000 a decade earlier. The days of full employment were well and truly over, but the worst was yet to come.

While the Muldoon administration had intervened in the market to sustain labour demand, the approach of the fourth Labour Government and the subsequent fourth National Government was to abandon workers to the mercy of the market. The reforms which we reviewed in the last chapter – in particular market liberalisation, tight fiscal and monetary policy and state sector reform – all contributed to contractions in production and labour demand, which were compounded by the sharemarket crash of 1987 and a further global downturn in 1991–92. As Figure 3.1 shows, the unemployment rate – now officially measured by the Household Labour Force Survey (HLFS) – rose from 4.2 percent in 1986 to a peak of 10.6 percent in 1991 and 1992 as the number of unemployed workers soared from 70,000 to 180,000.¹ Despite continued growth in the working age population, the number of people in paid employment fell by 111,000 between 1987 and 1992, and the proportion of adults with paid jobs fell from 64 percent to 57 percent (Figure 3.2).

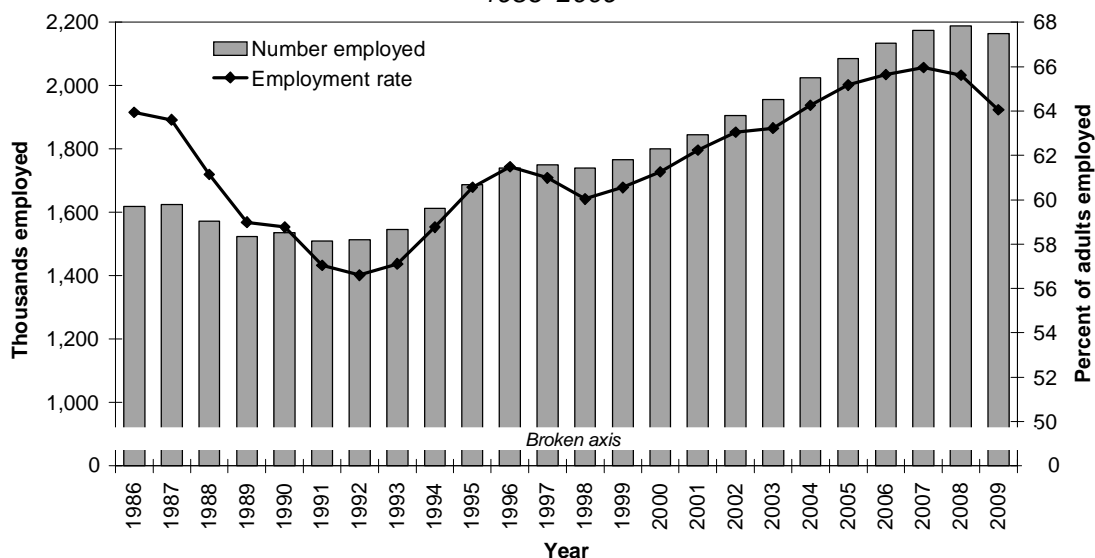
¹ These figures (as with other HLFS data in this chapter) are averages over the four quarterly surveys in the given year. On a quarterly basis, unemployment peaked at over 190,000 or 11.1 percent of the labour force in the March quarter of 1992.

Figure 3.1: Unemployment rate
1986–2009



Source: Statistics New Zealand, Household Labour Force Survey (December year averages)

Figure 3.2: Employment growth and employment rate
1986–2009



Source: Statistics New Zealand, Household Labour Force Survey (December year averages)

Changes in employment at the sectoral level will be discussed in more detail in Chapter Four, but in broad terms, while job losses were felt across the economy, they were particularly severe in the formerly protected manufacturing industries which suffered the double blow of removal of import barriers and recession in the domestic market. Primary sector employment also fell as export markets contracted and government subsidies were removed. The slowdown in production was duly reflected in

major job losses in the construction and transport industries and cessation of job growth in the wholesale and retail industries. The only industries to experience significant employment growth in this period were some producer and consumer service industries.

We saw in the previous chapter that by the mid-1990s New Zealand was moving from a restructuring to a consolidation phase, with the pillars of the new mode of development in place and the conditions established for renewed economic growth. As figures 3.1 and 3.2 show, unemployment fell and employment growth returned from 1993, and the improvement continued except for a downturn associated with the Asian crisis in 1997–98. The initial phase of the recovery was marked by a fall in the official unemployment rate to 6.3 percent by 1996, followed by a slight increase at the time of the Asian crisis and then a further fall to below four percent by 2005, before starting to climb again in 2008 as the effects of the latest financial crisis were felt. In the period from 1992 to 2007, the number of people officially counted as unemployed fell by almost 98,000 or more than half – although as we will see shortly the official figures somewhat misrepresent the actual level of surplus labour in the economy. Over the same period, the number of people in paid employment grew by over 660,000, with an initial surge of growth from the trough of the early 1990s and slower but steady growth in the years following the Asian crisis. By 2007, 66 percent of the adult population were employed, compared to just 57 percent in the early 1990s. As we will see in the next chapter, most of this employment growth occurred in quite different sectors from those which had borne the brunt of the earlier job losses – notably producer and consumer service industries and retailing – although there was also resurgence in the construction industry. And whereas most of the earlier job losses had been among manual production workers, most of the new job growth was in white-collar occupations – not just in the skilled categories of managers, professionals and technicians, but also in the less-skilled categories of service and sales workers.

Employment regrowth was not just a matter of jobless workers being absorbed back into employment, but also of increasing levels of labour force participation by women and older people, along with increasing volumes of immigration (see Chapter Seven). The growth in labour force participation by women was a long-term trend which had been evident throughout the Fordist period, but it received renewed impetus after 1992 due in large part to increasing employment among mothers of young children. Between 1992 and 2007, the employment rate for women increased from 49 percent to 59 percent, while the male rate increased from 65 percent to 73 percent. For both sexes,

these rises also reflected increasing employment among people around retirement age or older. This was partly due to increases in the age of eligibility for New Zealand Superannuation from 60 to 65 – which occurred progressively during the 1990s – but also reflected an increasing tendency for people to maintain some form of engagement in the labour force beyond retirement age, whether for economic or social reasons. Employment rates among 60–64 year olds increased from 24 percent to 64 percent between 1992 and 2007, while among those aged 65 and over they increased from five percent to 14 percent. During this period the labour force was also boosted by a significant expansion in New Zealand’s immigration intakes, following the liberalisation of immigration policy in the late 1980s and early 1990s. Between 1992 and 2007, around 945,000 working-age migrants arrived in New Zealand on a permanent or long-term basis (including New Zealanders returning after long absences). While this was balanced by significant emigration, it nonetheless resulted in a net gain of 138,000 migrants of working age.¹

Long working hours also became more common. While average working hours did not change greatly, this was the outcome of two countervailing trends: increasing proportions of people were working part-time, but increasing proportions of full-time workers were working longer than the once-standard 40 hour week. Between 1986 and 2000, the proportion of full-time workers who worked 50 hours or more per week increased from 20 percent to 29 percent, although it subsequently fell to 24 percent by 2006.² A combination of factors is likely to have contributed to the increase during this period: slower wage growth and greater demands on household budgets may have compelled some workers to work longer hours to maintain living standards, while low productivity and shortages of skilled workers may have caused employers to pressure workers to put in extra hours in order to sustain production levels.

As suggested in Chapter Two, the voracious appetite for labour in the context of relatively low productivity growth indicates an accumulation regime which was predominantly extensive rather than intensive. That is to say, growth in output was achieved by increases in the volume of labour used in production rather than increases in the level of output per worker. This contrasts with the Fordist period, in which growth was built on improvements in productivity through more intensive use of labour

¹ Statistics New Zealand migration statistics, retrieved from Table Builder at: http://www.stats.govt.nz/methods_and_services/access-data/TableBuilder.aspx.

² Based on HLFS data. Census data shows a higher incidence of long hours, with 29 percent of full-timers working 50 hours or more in 2006.

in mass production industries – which in New Zealand’s case included agriculture as well as manufacturing. Certainly in the Fordist period there was also rapid growth in labour demand as production expanded, but that labour was being utilised in a way that yielded higher productivity gains and consequently higher rates of economic growth than experienced during the growth phase of the post-Fordist regime. Extensive accumulation regimes were not untypical in post-Fordist economies, although they tended to be more evident in countries adopting market-oriented models in which the short-term interests of capital prevailed and profitability was restored primarily by making labour cheaper and more flexible, as opposed to those countries where negotiated solutions protected the interests of workers and encouraged a return to profitability through improvements in productivity (Koch 2006). When labour demand peaked in the years before the latest crisis, New Zealand was one of the more pronounced cases of an extensive growth model, with labour productivity growth among the lowest in the OECD, while its employment rates and working hours were among the highest.¹

Labour surpluses and skills shortages

Prior to the latest crisis, labour demand was at such a level that New Zealand was in danger of running out of workers – or at least certain types of workers. Skills shortages were becoming an increasing problem in a range of professional and technical occupations and some skilled manual trades, although many employers also experienced difficulty in recruiting unskilled labour. Over the six years to June 2007, an average of 40 percent of firms reported difficulty in finding skilled staff and 21 percent had difficulty in finding unskilled labour. Over the same period, an average of almost one in five firms cited a shortage of labour as the main constraint on expansion of their business.² An indication of the type of skills in short supply is provided by Immigration New Zealand’s Long Term Skill Shortage List, which in mid-2007 listed 73 occupations, of which 45 were professional, with a further 13 being technician and associate professional occupations and 12 being skilled manual trades.³

¹ Based on data from *OECD Factbook 2009*, retrieved on 18/09/2010 from <http://www.sourceoecd.org>.

² Quarterly Survey of Business Opinion. Reported by the Department of Labour in *Skills in the Labour Market - August 2007*. Retrieved on 18/09/2010 from <http://www.dol.govt.nz/publications/lmr/archive/>.

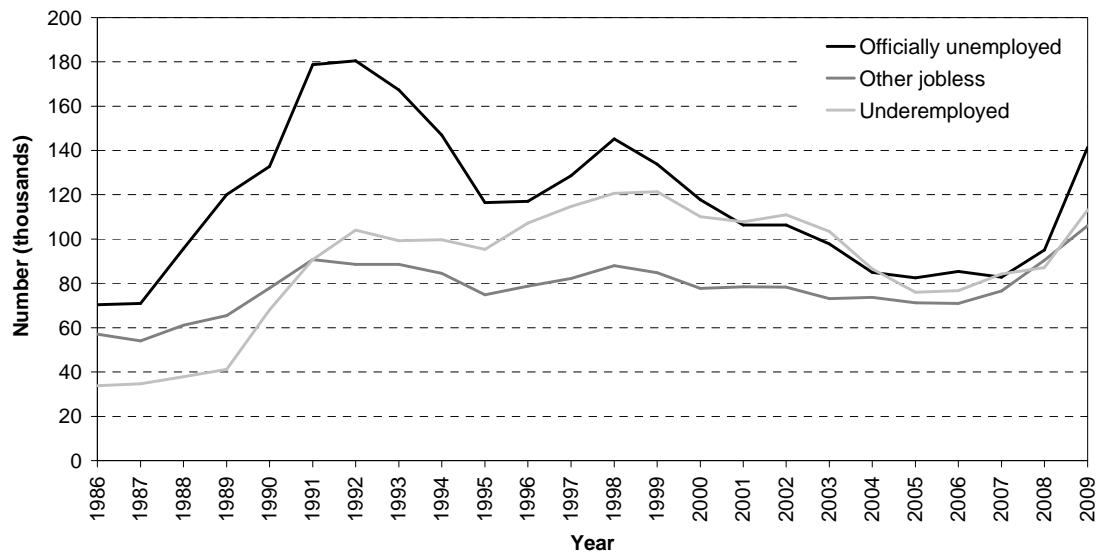
³ Figures as at July 2007. Retrieved on 18/09/2010 from <http://www.immigration.govt.nz/opsmanual/7131.htm>.

This was occurring despite the fact that joblessness and underemployment were still relatively high by historical standards. While there was certainly a significant fall in unemployment from the early 1990s, at its lowest point of just under four percent from 2005 to 2007 the unemployment rate was still considerably higher than it had been during the Fordist period. For comparison between the eras we have to turn to census data, which gives higher unemployment rates than the HLFS and is subject to some definitional changes over time, but nonetheless allows an approximate comparison. This shows that the unemployment rate in 2006 (5.1 percent) was higher than it had been at the last census prior to restructuring in 1981 (4.2 percent), considerably higher again than it had been during the 1970s when less than two percent of the labour force were unemployed, and still more so by the standards of the 1950s and 1960s when the Fordist growth model all but eliminated unemployment.

Official unemployment figures also conceal significant levels of joblessness and underemployment. To be officially counted as unemployed, a person must be without a paid job *and* be available for work *and* be actively seeking work, using methods other than simply looking at job advertisements. The unemployment figures therefore do not include those jobless people who want to work but are either not immediately available for work and/or not actively seeking work when surveyed, perhaps because they have exhausted all options or have simply become discouraged from active job hunting. There was an annual average of 73,000 people in these categories even when unemployment was at its lowest between 2005 and 2007 – not far below the number of officially unemployed (84,000). At the same time similar numbers of people – an annual average of 79,000 – were underemployed, that is to say working part-time and wanting to work more hours. So the pool of surplus labour was considerably larger than the official unemployment figures reveal, with an average of 236,000 people or seven percent of the adult population either jobless or underemployed. Moreover, as Figure 3.3 shows, the decline in official unemployment between 1992 and 2007 was not matched by a comparable fall in the ranks of other jobless or underemployed workers. Both categories fluctuated over the period, with the number of people jobless but not officially unemployed ending up just 14 percent below its 1992 levels, and the number of underemployed falling by 19 percent – compared with a fall of well over half in the number of officially unemployed.¹

¹ It is likely that the jobless figures also exclude a certain number of people who ceased to look for work after shifting from the unemployment benefit to sickness or invalid's benefits as a result of the tightening of eligibility criteria for the unemployment benefit. Between 1992 and 2007 there was a fall of 78 percent

**Figure 3.3: Unemployment, joblessness and underemployment
1986–2009**



Source: Statistics New Zealand, Household Labour Force Survey (December year averages)

Comparable figures on joblessness and underemployment are not available for the Fordist period, but given the conditions of full employment and low levels of part-time employment during those years it is certain that they would have been comparatively low. This contrast between the levels of labour surplus in the Fordist and post-Fordist economies is typical of countries which followed a similar trajectory of development to New Zealand. The sustained period of full employment during the Fordist era was rather unusual in the annals of capitalist development, and one which we should not necessarily expect to see repeated. Labour surpluses, as Marx explained, are an inherent feature of capitalism as it has a tendency to displace variable capital (labour) with constant capital (plant and machinery) (Marx 1976 [1867]: 762-870). It is only during periods of extraordinary growth in capital accumulation that the additional demand for workers engendered by the expansion of production is sufficient to outweigh the effects of the declining ratio of labour required in production and thus to absorb the reserves of surplus labour (Koch 2006: 28). This was the case in Fordism when rising labour demand was sustained by the rapid expansion of mass production, but in the post-Fordist period production expanded more slowly and much investment was diverted into speculative activities, so the new growth model proved less successful in overcoming capitalism's tendency to create reserves of surplus labour. Moreover, while full employment had been an explicit objective of Fordist states in countries such as

in the number of people receiving unemployment benefits, but an increase of 128 percent in the number of people receiving sickness or invalid's benefits (Ministry of Social Development 2009: 162).

New Zealand, in the post-Fordist era this goal was subordinated to the imperatives of restraining wages and controlling inflation, achieved by means of tight monetary and fiscal policies and labour market deregulation. As we saw in Chapter Two, New Zealand's Reserve Bank Act of 1989 removed full employment as an objective of monetary policy, and subsequently rises in interest rates were used to dampen economic activity whenever growing labour demand threatened to stimulate inflation – preventing any possibility of a return to genuinely full employment.

Joblessness in the post-Fordist labour market was also exacerbated by higher levels of frictional unemployment than in the past. This is mostly short-term joblessness caused by labour turnover and people entering or re-entering the labour market. While there is a certain amount of frictional unemployment in any labour market, in the Fordist era it would have been minimal as the workforce consisted overwhelmingly of full-time waged or salaried employees in relatively stable long-term jobs, and movement between jobs would be relatively seamless given the situation of full employment. Frictional unemployment increased in the post-Fordist period for a number of reasons: employers were more inclined to use temporary workers for the purposes of flexibility; redundancies and business closures were more common due to the competitive nature of the economy; workers were more inclined to change jobs voluntarily during the course of their careers; and there were greater numbers of women moving in and out of the workforce as they alternated between paid work and family responsibilities. While comparable data is not available for earlier periods, we do know that the post-Fordist labour market was characterised by a considerable degree of 'churning', with a high number of jobs being created and destroyed and significant job mobility among workers. In each quarter from 2000 to 2007, an average of 289,000 workers joined new employers and 277,000 left employers, resulting in an average worker turnover rate of 17 percent – meaning essentially that over each three month period around one in six workers started or left a job.¹

Many of these workers would have changed jobs of their own volition and moved directly between positions, but for others movement would have been involuntary and involved periods of joblessness. In the latter category, people may have either been made redundant or may have finished temporary jobs. When the labour market was at its worst in the early 1990s, the most common reason unemployed people gave for leaving their last job was being laid off, dismissed or made redundant. When the labour

¹ Statistics New Zealand, Linked Employer-Employee Data. Retrieved from Table Builder at http://www.stats.govt.nz/methods_and_services/access-data/TableBuilder.aspx.

market was resurgent in the 2000s, the most common reason was having finished a temporary, seasonal or contract job. Even when employment levels were at their healthiest in 2005–07, there were on average 16,000 people who were unemployed because they had finished temporary jobs, making up 26 percent of all those who specified a reason for leaving their last job. A further 9,000 people or 13 percent on average had left their last job because of being laid off, dismissed or made redundant and the same number had left because of unsatisfactory work conditions. These figures exclude a large number of people who did not specify reasons for leaving their last job and the many people who were jobless but not included in the official unemployment counts. They indicate that there was considerable insecurity in the labour market even when labour demand was at its peak. However, by this time most unemployment was relatively short-term, suggesting that people were tending to move between jobs reasonably quickly. When the job market was at its lowest point in the early 1990s, the majority of unemployed people had been out of work for six months or more; but long-term unemployment declined progressively until by 2007 less than one in five were in that category, while the majority had been unemployed for less than two months. In fact, the number of people who had been unemployed for less than one month was higher in 2007 than it had been in the early 1990s.

While all this points to a significant level of frictional unemployment in the post-Fordist labour market, there was also a degree of structural unemployment. This tends to be longer-term and arises from a mismatch between labour supply and demand – either because jobless workers are located in different parts of the country from the available jobs or because they lack the skills required for those jobs. The skills mismatch is a critical factor in explaining the apparent paradox of labour shortages at a time when so many people were jobless. We have already noted that job growth and labour shortages were most pronounced in skilled occupations. Most of those who were out of work, on the other hand, were relatively low-skilled. Of those officially unemployed between 2000 and 2007, on average 58 percent had no post-school qualifications, 72 percent were looking for jobs in low-skilled occupational categories, and 41 percent were aged under 25 and so would tend to have little work experience. Those who were jobless but not officially unemployed may have been even more disadvantaged, as many would have been deterred from active job seeking due to a lack of appropriate skills or difficulty in returning to the workforce after prolonged periods of unemployment.

This mismatch arises in large part from the transition between modes of development. The combined effects of restructuring, internationalisation and technological change wiped out vast swathes of low-skilled manual jobs in production industries and encouraged job growth in service industries and skilled white-collar occupations. Many of the workers who lost their jobs through restructuring lacked the skills to take advantage of the new areas of job growth. Some would have acquired new skills through retraining while some would have been absorbed into low-skilled service work, but others were effectively left behind – consigned to long-term joblessness or intermittent periods of short-term and low-standard employment. And despite increasing participation in education and training, significant numbers of younger people continued to enter the labour force ill-equipped to succeed in a new environment where there was a premium on professional and technical skills and fewer low-skilled jobs available. These are the victims of disjunctural processes of economic change and the failure of education and training policies to manage the transition effectively.

A final point to note is that the post-Fordist era was characterised not just by higher levels of joblessness, but also by a more inequitable distribution of employment between households. Callister's work (2000; 2001) shows that between the mid-1980s and the mid-1990s there were increases in the proportions of both 'work-rich' couples (where both partners are employed) and 'work-poor' couples (where neither partner is employed), and conversely a decrease in the proportion of households where one partner is employed and the other not. Increasing employment rates among women are obviously an important factor in the growth of work-rich households, while the growth of work-poor households reflects falling employment among low-skilled males during the restructuring period. By 1991 around a fifth of prime working-aged households could be classified as work-poor – a figure that changed little over the next decade despite the recovery in employment growth.¹

Destandardisation of work

We have already identified one aspect of flexibility in the post-Fordist labour market in the relatively high levels of frictional unemployment and labour turnover associated with workers moving between jobs or in and out of employment. Associated with this are changes in the characteristics of jobs in the peripheral sectors of the labour market –

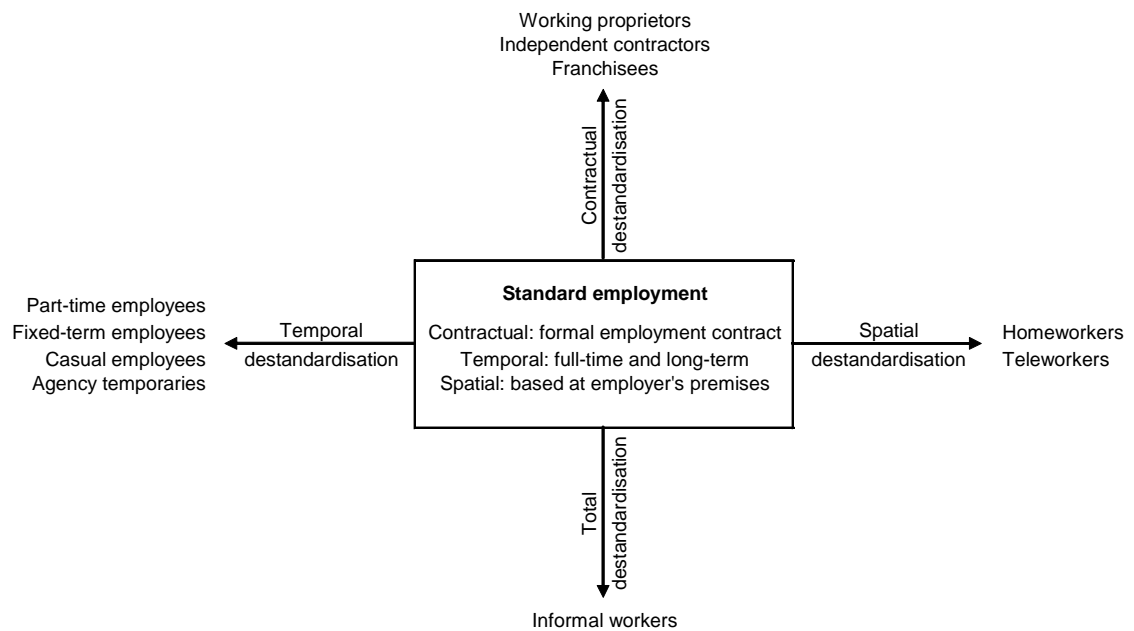
¹ This analysis does not cover the years from 2001 to 2007 when further increases in employment may have reduced the incidence of 'work-poor' households.

the growth of what is widely referred to as non-standard work or alternatively as atypical, flexible, contingent or precarious work. Of these designations, non-standard work is the most useful for our purposes as it encompasses a wide range of employment types – not all of which are flexible, contingent or precarious – and signals a departure from the standardised employment model which predominated under Fordism. Just as Fordism entailed standardisation of production and consumption, it also involved standardisation of employment – the predominance of full-time and long-term waged or salaried employment in a single job based at an employer’s premises and carrying the benefits and protections of a formal employment contract. And just as the demise of Fordism meant destandardisation of production and consumption, it also involved destandardisation of work – the growth of employment arrangements which departed from the conventional model in one or more respects including part-time employment, casual work, fixed-term contracting, agency temping, self-employment, multiple job holding and homeworking.

We saw in Chapter One that some notable social theorists such as Castells, Beck and Bauman have argued that the trend towards destandardisation and insecurity in employment is so pronounced that we may be witnessing the end of work as we know it, while others have argued that such grandiose claims are at odds with empirical reality (Doogan 2009). In New Zealand, the changing nature of employment arrangements has inspired a burgeoning literature and it has been tentatively suggested that non-standard work may in fact be becoming standard (Spoonley 2004). There is certainly evidence to show that non-standard work has become more common in New Zealand (Spoonley *et al* 2004; Carroll 1999; Baines and Newell 2005) as in other developed economies (Mangan 2000; Houseman and Osawa 2003).¹ However, as suggested in Chapter One, there is a need for some caution in interpreting these trends: some categories of non-standard work still only account for fairly small proportions of the workforce; much non-standard work is not insecure or precarious and differs little in most respects from standard employment; non-standard working arrangements are often preferred by workers rather than being imposed by employers; and trends which emerged during the restructuring period of the 1980s and 1990s may have subsequently slowed or reversed. The evidence for the growth of non-standard work in New Zealand will be analysed in the next section, but first we need to consider what is meant by non-standard work and why it became more common during the post-Fordist period.

¹ In New Zealand, a considerable volume of research on working arrangements has emerged from Massey University’s Labour Market Dynamics Research Programme (see <http://lmd.massey.ac.nz/>).

Figure 3.4: Typology of non-standard work



Source: Derived from discussion in Edgell (2006: 126-152)

While Ulrich Beck is one who may be guilty of exaggerating changes in the nature of employment, he offers a useful conceptualisation of destandardisation (1992: 139-150). He identifies three dimensions to the standard employment model: the labour contract, working hours and the work site. Standard work is regulated by the terms of standardised employment contracts (often negotiated collectively), it is full-time and long-term, and it is concentrated within centralised business premises. Thus destandardisation, for Beck, involves increasing degrees of flexibility in the contractual, temporal and spatial organisation of work. Edgell (2006: 126-152) draws on this conception to show how different types of non-standard work embody different types of destandardisation, as represented in Figure 3.4. This is somewhat simplified, as in reality different types of destandardisation often overlap, but it is useful as an illustration of the ways in which different types of non-standard work depart from the standard model. *Contractual destandardisation* involves the growth of self-employment, which may take many different forms – the common factor being that there is an exchange of labour but no contract of employment between the seller and the purchaser of that labour. This includes working proprietors who sell their services to other producers or consumers on the open market, independent contractors or sub-contractors who provide services to other businesses on a contractual basis, and franchisees who are licensed by a company to sell its products or services in return for some form of payment. *Temporal destandardisation* is the most common departure

from standard employment and involves variation to the number of hours worked and/or the tenure of employment. This includes part-time workers on standard employment contracts, fixed-term employees contracted to work for limited periods, casual workers hired as needed without formal employment contracts or any certainty of tenure, and temporary workers hired through intermediaries such as temping agencies. *Spatial destandardisation* involves a departure from the norm of working at an employer's premises and encompasses various forms of outworking conducted by either employees or contractors. This includes homeworking and teleworking, which are often but not always the same thing – not all homeworkers are dependent on telecommunications and not all teleworkers are based at home, with some working from remote offices or 'telecentres' or on the move between customers (Felstead *et al* 2005). If all three dimensions of destandardisation coincide, it may even result in what Edgell terms *total destandardisation*, manifested in informal work which is beyond the purview of employment and taxation regulations. This might range from 'under the table' work done by legitimately employed people or beneficiaries, to work performed by highly vulnerable and exploited groups such as illegal immigrants, and criminal activities involving exchange of goods and services on the black market (Williams and Windebank 1998).

A further distinction needs to be drawn between inferior types of non-standard employment often referred to as precarious work, and those non-standard jobs which offer greater rewards and protections to workers. We can identify four axes along which the quality of non-standard work varies: job security, control over the labour process, regulatory protections and income levels (Rodgers 1989). Non-standard work covers a spectrum along each axis: from those with little certainty of continuing employment to those in secure long-term positions; from those whose work is tightly controlled by employers to those who control their own means of production and work processes; from those without any employment protections to those fully covered by collectivised employment contracts; and from the low paid to the highly paid. Precarious non-standard workers rank at the lower end of the spectrum on each count. They have little job security, often subsisting on casual work and facing considerable uncertainty as to tenure and hours of work; their work processes are often highly prescribed and controlled by those who employ them; they seldom have formal employment contracts or union representation and are therefore vulnerable to exploitation; and they tend to be poorly remunerated, often at a level below that required for an acceptable minimum

standard of living. Examples of workers in this category might include non-contracted casual or part-time workers in service industries such as hospitality and retailing, seasonal workers in horticultural industries, and low-skilled homeworkers paid on piece rates. Examples of non-standard workers in less precarious situations include part-time workers in stable jobs with long-term employment contracts, employed professionals on fixed-term contracts with good incomes and reasonable expectations of further work, and self-employed people who control their own work processes and have scarce skills that are well remunerated. Inevitably, there are grey areas in such distinctions but it is important to recognise that at the lower end of the spectrum there is a distinctive group of non-standard workers subject to greater levels of exploitation and hardship.

The destandardisation of work in the latter part of the twentieth century was very much associated with – but not entirely reducible to – the restructuring of production following the crisis of Fordism. The standard employment model was not an invention of the Fordist era, but it did come to predominate to a greater degree during that period (Edgell 2006: 73-80). Large scale production based on highly compartmentalised technical divisions of labour required large workforces gathered together in factories and offices, with low labour turnover in order to minimise training costs and production bottlenecks. Moreover, large producers tended to maintain direct control over the extended division of labour, from pre-production through the core production process to post-production work, by keeping the work in-house rather than outsourcing services from smaller firms or contractors. The economies of scale available to large producers could also make it difficult for petty commodity producers and small proprietors to compete in product markets, drawing many away from self-employment and into waged employment. The appeal of waged employment was enhanced by the capital–labour compromise which underpinned Fordism, with progressive labour laws and centralised bargaining delivering improved conditions of employment, greater job security and real wage growth. Together, these factors made what we now call standard employment a more advantageous arrangement for bosses and workers alike.

In the post-Fordist era several factors encouraged shifts away from this standard model. Firstly, flexible production models in which the volume and composition of output were more subject to changing market conditions often required a labour supply which was both numerically flexible (in terms of the amount of labour employed) and functionally flexible (in terms of the way it was deployed), something which could be achieved through the use of temporary workers and external contractors in preference to

permanent employees who might at times be surplus to requirements. Secondly, and relatedly, greater pressures to minimise labour costs in the interests of competitiveness and profitability meant that non-standard workers often provided a cheaper alternative to standard employees, not just because they could be more easily dispensed with when no longer required, but also because they offered savings on the non-wage costs associated with standard employment contracts – training and development, paid leave, superannuation contributions, health and accident insurance, redundancy payments, administrative costs and in some cases provision of equipment.¹ Thirdly, information communications technology enabled some types of work to be performed off-site by employees or independent contractors working from home or other remote locations while remaining connected via electronic networks. ICT also encouraged some forms of self-employment by enabling small businesses to operate out of virtual offices consisting of little more than a PC and an Internet connection, with minimal start-up costs and online access to potentially vast markets. Fourthly, structural shifts in production and employment from goods-producing to service industries meant more workers were employed in industries where non-standard employment was common – particularly in sectors such as retailing, hospitality and tourism where labour requirements are highly variable and much work is low-skilled, meaning staff are more disposable and recruitable. Finally, increasing numbers of workers were prepared to take up non-standard jobs, some because of a dearth of opportunities for standard employment but others out of preference – particularly mothers of dependent children needing to combine paid work and family responsibilities, older people wishing to maintain some engagement with the workforce while easing into retirement, tertiary students funding their studies through part-time or casual work, and some immigrant groups with a preference for self-employment over waged employment.

Both demand and supply factors therefore contributed to the growth of non-standard employment in developed capitalist economies. This is not to say, however, that the phenomenon was simply a mutually advantageous outcome of market forces. The trend really gathered strength in the 1980s and early 1990s when restructuring of production and intensification of competition were forcing employers to find new ways of utilising

¹ Additionally, if there is an ample supply of casual labour which can be employed on wages and conditions inferior to those of permanent employees, this may undermine the latter's bargaining strength and lead to a deterioration of their wages and conditions. Non-standard workers can thus act as a modern-day reserve army of labour, not only providing capital with a buffer against fluctuating labour requirements but also simultaneously acting as a restraint on the demands of the core workforce (Magdoff and Magdoff 2004).

labour flexibly and cheaply. In the context of soaring unemployment, many workers who were unable to find suitable long-term jobs had to turn to alternative forms of employment, although for others it may have been a preferred option. The literature suggests, not surprisingly, that supply-side factors are significant in encouraging the more desirable forms of non-standard work such as professional self-employment and stable part-time work, but demand-side factors drive the growth of precarious non-standard work (Tucker 2002). A crucial factor in enabling the shift to more flexible working arrangements was the deregulation of labour markets that occurred in market-oriented post-Fordist economies in the 1980s and 1990s. This was done not in the interests of workers, but rather to enable capital to use labour more flexibly and more cheaply by individualising employment relations, easing legislative restrictions on the way employers utilised labour, and weakening the power of unions to protect vulnerable workers against unfavourable conditions of employment – New Zealand’s Employment Contracts Act being a good example. It is worth comparing the haste with which labour markets were deregulated in the 1980s and 1990s with the reluctance to accommodate workers’ demands for flexibility from employers. In New Zealand, it was more than 16 years after the passage of the ECA that legislation was finally passed giving employees with caring responsibilities a statutory right to request flexible working arrangements from employers, and this only occurred in the face of considerable opposition from business groups.¹ Flexibility was not quite a one-way street, but traffic certainly moved faster and more freely in one direction than the other.

Non-standard work in New Zealand

The growing body of literature on non-standard work in New Zealand suggests a significant trend of destandardisation which was most pronounced during the restructuring of the 1980s and early 1990s, slowing as the post-Fordist economy entered its consolidation phase and employment growth returned. On the supply side of the equation, the increasing participation of women in paid employment has clearly been an important factor in the growth of non-standard work, but other demographic groups have also been over-represented, including recent migrants and those at either end of the working-age spectrum – young people in the early stages of their working lives and older people around retirement age (Baines and Newell 2005; McPherson 2006).

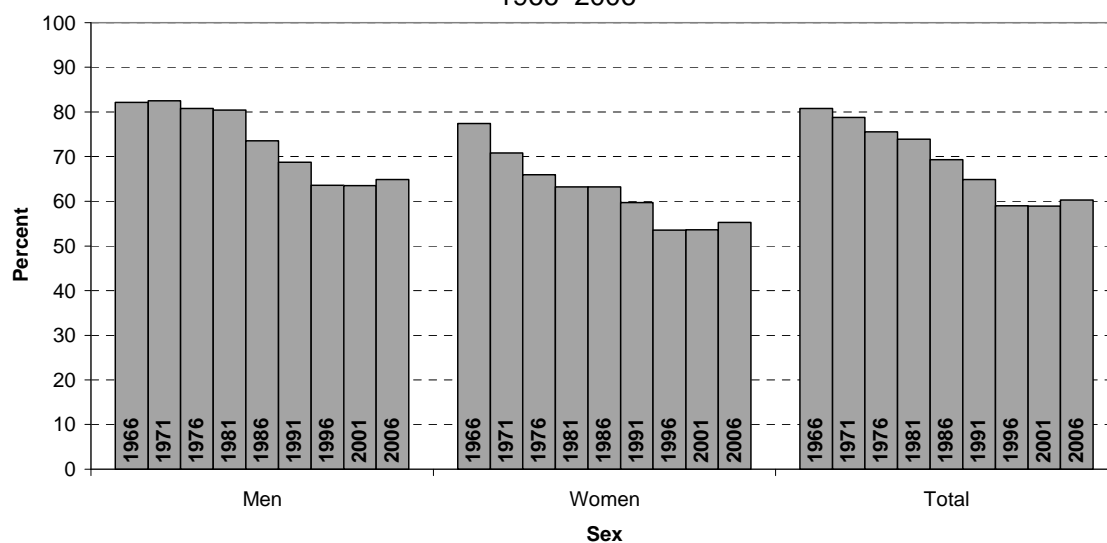
¹ The Employment Relations (Flexible Working Arrangements) Amendment Act 2007.

Qualitative research suggests that life-cycle and lifestyle factors make non-standard employment a preferred option for some, but for others it is more a matter of taking whatever work is available on whatever terms employers are prepared to offer it – particularly in the case of work at the precarious end of the spectrum. While there is little quantitative evidence on this kind of work in New Zealand, qualitative studies suggest that it is not uncommon for non-standard workers to be in low quality jobs with poor wages, inferior conditions, inadequate legal protections, low levels of unionisation, and a high degree of insecurity and uncertainty over job tenure and hours of work (McLaren *et al* 2004; WEB Research 2004).

On the demand side of the equation, research on how and why New Zealand employers utilise non-standard labour is limited and a little dated. Evidence from the early 1990s suggested that in the prevailing recessionary conditions, casualisation and outsourcing tended to be pursued as short-term measures to contain costs rather than as deliberate long-term strategies of flexibilisation (Anderson *et al* 1994; Ryan 1992). A desire for greater flexibility in contractual arrangements and labour costs was behind the push for labour market deregulation which culminated in the Employment Contracts Act of 1991, but while the ECA may have accelerated the existing trend of destandardisation it did not result in a quantum shift towards non-standard work (Brosnan and Walsh 1996; Deeks *et al* 1994: 511-534). It is useful here to distinguish between public and private sectors: until the early 1990s the public sector with its new imperatives of efficiency and fiscal responsibility appears to have made greater use of non-standard labour than the private sector (Anderson *et al* 1996), but once the state sector reforms were bedded in and the ECA was enacted, the use of non-standard labour grew more rapidly in the private sector (Brosnan and Walsh 1996).¹ The slowdown in destandardisation during the consolidation phase might support earlier suggestions that the use of casual and outsourced labour was largely a recessionary phenomenon and that economic recovery could see a shift back towards the standardisation of work (Anderson *et al* 1994; Brosnan and Walsh 1998). By the same token, the return of recessionary conditions after 2007 might see a resurgence in the use of non-standard workers, although it is too early as yet to draw firm conclusions about this.

¹ The ECA was superseded by the Employment Relations Act but, as noted in the last chapter, the latter did little to alter the fundamentals of the earlier Act. While it introduced greater regulation of non-standard working arrangements and offered some protection to vulnerable groups such as homeworkers, there was little in the legislation to discourage employers from using non-standard workers (Rossiter and McMorran 2003).

**Figure 3.5: Full-time wage and salary earners
as a proportion of all employed people, by sex
1966–2006**



Source: Statistics New Zealand, *Census of Population and Dwellings*

An indication of the decline of the standard model of full-time wage and salary earning which characterised Fordism is shown in Figure 3.5. In 1966, at the height of the Fordist era, over 80 percent of workers were full-time employees (ie working more than 30 hours a week for wages or salaries). By 1996 this had fallen to less than 60 percent, thanks to increases in both part-time work and self employment. A significant factor in this trend was increasing labour force participation by women combining part-time paid employment with unpaid domestic labour. This appears to have been the driving factor behind the decline in standard work up until the 1981 Census, during which time the proportion of full-time employees in the female workforce fell significantly while there was little change in the male workforce. However, with the onset of restructuring in the 1980s the picture for men also changed. The proportion of male workers in standard employment fell from 80 percent to 64 percent between 1981 and 1996 as secure full-time jobs became more scarce and increasing numbers turned to casual or part-time work or self-employment. For both sexes, the decline levelled off between 1996 and 2001 and reversed slightly at the last census in 2006, reflecting the end of the restructuring process and a return to economic growth which created more full-time waged and salaried jobs. This levelling off of destandardisation is common to other advanced economies which followed a restructuring path similar to New Zealand's (OECD 2009) and is contrary to the predictions of those such as Beck and

Castells who foresaw a continuing downward spiral into chronic insecurity where standard jobs would be a thing of the past.

It is important to note that while Figure 3.5 gives an indication of the long-term trend of destandardisation, it overstates the proportion of workers in standard employment as the figures include full-time wage and salary earners who are temporary workers, homeworkers or multiple job holders. It is very difficult to estimate the total proportion of workers in non-standard jobs as different forms of non-standard work tend to overlap and there are some deficiencies in the data. Estimates in the late 1990s and early 2000s ranged from 39 percent (Baines and Newell 2005) to 57 percent (Carroll 1999), but these studies used different data sources and methodologies. Calculations from 2006 Census data indicate that 49 percent of workers were either part-timers, self-employed (including employers), multiple job holders or working from home – but this excludes temporary workers who are not identified by the Census. However we measure it, non-standard employment clearly accounted for a large proportion of the workforce by the late 1990s and early 2000s – perhaps even the majority. This should be qualified with the observation that many non-standard jobs do not differ greatly from standard employment – particularly permanent part-time jobs and some fixed-term contract positions – and the growth of non-standard work should therefore not be read as a shift towards precarious work. The latter may well have grown, but the trend is impossible to quantify as official statistics do not allow us to distinguish jobs of this kind.

Official data sources also do not enable us to identify the extent of informal employment, which by its very nature is not susceptible to measurement. While informal employment is more common in developing nations, where it often accounts for the majority of work, it has been estimated that even in advanced industrial economies informal work may equate to as much as a fifth of the level of formal employment (ILO 2002). There are no estimates for New Zealand, but it is likely to be at the lower end of the scale given that it has fewer illegal immigrants – a group who tend to have high rates of informal employment. It is also difficult to gauge whether informal work increased during the post-Fordist period, although this is likely given the general trend towards destandardisation, and particularly the increased use of casual labour which is more conducive to hiring on an informal basis (Edgell 2006: 142-148).

Given the limitations of the data, any statistical analysis of non-standard employment in New Zealand will give only a partial picture, but with this qualification in mind it is worth looking at the trends during the post-Fordist era in more detail. Table

**Table 3.1: Proportions of employed people in non-standard work, by sex
1986–2006**

	1986	1991	1996	2001	2006
Part-time ¹					
Male	5.5	7.6	12.5	12.1	12.4
Female	28.3	31.1	36.0	35.8	34.7
Total	14.8	17.8	23.2	23.1	22.9
Self-employed ²					
Male	12.4	14.8	14.8	15.9	14.9
Female	6.3	7.2	8.1	9.0	9.1
Total	9.9	11.5	11.8	12.7	12.2
Multiple job holders ³					
Male	4.7	6.3	8.4	9.6	9.2
Female	5.7	8.5	11.0	10.8	10.3
Total	5.1	7.2	9.6	10.2	9.7
Working from home ⁴					
Male	7.7	7.2	9.3	9.4	7.9
Female	9.2	8.4	10.9	10.7	9.6
Total	8.3	7.7	10.0	10.0	8.7

¹ Usually work fewer than 30 hours per week in all jobs.

² Employed on own account but not employing others.

³ Usually work some hours in jobs other than main job.

⁴ Worked from home on census day.

Source: Statistics New Zealand, *Census of Population and Dwellings*

3.1 shows the trends since 1986 in different types of non-standard work for both sexes. Generally, the figures confirm the overall trend of increases during the restructuring period and then a levelling off, followed by a slight decline during the consolidation period. Part-time employment is the most significant category, not only in terms of size but also because many workers in other types of non-standard employment such as casual work, multiple job holding and homeworking tend to work part-time and are therefore enumerated within this category. The biggest increases in part-time work were between 1986 and 1996, when it grew from 15 percent to 23 percent of the workforce and the level of male part-time employment more than doubled. This period encompassed the years of restructuring and recession when unemployment growth was at its most rapid and large numbers of full-time workers were losing their jobs or being forced involuntarily into part-time or casual work. Between the 1986 and 1991 censuses full-time employment fell by 127,000 while part-time employment rose by 28,000. Between 1991 and 1996 growth in full-time employment returned, but at 102,000 it was still lower than the 129,000 increase in part-time workers. After 1996 the economic recovery produced considerably more growth in full-time than part-time employment, but this did not result in a significant reduction in the proportion of workers in part-time jobs, with the figures settling at around 12 percent for men and 35 percent for women.

Although growth in part-time employment is often taken as evidence of employers' preferences for flexibility in their workforces, supply-side factors may have played a more important role. Over the two decades in question, three groups in particular contributed to the growing supply of workers wanting part-time rather than full-time employment. The first was tertiary students, whose numbers increased greatly due to rising educational participation rates. The second was older people around retirement age, whose numbers increased due to population ageing and who were more likely to work than in the past due to the raising of the retirement age, changing social attitudes towards ageing, and for reasons of financial necessity. And the third was mothers of dependent children, whose labour force participation also increased as a result of both changing social attitudes and financial necessity (see Chapter Seven). These groups together accounted for seven in every ten part-time workers in 2006, and were responsible for around 90 percent of the growth in part-time employment between the 1996 and 2006 censuses. The HLFS also shows that over this period only around five percent of part-time workers on average wanted to work full-time – although a considerably higher proportion would have preferred to work more hours.

By comparison with part-time work, growth in self-employment was more modest. It was most pronounced between 1986 and 1991, fluctuating at around 12 percent over subsequent censuses, with stronger growth among women than men – although in contrast to other forms of non-standard work, women remained considerably less likely than men to be self-employed. There was much anecdotal discussion of involuntary self-employment during the late 1980s and early 1990s as firms laid off workers and rehired them as self-employed contractors, while other workers used redundancy payments to set up small businesses, but this does not seem to have significantly increased overall rates of self-employment.

There was stronger growth in multiple job holding up until 2001 as it became an increasingly common option for people unable to find full-time work, unable to make ends meet with a full-time job or simply wishing to pursue portfolio-type employment (Taylor *et al* 2004). Multiple job holding increased most markedly between 1986 and 1996, when the proportion of both men and women with more than one job almost doubled, but it subsequently levelled off at a figure of around one in ten workers.¹

¹ The Census gives much higher figures for multiple job holding than the HLFS, possibly due to sampling bias in the HLFS. Because of its wider coverage, the Census probably provides the more accurate data (Baines *et al* 2005).

The proportion of people working from home also increased between 1986 and 1996, although it is difficult to know whether teleworking was a significant factor in this. Many people in this category are primary sector workers and so the trend represents the outcome of the countervailing influences of declining primary sector employment and increasing homeworking in other sectors. Overall, growth in this category was relatively modest and levelled off after 1996 before reversing slightly between 2001 and 2006.

Data on temporary employment is not available from the census and was not collected in any official surveys until the Survey of Working Life was introduced as a supplement to the HLFS in 2008. As yet there has only been one such survey, but it does provide a snapshot of temporary employment in 2008, showing that 7.7 percent of the workforce at that time were temporary employees, including 4 percent who were casual employees, 1.9 percent who were fixed-term employees and 0.6 percent who were temp agency workers. Temporary work – like most other types of non-standard work – was more common for women than men, with 9.2 percent of females and 6.3 percent of males working in temporary jobs.¹ This survey shows a lower incidence of temporary employment than surveys in the 1990s which put the figure at around 11 percent (Brosnan and Walsh 1998; Allan *et al* 2001; Department of Labour 1992; 1997). While this might indicate that rates of temporary employment, like other forms of non-standard work, fell as economic conditions improved, we should be wary of drawing any firm conclusions given the different methodologies of the earlier surveys. But whatever the trend, the fact that the recent figures show only about one in thirteen workers employed on a temporary basis lends little support to prophecies of a descent into endemic insecurity in employment. On this point, it is also worth noting that the same survey found the majority of workers (55 percent) had been in their current jobs for more than three years, with almost a quarter (23 percent) having been in their jobs for more than 10 years. Around a fifth of workers (21 percent) had been in their present employment for less than one year.

Finally, it is worth looking at the prevalence of non-standard work in different types of industry. It was noted earlier that non-standard work is more common in service industries, and so any shift in employment from goods-producing to service industries will inevitably result in an increase in non-standard work. Table 3.2 shows that the vast

¹ Statistics New Zealand, Survey of Working Life, March 2008 Quarter. Data retrieved on 18/09/2010 from http://www.stats.govt.nz/browse_for_stats/work_income_and_spending/employment_and_unemployment/surveyofworkinglife_hotpmar08qtr.aspx.

**Table 3.2: Part-time employment by industrial sector
1986–2006**

Industrial sector	1986	1991	1996	2001	2006
<i>Number of part-time workers employed (thousands)</i>					
Primary	23.4	24.7	35.3	29.9	28.4
Secondary	36.7	30.7	36.7	36.1	39.2
Tertiary	158.5	186.6	269.9	302.1	345.1
<i>Percent of workforce part-time</i>					
Primary	13.9	16.9	22.9	20.5	20.4
Secondary	8.5	9.4	10.9	10.8	10.4
Tertiary	17.9	20.8	26.0	26.1	25.4

Source: Statistics New Zealand, Census of Population and Dwellings

**Table 3.3: Self-employment by industrial sector
1986–2006**

Industrial sector	1986	1991	1996	2001	2006
<i>Number of self-employed workers (thousands)</i>					
Primary	52.9	50.1	39.1	37.8	32.9
Secondary	36.0	36.8	38.4	42.4	46.4
Tertiary	56.2	67.5	89.3	113.2	137.6
<i>Percent of workforce self-employed</i>					
Primary	31.8	34.4	25.8	26.2	23.8
Secondary	8.3	11.3	11.6	12.8	12.4
Tertiary	6.4	7.5	8.7	9.9	10.2

Source: Statistics New Zealand, Census of Population and Dwellings

majority of New Zealand's part-time jobs are in tertiary industries (84 percent in 2006), and almost all the growth in part-time work between 1986 and 2006 was in these industries. However, there was also some growth in the number of part-time jobs in the primary and secondary sectors over that period, at a time when full-time employment in those sectors was declining. The proportion of the workforce employed part-time increased for all sectors between 1986 and 1996 but fell slightly over the subsequent decade. In 2006, around one in four workers in the tertiary sector were employed part-time, along with one in five workers in the primary sector and just one in ten workers in secondary industries. Clearly service industries provided the major impetus for the growth in part-time employment – and probably for many of the other types of non-standard work which are predominantly part-time. But this is not to say that the growth of part-time work was simply the result of a shift in employment *between* sectors, given that part-timers also increased their share of the workforce *within* each sector over the full period.

Table 3.3 shows that tertiary industries also account for the majority of self-employment (63 percent in 2006), but in contrast to part-time work, self-employment makes up a smaller share of the workforce in service industries than in goods-producing industries. It is most common in primary industries, but there was a marked fall in self-employment in this sector between 1986 and 2006, probably reflecting the decline of the family-owned farm as rationalisation of agriculture saw many smaller holdings amalgamated into larger ones run on a corporate or partnership basis. Even so, almost a quarter of the primary sector workforce were self-employed in 2006 compared with just 12 percent in the secondary sector and 10 percent in the tertiary sector. Most self-employed people in the secondary sector are tradespeople in the construction industry, which had a self-employment rate of 21 percent in 2006 (compared with just 6 percent in manufacturing). As in the case of part-time work, the tertiary sector accounts for most of the growth in self-employment, but the fact that self-employed workers make up an increasing proportion of the workforce within both secondary and tertiary sectors suggests that the trend is not simply a product of changes in the distribution of employment between sectors.

Data on temporary employment from the Survey of Working Life shows that in 2008 over two-thirds (69 percent) of temporary workers were employed in tertiary industries, but the primary sector had the highest proportion of temporary employees in its workforce – 12.4 percent compared with 7.5 percent in tertiary industries and 6.6 percent in secondary industries. The relatively high proportion in the primary sector no doubt reflects the widespread use of temporary labour for seasonal work.

Overall, the secondary sector – and manufacturing in particular – seems to be the least likely to employ non-standard workers. This is supported by figures on worker turnover which show there is less ‘churning’ in manufacturing employment than in most other industries. In the five years to June 2007, manufacturing had an average worker turnover rate of 13 percent per quarter, compared with 32 percent in agriculture, forestry and fishing, 31 percent in administrative and support services (which includes clerical temping), 28 percent in accommodation, cafes and restaurants, 22 percent in arts and recreation services, 20 percent in rental, hiring and real estate services, and 18 percent in retailing.¹ The fact that the manufacturing workforce appears to be more stable and standardised than those in other sectors is at odds with the focus on flexible production and labour practices in manufacturing industries which characterises much of the

¹ Statistics New Zealand, Linked Employer-Employee Data. Retrieved from Table Builder at http://www.stats.govt.nz/methods_and_services/access-data/TableBuilder.aspx.

international literature on post-Fordism. That approach perhaps reflects a preoccupation with highlighting the effects of restructuring on Fordist mass production industries, with a consequent neglect of other sectors. It is difficult to know the degree to which employment practices in New Zealand's manufacturing sector differ from those in other advanced economies, but the fact that manufacturing accounts for a declining share of employment and that relatively small proportions of its workers are in non-standard jobs suggests the manufacturing sector does not hold the key to understanding the destandardisation of work in this country. The shift in the distribution of employment from secondary to tertiary industries and the growth of non-standard work in the tertiary sector, accentuated by changing patterns of labour force participation among particular sections of the population, would appear to be far more significant factors.

Conclusion

The two decades or so from the beginning of the restructuring project in the mid-1980s to the onset of the current crisis saw considerable upheaval in the New Zealand labour market. Restructuring destroyed huge numbers of jobs in goods-producing industries which had driven growth during the Fordist era, and sent unemployment soaring to levels not seen since the 1930s. The subsequent consolidation of the new mode of development saw a return to moderate economic growth based on extensive use of labour rather than high productivity, generating a demand for workers that caused unemployment to plummet and employment to reach new highs. It even resulted in labour shortages in some sectors of the economy despite the fact that there were still significant levels of joblessness and underemployment – at least by comparison with the Fordist era. These apparent labour surpluses were in part a product of a more flexible labour market characterised by considerable movement between jobs and short spells of joblessness, but they also reflected a mismatch between skills in supply and those in demand as some lower-skilled workers were left behind by the transition to a higher-skilled economy. The flexibilisation of production and labour practices was also evident in the destandardisation of work as increasing numbers of workers departed from the standard model of full-time and long-term waged or salaried employment. This, however, is a trend which appears to have been associated with the era of restructuring and which slowed and reversed slightly as economic growth returned and labour demand recovered, contrary to the expectations of some social theorists. It is also a trend which was driven not just by the changing requirements of production and the

demands of employers, but also by an increasing supply of workers with a preference for non-standard employment, particularly part-time work. Clearly the restructuring of the economy has altered the dynamics of the labour market, but it has also had significant effects on the division of labour within production, which we will explore in the next chapter.

The Changing Division of Labour

The development of capitalism has involved a progressive expansion of and specialisation within the division of labour as capitalist relations of production have spread across the globe and into more and more spheres of activity, as new technologies have been harnessed to revolutionise production processes, and as relations between producers have been reorganised to maximise efficiency and profitability. But as we observed in Chapter One, within this long-term evolution there have been periods when the division of labour has undergone more concentrated and pronounced change as a result of transformations in the nature of economic activity. These are the periods of crisis and restructuring in which existing modes of development break down and new ones emerge in their place. The transition between modes of development involves a process of creative destruction which affects employment at two levels, the aggregate and the sectoral. At the aggregate level, as we saw in the last chapter, the restructuring of production results in rising unemployment as old jobs are destroyed, followed eventually by a resurgence in employment levels as economic growth returns and new jobs are created. At the sectoral level, this entails a redistribution of labour as job losses are concentrated disproportionately in industries which flourished under the old regime, while subsequent job growth is concentrated disproportionately in those industries favoured by the new growth model.

This chapter shifts the focus from the aggregate to the sectoral level to examine how restructuring in New Zealand redistributed employment from goods-producing industries that bore the brunt of job losses, to producer and consumer service industries which enjoyed most of the job growth under the new regime. It also looks within industrial sectors to examine occupational changes which saw a redistribution of work from manual to non-manual and from lower-skilled to higher-skilled jobs. In the process, we observe an accentuation of the long-term shift in the division of labour from the work of directly producing goods, towards work which indirectly supports the

production, circulation and consumption of goods or which produces commodities in the form of labour services rather than material goods.

Sectoral change

The long-term evolution of production and employment in advanced capitalist economies is conventionally characterised in terms of a progressive shift from agriculture to industrial manufacturing and then to service industries – leading to what Bell and others call the post-industrial economy. However, service industries are not so much a successor to industrial manufacturing but expand as a consequence of growth in the production, circulation and consumption of material goods. From its very beginnings, industrialisation created work for merchants, financiers, transporters, retailers and governments, and in most of the major capitalist nations the early phases of industrial development produced faster growth in services than in manufacturing, with the consequence that dominance in terms of employment tended to pass directly from agriculture to services (Kumar 1978: 200-204). As industrial capitalism develops, the dominance of service industries continues to become more pronounced for a number of reasons. Firstly, there is the expansion of the division of labour: as material production expands, the surrounding division of labour becomes more extensive and complex as more and more workers and specialised businesses are required to handle the tasks of developing products, managing production, circulating commodities and money, and performing intermediary roles between producers and consumers. Second, there is the increasing wealth which comes with economic growth: industrialisation produces rising incomes which provide consumers with more discretionary income to spend on household and personal services and provide governments with more tax revenue to invest in health, education and other social services. Third, there is technological innovation: technology provides more scope for productivity improvements in manufacturing industries than in service industries, and displaces more manual production workers than non-manual service workers. Fourth, there is rationalisation: the application of calculative rationality and technical knowledge to the organisation of production and the administration of economy and society encourages the proliferation of managers, experts, planners and bureaucrats in both private and public sectors. Fifth, there is commodification: as capital pursues its relentless quest for new sources of profit, it extends its reach into parts of the division of labour which were once the domain of private households or public organisations, in the process expanding

employment across a range of activities from personal and household services to health, education and public safety. Finally, there is internationalisation: capitalism has always scoured the globe for new commodities, new markets and new sources of labour, and in the process has found that some types of material production can be conducted more profitably elsewhere – agriculture in the colonies during the nineteenth century, and manufacturing in developing countries in the latter part of the twentieth century – resulting in displacement of employment from goods production in the core countries. None of these factors are new – most were identified by Marx and other classical theorists long before anyone conceived of post-industrialism, and they have driven the development of service employment in capitalism for over two centuries. The result, as Sayer and Walker argue, is not an epochal transition from industrial to post-industrial society or from a goods-producing to a service economy in the late twentieth century, but rather a long-term decline in the direct labour required for material production and a corresponding increase in the indirect labour which makes up the extended division of labour surrounding commodity production (Sayer and Walker 1992: 56-107).

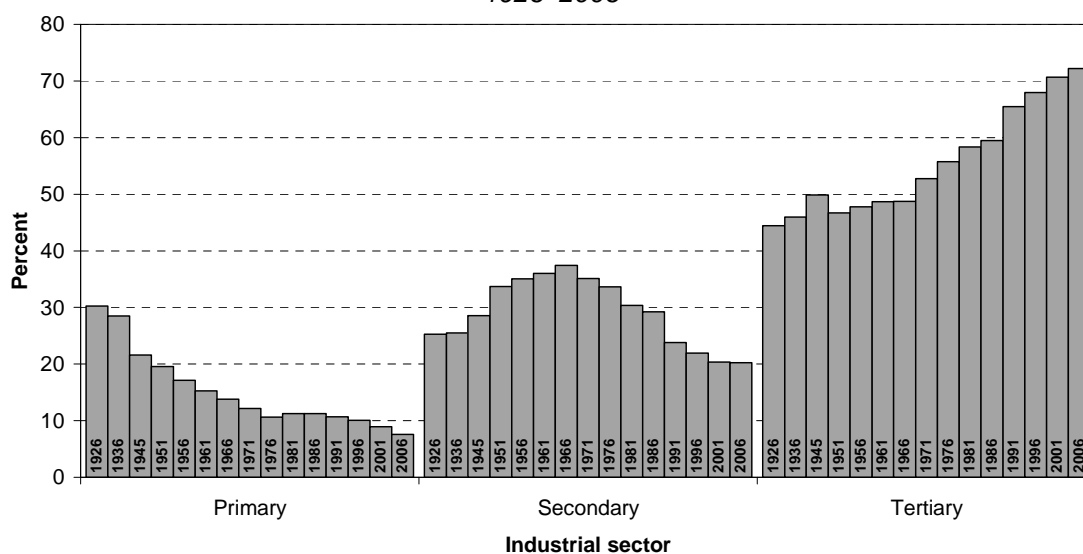
All this would occur even if the path of capitalist development was smooth and untroubled, but of course this is not the case. Capitalism, as we have observed, is prone to episodes of crisis and restructuring which result in disjunctural shifts in the nature of production and employment. The nature of these shifts depends on the historical and national circumstances, but the restructuring of the advanced capitalist economies following the crisis of the 1970s typically reshaped the division of labour at a number of different levels. At the international level, the dismantling of barriers to the movement of goods and capital, the industrialisation of developing countries and the growth of transnational production together meant greater relocation of manufacturing production from developed to developing economies, leaving the former to concentrate increasingly on the ‘immaterial’ aspects of production. At the regional level, those regions and cities which had been bases for Fordist mass production experienced declining employment and often sought revitalisation by attracting new industries, while metropolitan cities benefited from the expansion of corporate and financial activities. At the institutional level, there was a redistribution of work between the institutions of the state, the market, the community and the household: work shifted from the state to the market as public sector enterprises were sold off and services were contracted out to private enterprise; it moved from households and communities to the market as an ever greater range of activities was commodified in the search for profit; and it was

transferred from the state to communities as governments devolved or abandoned responsibilities for welfare and governance activities. At the industrial level, there were major sectoral shifts in employment as the focus of economic activity in the advanced economies moved from material production to the circulation of goods and capital and the provision of services, and as the growth of networked production saw different parts of production processes redistributed between industries. At the occupational level, the requirements for different types of workers changed along with the commodities produced and the techniques for producing them, resulting in a marked decline in manual production work and growth in managerial, professional, technical and low-skilled service work. And finally, at the level of individual labour processes, the introduction of new technologies and flexible or lean production models resulted in considerable reorganisation of the way processes were divided and organised among workers. All this accentuated the long-term movement of labour away from material production, but it was rather more complex than the simple idea of a shift from goods to services suggests. To grasp the complexity, we need to dissect the amorphous concept of services and examine its constituent parts, but before doing so we can illustrate the broad sectoral shifts in the New Zealand context.

From Figure 4.1, we can see both the long-term shift towards service or tertiary sector employment and the effects of the two major episodes of restructuring in the 1930s–1940s and the 1980s–1990s, which saw first the rise and then the demise of manufacturing. The shift from primary to tertiary sector employment in fact began well before this series starts, with the primary sector's share of employment declining from the 1870s onwards (Thompson 1985). The number of workers in the sector continued to grow until the 1930s as more land was opened up for farming, but the ratio of labour to capital on the farm was falling as investment in mechanisation and rationalisation reduced labour requirements. In Britain and other European countries, service-sector employment had grown on the back of the Industrial Revolution, but in New Zealand it was initially built less on industrialisation than on the growth of agrarian production and the business of state and nation building, which generated work in fields such as finance, commerce, transportation, communications and government. Consequently, the tertiary sector accounted for almost half of all employment as early as the 1930s.¹ Up until this time, the growth of the secondary sector was relatively slow and based more on construction and primary product processing than manufacturing. But in the Fordist

¹ The 1945 figure for the tertiary sector is inflated by large numbers of people in the armed services.

Figure 4.1: Employment by industrial sector
1926–2006



Source: Statistics New Zealand, Census of Population and Dwellings

period, the stimulus of import protections and expanding domestic consumption brought significant acceleration in secondary sector employment, taking its share of the workforce from 25 percent to 37 percent between 1936 and 1966. At the same time, the decline of primary sector employment also accelerated, not just in relative terms but also in absolute terms as the number of workers in the sector began to fall for the first time. The tertiary sector's share of the workforce increased more gradually over this period, although there were actually more jobs created in tertiary industries than in secondary industries as producer and consumer services expanded and a growing public sector was required to deliver enhanced social services and administer the highly regulated economy. By 1971 over half the country's workers were employed in tertiary industries – the point at which some would say we had arrived at a service economy.

The secondary sector's share of the workforce began to fall from the mid-1960s as the Fordist growth model reached its limits, but it was only after the onset of global crisis in the early 1970s that the number of people employed in secondary industries began to fall. Continued high levels of protection and government efforts to stimulate demand were not enough to halt the decline of secondary-sector employment, and when these policies were abandoned by the fourth Labour Government in the mid-1980s the decline was greatly hastened, with severe job losses in the latter part of that decade and a continuing slide in the sector's share of employment which was only halted by the construction boom of the early 2000s. With primary sector employment also continuing to decline and the focus of activity shifting away from material production, the tertiary

sector became increasingly dominant. It accounted for the vast majority of job growth as the economy recovered from restructuring, and by 2006 employed 72 percent of workers compared with just 20 percent in secondary production and 8 percent in primary production. The post-Fordist period from the mid-1980s to the mid-2000s had therefore seen significant acceleration in the long-term shift from goods production to services. But these broad sectoral trends only tell us a very small part of the story, and to adequately appreciate how the division of labour between industries changed in the post-Fordist era we must delve a little deeper.

Classifying industries

To properly explore sectoral shifts in employment we clearly need a far more detailed classification than the simple primary–secondary–tertiary split. The analysis which follows in the next section uses census data originally coded to New Zealand’s official classifications, but these classifications have limitations in terms of both the design of the categories and the fact that they are periodically revised, making time series analysis difficult. It has therefore been necessary to disaggregate the data and reclassify it in a form which is both more meaningful for the purposes of the current exercise and more consistent over time. The first step in this exercise is the design of a classification which aims to capture the key lines of demarcation within the social division of labour.¹

The main consideration in the classification of industries should be the output of the industry and where this fits within the chain of production, circulation and consumption which makes up the division of labour within capitalism. The output of industries generally takes the form of commodities – products of human labour produced for the purposes of exchange. Commodities may take the form of either alienable material goods or labour services which have no tangible form and involve a unique transaction between producer and consumer (Sayer and Walker 1992: 60). Goods-producing industries present no great difficulties in terms of classification, as the conventional distinction between primary and secondary goods production identifies distinct types of material production – the former based on the cultivation or extraction of natural

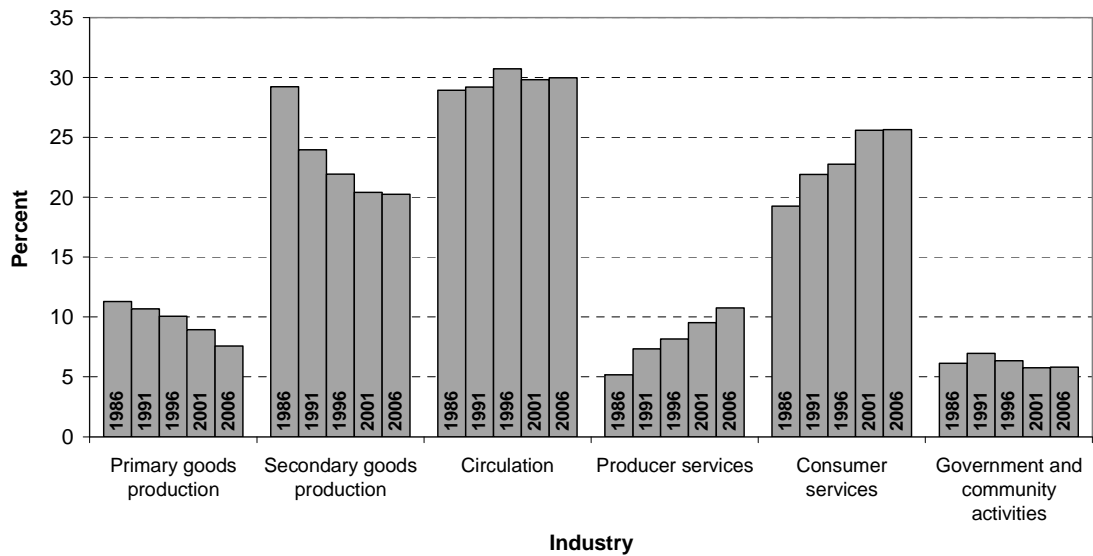
¹ The classification described here and shown in Table 4.1 is loosely derived from the typology developed by Browning and Singelmann (Singelmann 1978) and widely used by others including Castells (2000a). However, the Browning-Singelmann model has been significantly modified here in an effort to more accurately represent the contours of the social division of labour, drawing on Sayer and Walker’s discussion of the division of labour between industries (1992: 56-107). Some modifications have also been influenced by the practical requirements of accommodating categories from the official industrial classifications used to code New Zealand census data.

resources, and the latter based on the transformation of those goods and other inputs into manufactured or processed goods (including construction and utility industries). To capture distinct stages in the division of labour, it would be useful to be able to distinguish between goods-producing enterprises which sell their products directly to final consumers and those which sell them to other producers as inputs into further production processes. But such distinctions are not always hard and fast and are not identifiable from official data sources, so finer disaggregation is conventionally based on the type of products industries generate, rather than the uses to which they are put.

Disaggregating the amorphous category of services is more problematic. To simplify matters, we can reduce the classification of services at the highest level to two fundamental questions. Firstly, is the service sold as a commodity or is it a non-profit activity? And secondly, if it is a commodity, is it sold primarily to producers or to consumers, or does it perform an intermediary role between producers and consumers? Using these criteria, we can delineate three high-level categories of commodified services (circulation, producer services and consumer services) and one of non-commodified or non-profit services (government and community activities). *Circulation* industries mediate between producers and consumers by facilitating flows of capital in the form of both material goods (transport, wholesaling, retailing and property services) and money (finance and insurance), as well as the information that flows within the sphere of production and between producers and consumers (communications). *Producer service* industries provide intermediate outputs which primarily contribute to the production of other commodities, including scientific and technical services, legal and accounting services, and management and marketing services. Some of these services may also be sold directly to individual consumers, but for the most part their role is to facilitate the production and circulation of other commodities in one form or another. *Consumer service* industries provide labour services directly to final consumers, including the social services of health, welfare and education, as well as accommodation and food services, cultural and recreational services, and personal and household services.¹ The final category of *government and community activities* covers non-commodified activities conducted by the state in the spheres of public

¹ As health, welfare and education services are often provided on a non-profit basis by government or other organisations, they could arguably be classed as non-commodified services or more conventionally as 'social services'. However, because of difficulties in identifying whether workers are employed in non-profit or profit-making organisations, and given increasing commodification of such services – both by private enterprises selling their services for profit and by state agencies imposing user charges – the justification for treating these services differently from other consumer services is being eroded.

Figure 4.2: Employment by industry
1986–2006



Source: Statistics New Zealand, *Census of Population and Dwellings (reclassified data)*

administration and safety (the latter including armed services, police, fire services etc), and those of community organisations such as religious and special interest groups. This category does not include all non-commodified services, as public sector and non-profit organisations operating in fields such as health, welfare and education are classified within those particular industries in the official data sources.

Restructuring and the industrial division of labour

Using the six high-level industry groupings we have identified above, Figure 4.2 shows that circulation activities account for the greatest share of employment in New Zealand, but proportionately the fastest growing industries during the post-Fordist period were in the categories of producer and consumer services. These three types of industries have all experienced long-term growth dating back well beyond the period shown here, but there was a significant acceleration in employment in producer and consumer service industries during these two decades, while circulation industries also grew strongly in terms of numbers employed but without greatly increasing their overall share of employment. Between 1986 and 2006, employment grew by 162 percent in producer services, 68 percent in consumer services and 31 percent in circulation industries. The contrasting fortunes of the goods-producing industries represent not just a decline in their share of the workforce, but significant falls in the number of workers employed. Employment numbers in government and community activities were fairly stagnant for

most of the period, meaning their share of the workforce also declined. To better understand the forces behind these broad trends we need to look in more detail at the industries within each of these categories, using the data show in Table 4.1.¹

Primary goods production

The long-term decline in primary-sector employment was actually reversed for a brief period in late 1970s and early 1980s, probably due largely to government subsidies for farmers in the form of the Supplementary Minimum Price (SMP) scheme and efforts to absorb surplus labour through employment in the New Zealand Forestry Service. However, when the fourth Labour Government slashed assistance to farmers and first corporatised and then privatised its forestry operations, the effect on primary-sector employment was dramatic – a loss of almost 14,000 jobs in agriculture and over 5,000 in forestry between 1986 and 1991.² There was some recovery in job growth between 1991 and 1996, but employment in the sector subsequently resumed its inexorable downward slide, to the point where it accounted for only one in 13 New Zealand workers by 2006. This occurred despite continuing real growth in the output of the sector, indicating that continuing improvements in productivity were enabling increasing volumes of output to be produced with declining volumes of labour. In the ten years to 2006, the only sector of agricultural production to experience significant employment growth was grape growing, thanks to the success of the New Zealand wine industry. However, by far the largest job growth in the primary sector in this period was in services to agriculture, a category which includes activities such as harvesting, picking, irrigation and fertilising. This suggests that agriculture, like other branches of industry was developing an increasingly specialised division of labour as activities surrounding core production processes were contracted out to specialist enterprises.

¹ Table 4.1 shows two series, using census data which was originally coded to different versions of the standard industrial classification – the NZSIC classification from 1986 to 1996, and the ANZSIC classification from 1996 to 2006. Because the two classifications are significantly different, the two series are not strictly comparable, although the data has been disaggregated to the finest level of the classifications and then reclassified to make them as comparable as possible. Data from the 1996 Census was officially coded to both classifications, and so two sets of data from that year are shown to allow comparisons over two ten-year periods and to show the effects of the classification changes. There were other minor changes within each of these classifications between censuses, but these should not significantly affect the comparability of the data within each of the two series.

² According to the Ministry of Agriculture and Forestry, the effective rate of assistance to the agricultural sector was cut from 52 percent to 3 percent over the decade to 1992/93 (retrieved on 21/09/2010 from <http://www.maf.govt.nz/mafnet/rural-nz/profitability-and-economics/structural-change/reform-of-nz-agriculture/reform05.htm>).

Table 4.1: Employment by industry (thousands employed)
1986–2006

Industry	NZSIC Classification			ANZSIC Classification		
	1986	1991	1996	1996	2001	2006
<i>Thousands</i>						
Primary goods production						
Agriculture	145.6	132.0	143.3	136.4	129.5	127.0
Forestry	11.5	6.1	9.9	9.5	9.6	8.0
Fishing	4.5	3.9	4.3	4.3	3.7	2.9
Mining	6.0	4.5	4.3	4.1	3.4	4.2
Total	167.6	146.6	161.9	154.2	146.1	142.0
Secondary goods production						
Construction	102.0	84.8	94.4	94.0	103.9	147.5
Utilities	15.7	11.1	8.2	8.9	6.0	6.1
Manufacturing	316.2	233.0	236.7	232.5	223.8	226.1
<i>Food and beverages</i>	74.7	60.1	55.5	51.0	53.0	54.8
<i>Textiles</i>	44.9	28.8	26.5	26.1	20.6	17.8
<i>Wood and paper products</i>	31.1	23.3	24.5	24.0	23.6	23.0
<i>Printed and recorded media</i>	22.1	21.3	22.8	23.2	22.4	22.2
<i>Chemical products</i>	26.4	18.6	19.2	19.6	18.0	18.0
<i>Metal products</i>	34.8	25.3	27.5	25.7	25.3	26.7
<i>Machinery and equipment</i>	57.9	37.0	40.9	41.4	39.5	42.6
<i>Miscellaneous manufacturing</i>	24.2	18.6	19.8	21.6	21.5	21.0
Total	434.0	328.9	339.3	335.5	333.7	379.8
Circulation						
Transport and storage	70.7	57.8	63.4	62.2	66.5	75.2
Wholesale trade	85.5	73.2	90.4	94.4	99.5	107.7
Retail trade	169.0	166.7	189.5	200.0	208.3	238.1
Property	12.3	20.0	32.0	36.4	38.5	52.3
Finance and insurance	52.1	55.7	53.7	52.7	51.9	64.1
Communications	40.3	27.1	24.0	24.4	23.2	24.3
Total	430.0	400.5	453.0	470.1	487.8	561.8
Producer services						
Scientific and technical	17.3	18.2	22.0	22.6	25.1	35.3
Information technology	6.5	8.0	9.9	10.3	18.4	26.0
Legal and accounting	24.3	28.1	27.8	27.8	30.0	34.3
Management and marketing	7.9	12.3	17.4	27.8	38.5	53.4
Miscellaneous producer services	20.8	33.9	48.4	36.4	44.0	52.4
Total	76.8	100.5	125.5	124.9	156.1	201.4
Consumer services						
Health services	83.8	80.1	76.7	75.9	95.6	106.3
Care and welfare services	15.3	22.8	32.0	32.1	45.0	54.8
Education	81.6	93.8	105.4	104.8	126.5	139.1
Accommodation and food services	59.8	58.5	82.0	69.4	80.4	94.6
Cultural and recreational services	26.5	27.2	34.7	33.9	41.3	51.7
Personal and household services	19.0	18.0	24.3	31.8	29.9	34.3
Total	285.9	300.4	355.2	348.0	418.6	480.9
Government & community activities						
Public administration and safety	78.8	84.3	79.5	81.7	76.1	87.2
Non-profit and interest groups	12.2	11.2	15.4	15.4	18.0	21.7
Total	91.0	95.5	94.9	97.1	94.1	108.8
Grand total	1485.4	1372.5	1529.7	1529.8	1636.4	1874.6

Source: Statistics New Zealand, Census of Population and Dwellings (reclassified data)

Secondary goods production

Secondary-sector employment had also been artificially sustained during the late 1970s and early 1980s by means of Keynesian demand management, the retention of relatively high levels of import protection, and the ‘Think Big’ energy projects which temporarily boosted construction employment. This sector bore the brunt of the fourth Labour Government’s liberalisation programme as phasing out of import licensing and reduction of tariffs exposed local producers to international competition, while consumer demand withered in an environment of soaring unemployment, benefit cuts, high interest rates and falling real wages. Between the 1986 and 1991 censuses, 105,000 jobs were lost in secondary production, with the most severe losses in machinery and equipment manufacturing, textile production, food processing and construction. Within the category of machinery and equipment manufacturing, the industries of motor vehicle assembly and electrical machinery manufacturing best exemplified the rise and demise of Fordism. These industries had benefited greatly from import licensing which restricted the importation of finished products while allowing the import of component parts for assembly in New Zealand, and also prospered from the rising demand for consumer durables during the Fordist period. But they were the most severely affected by the liberalisation of import restrictions and declining domestic demand after 1984, and together shed 15,000 workers between 1986 and 1991 alone.

If the post-1984 restructuring can be viewed as a process of creative destruction, then goods-producing industries suffered the most job destruction but largely missed out on the job creation which came with the subsequent recovery. The construction industry was a notable exception, taking on an extra 63,000 workers between 1991 and 2006. In manufacturing industries, the economic recovery produced only very moderate job growth or more typically merely slowed the decline of employment. The biggest losses during this period were in textile and clothing industries, which struggled in the face of competition from low-wage Asian countries. The manufacturing industries generating the most new jobs during the recovery fell into two categories: ‘sunrise’ industries such as electronic equipment manufacturing, boatbuilding and wine production; and industries producing building materials to fuel the construction boom. Even in these industries, growth was fairly modest and none offered the prospect of a significant revival in manufacturing employment – demand for construction materials is highly dependent on economic conditions, while the other industries mentioned focussed on high-quality rather than high-volume output and were not significant employers of low-

skilled labour. Over the two decades from 1986 to 2006, manufacturing's share of the workforce fell from 21 percent to 12 percent, and with both manufacturing and construction being hit hard by the subsequent recession and New Zealand's commitment to more free-trade agreements with major manufacturing exporters – including an agreement with China in 2008 – the prospects for secondary sector employment remain bleak.

Circulation

The fortunes of circulation industries are to some extent tied to those of goods-producing industries, given that much of their work involves the movement and selling of goods and the flows of finance and information associated with the production, circulation and consumption of goods. However, the decline of goods production in New Zealand did not result in a long-term decline in the work of circulation industries. New Zealand may have produced fewer goods than before, but it imported more and the business of buying and selling goods was undiminished. Flows of finance became more important to the economy than in the past, even if they were increasingly detached from the business of material production. And communications also became more significant with the development of information communications technology, networked production and more competitive marketing. Consequently, employment in circulation industries grew throughout the post-Fordist era, with the exception of the 1986–1991 period when restructuring and recession had a major effect on the goods-handling and communications industries. However, the pace of growth was generally slower in circulation industries than in producer and consumer services, with the result that their share of the total workforce changed little between 1986 and 2006. Nonetheless, with almost a third of the workforce, circulation clearly retained a dominant role in the economy, employing more workers than the goods-producing industries combined and more than either consumer or producer services.

Among circulation industries, the transport and communications industries were the worst affected by restructuring. Transport employment suffered not only from the decline in manufacturing which affected the volume of goods moving internally, but also from the corporatisation and eventual privatisation of New Zealand Railways, which was another government agency that had previously helped to absorb labour surpluses. As a consequence of this and the deregulation of road transport, over 5,000 railways jobs were lost between 1986 and 1991 alone, with further losses after railway

operations were privatised in 1993. Job growth in the transport industry as a whole recovered after 1991, but its share of the national workforce remained largely unchanged. Communications industries – a category which includes postal and courier services as well as telecommunications – experienced major job losses during the restructuring period, with 13,000 jobs going between 1986 and 1991 and a further 3,000 over the next five years. This was mostly due to the restructuring of the Post Office into three state-owned corporations with separate responsibilities for postal services, telecommunications and banking, and the subsequent privatisation of the telecommunications and banking operations. Major job losses came from the closure of many rural, small-town and suburban post offices, along with deregulation of the telecommunications market which prompted successive rounds of restructuring and redundancies in the privatised Telecom Corporation. Despite the growing economic importance of telecommunications and the proliferation of new companies in the industry, it is not a major employer and its workforce in fact continued to decrease even as the economy recovered through the 1990s and early 2000s.

Wholesaling and retailing also shed workers in the early years of restructuring as consumer demand contracted, but economic recovery brought renewed job growth after 1991. Growth in retailing employment was most pronounced in the early 2000s, with buoyant economic conditions and a debt-fuelled consumption boom stimulating an increase of almost 30,000 workers between 2001 and 2006 – the largest growth in any category of industry in that period. However, in proportionate terms this was a similar rate of growth to that in the workforce as a whole and so it did not increase the industry's share of total employment. In fact, the proportion of workers employed in both wholesaling and retailing changed little over the two decades. Retailing is another industry to have been badly affected by the latest economic crisis, although by comparison with manufacturing it has better prospects of recovery in the event of a return to economic growth.

Property and finance were two sectors which prospered as a consequence of the neoliberal reforms, with deregulation of the financial sector and declining profitability in goods-producing industries unleashing a spree of speculative investment. However, the economic significance of these sectors is not really reflected in employment data, as vast profits can be made from relatively small investments of labour and without generating a great deal of employment. In the finance and insurance industries there was also a displacement of some labour due to technological developments which allowed

much routine clerical work to be automated or relocated offshore. Consequently, finance and insurance industries did not increase their share of the workforce at all over the two decades, although there was strong job growth in the buoyant conditions towards the end of the period, with an increase of 12,000 workers between 2001 and 2006. There was much stronger growth over the two decades in property industries – which include real estate, property development, and the hiring and leasing of property including machinery and equipment. The commercial property boom associated with the speculative binge of the mid-1980s probably fuelled the initial growth, while the more recent residential property boom stimulated an increase of 14,000 jobs in property industries between 2001 and 2006. Those jobs were mostly in real estate and many are likely to have subsequently disappeared with the bursting of the property bubble and the onset of recession.

Producer services

Producer services had the fastest rate of job growth of any category of industry in the post-Fordist period, even experiencing strong growth at the height of restructuring between 1986 and 1991, and more than doubling their share of the workforce from five percent to 11 percent over the two decades to 2006. A number of inter-related factors account for this growth. Firstly, the restructuring process itself generated considerable work for business consultants and experts of various kinds who were contracted to oversee and advise on processes of both private and state sector restructuring. Secondly, a more competitive business environment put greater onus on producers to seek competitive advantages through product innovation, organisational efficiency and marketing, all of which created work for specialised enterprises in these fields. Thirdly, technological change not only created demand for specialised IT companies, but also led to changes in production processes and business models which generated work for other technical and management specialists. Finally, increasing specialisation within the social division of labour meant that many functions once conducted in-house were more likely to be sourced from specialised companies or contractors able to provide greater expertise or more cost-effective services – so labour formerly categorised under the industry of the producer was displaced into the category of producer services. Such specialisation also tends to generate more jobs as these enterprises seek to increase profits by enhancing services, developing new ones and promoting them to stimulate demand which otherwise might not have existed.

The producer service industries to experience the most growth were management and marketing services and information technology services, both of which owed their expansion to distinctive features of the new mode of development. Management and marketing services expanded largely due to the rise of management consultancy, which took off during the restructuring period as businesses reorganised to adapt to the new environment, and continued to grow strongly over subsequent years as competitive markets encouraged firms to contract in specialised management expertise to help maintain competitiveness and efficiency. The growth of IT services obviously reflects the shift to a new technological paradigm and again the tendency to buy in outside technical expertise – with most of the growth being in computer consultancy services, including programming and systems analysis.

The more established producer service industries in the category of scientific and technical services and legal and accounting services experienced more sedate employment growth for most of the period, but with an acceleration during the prosperous years of the early 2000s. Most of the growth in scientific and technical services was in consultant engineering and architectural services and was probably largely due to the construction boom, while there was little growth in scientific research despite the hype surrounding the ‘knowledge economy’.¹ In the residual category of miscellaneous producer services, the strongest growth was in various types of staff recruitment services, including contract staff services and employment placement services – reflecting high rates of labour turnover and increased use of temporary labour which we observed in Chapter Three.

Consumer services

While producer services had the fastest rate of employment growth in the post-Fordist period, consumer services accounted for the greatest numerical growth. Between 1986 and 2006, employment in consumer service industries grew by 195,000 workers, accounting for half of all employment growth, and by the end of the period these industries employed over a quarter of all New Zealand workers. Growth in this sector is a long-term trend dating back to the Fordist period and beyond, reflecting rising incomes which allowed consumers more discretionary spending on services, rising national wealth which allowed greater investment in health, education and welfare, and

¹ This reflects New Zealand’s low level of spending on research and development which, as a proportion of GDP, was around half the OECD average for much of this period (*OECD Factbook 2009*, retrieved on 21/09/2010 from <http://www.sourceoecd.org>).

the efforts of capital to find new sources of profit by commodifying an ever greater range of service activities. Within this long-term trend, there was an acceleration of growth in consumer service employment in the post-Fordist period as the declining profitability of goods-producing industries encouraged greater investment by capital in service activities, ranging from social services such as health and education, to leisure activities such as entertainment and tourism. This was accentuated by workers on the margins of an insecure labour market turning to various forms of self-employment in areas such as hospitality, caregiving, gardening and cleaning. Together, these factors resulted in increasing commodification of a range of activities and an institutional shift in the social division of labour from the realms of the state, households and communities to that of the market.

The majority of growth in consumer service employment was in the social services of health, education and welfare. Health sector employment actually fell during the restructuring period due to cutbacks in public health funding and reforms which corporatised public hospitals and introduced a competitive funding regime. However, these losses were more than recouped over subsequent years, with employment increasing by more than 30,000 between 1996 and 2006. The vast majority of this growth was in private sector enterprises, as responsibility for health services shifted increasingly from the state to the market. In contrast to the health sector, employment in care and welfare services received a considerable boost from the restructuring process, with the workforce more than doubling between 1986 and 1996 as the hardship caused by unemployment, benefit cuts and falling real wages created work for foodbanks, refuges, counselling services and other welfare organisations.¹ Subsequent years saw continued strong growth in the sector, which may partly reflect the fact that levels of hardship remained relatively high despite the economic recovery. It was also due to increasing commodification of the work of caring and counselling as it shifted from households and communities to the market, and thus from the realm of unpaid work to that of paid work – the most notable examples being childcare and care of the elderly, which were among the strongest growth industries over the decade to 2006. Demand for childcare services was stimulated by increasing labour force participation among mothers of young children, while population ageing increased demand for aged care services.

¹ In fact, much of the growth in this type of work is not captured by the census as the work of central government welfare agencies is classified under public administration, while large numbers of people working for private welfare agencies are unpaid volunteers and not counted in census employment data.

The education sector, like health, was also subject to reforms which cut funding levels and introduced a more market-oriented approach. Although this had the potential to reduce employment as it had in the health sector, the education workforce continued to grow due to the increasing demand for educational services. At tertiary level, enrolments grew as the declining availability of low-skilled employment encouraged more people to seek tertiary qualifications, and as the commodification of education encouraged a proliferation of private training establishments and stronger marketing by public tertiary institutes to attract both domestic students and full fee-paying overseas students. At school level, students were staying on longer to equip themselves for employment or tertiary study, while a 'baby blip' cohort of children born to baby-boomers in the late 1980s and early 1990s also moved into the education system. And at early childhood level there was increasing demand for pre-school education, not just because of growing awareness of its developmental value, but also because mothers of pre-schoolers were increasingly likely to be in paid work. As a consequence of all these factors, the education workforce expanded fairly consistently over the period from 1986 to 2006 and at all levels of the education system – although there was a slowdown in the growth rate towards the end of the period which probably reflected fewer children entering the education system and a slackening of demand for tertiary education due to a buoyant labour market.

In addition to the strong growth in social service employment, there was also considerable expansion across a range of other consumer services. Cultural and recreational services grew steadily through the 1990s and 2000s under the impetus of the professionalisation and commodification of sport, the growing popularity of outdoor recreational pursuits, and the success of the New Zealand film industry. Accommodation and food services had a major surge of growth in the 1990s and again in the latest intercensal period, when they accounted for more new jobs than either the health or education sectors – reflecting the growth of international tourism as well as the changing lifestyles and consumption habits of New Zealanders, with their increasing taste for dining out and for domestic travel.¹ Much of the growth in this sector over the latter half of the period was driven by cafes and restaurants, which took on more than 14,000 extra workers between 1996 and 2006, making it one of New Zealand's fastest

¹ Tourism-related employment is spread over a number of different sectors, so is not usually identified as a distinct category, but it has been estimated that in 2006 there were 92,000 full-time equivalents directly employed in tourism, making up 5.9 percent of the workforce, with many more jobs being indirectly generated by tourism (Statistics New Zealand 2007b: 19).

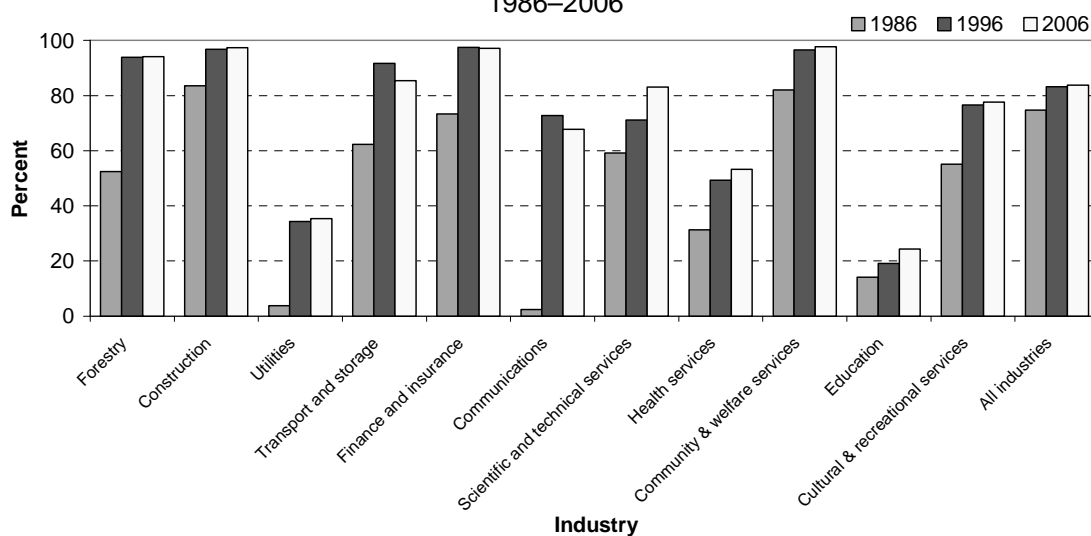
growing industries. The final category of personal and household services – which range from hairdressers to gardeners and from funeral directors to brothels – is a relatively small group dominated by the self-employed or small employers. It experienced only intermittent growth over the two decades, with its strongest period of growth being in the early 1990s, perhaps as a result of people who had lost their jobs through restructuring turning to various forms of self-employment.

Government and community activities

Reducing the role of the state was one of the central aims of the neoliberal project and with this came a reduction in public sector employment. The category of public administration and safety identified in Table 4.1 does not include all public sector employment, but only the administrative arms of central and local government along with the defence, police, fire and prison services. Employment in this category in fact increased in the early years of restructuring, possibly due to the work involved in administering the enormous economic and institutional changes and dealing with the growing ranks of welfare recipients. The effects of the state sector reforms became more evident in the 1990s as employment in public administration and safety fell by several thousand between 1991 and 2001, mainly in central government administration and the defence forces. However, these losses were subsequently reversed as the fifth Labour Government reclaimed a more active role for the state, particularly in social policy.

A better picture of the effects of restructuring on public sector employment can be gained from looking at employment in the public sector across all industries – thus capturing the huge numbers of state sector employees in operational areas such as health and education. This shows that total public sector employment fell by 118,000 or 31 percent between 1986 and 1996, then stabilised over the following five years and increased by 48,000 or 19 percent between 2001 and 2006. Much of the reduction in the earlier period came from privatisation of state-owned trading organisations, while employment in organisations remaining within the state sector was also adversely affected by corporatisation and the introduction of market competition. Overall, there was a considerable shift in the division of labour between public and private sectors, with public sector employment falling from 25 percent to 16 percent of the workforce over the full two decades. As Figure 4.3 shows, this shift was most pronounced in industries in which state-sector organisations were privatised or state monopolies ended, including forestry, utilities, transport, finance and communications. In these cases, the

Figure 4.3: Proportion of workers employed in private sector
Selected industries
 1986–2006



Source: Statistics New Zealand, *Census of Population and Dwellings* (reclassified data)

shifts all occurred between 1986 and 1996 and some even reversed slightly over the subsequent decade. In other industries such as health, education and scientific and technical services there was a less abrupt but more sustained shift towards the private sector as it progressively captured more of the market.

The other industry group in the category of government and community activities is non-profit and interest groups, which includes religious organisations, business and professional associations, trade unions and various types of community and advocacy groups. Although the figures for this group show a reasonably strong rate of growth over most of the two decades, they vastly understate the number of people working in these types of organisations. This is because they exclude employees of non-profit organisations in fields such as welfare, health and education (which are classified under those industries) and the huge numbers of voluntary workers in the non-profit sector. More complete measures are provided by Statistics New Zealand's (2007a) study of non-profit institutions, which estimated that in 2004 these organisations employed more than 105,000 paid workers – over five percent of the labour force – making the non-profit sector almost as large an employer as the health sector and larger than central government. To this can be added over a million unpaid volunteers, whose combined hours of work were equivalent to that of almost 134,000 full-time workers. The majority of paid employees of non-profit institutions worked in social fields, including 31,000 in social services, 20,000 in education, and 15,000 in health. Among unpaid volunteers, there were 20,000 full-time equivalents working in education and research, and 17,000

in health and social services. This work constitutes a vitally important part of the social division of labour by meeting social needs neglected by government and private enterprise. In the process it saves the state and capital a significant amount of money: the contribution of non-profit institutions to GDP, including the value of unpaid labour, was estimated at almost seven billion dollars in 2004 (Statistics New Zealand 2007a).

The significance of unpaid work to the social division of labour is not confined to formal voluntary work for non-profit institutions: it is further supplemented by informal voluntary work done among extended families and communities, as well as household work which performs the vital social function of reproducing labour power. New Zealand's only major time use survey conducted in 1998/99 found that adults spent an average of 28 hours per week on unpaid work – 24 hours in their own households, two hours on informal unpaid work for other households and a further two hours for voluntary organisations. The estimated combined value of this work was almost 40 billion dollars – equivalent to 39 percent of GDP (Statistics New Zealand 2001a).¹

The division of labour between the market, the state, communities and households is usefully captured by Glucksmann's concept of the 'total social organisation of labour', which refers to "the manner by which all the labour in a particular society is divided up between and allocated to different structures, institutions and activities" (Glucksmann 1995: 67; see also Glucksmann 2005; 2009). This concept extends the idea of the social division of labour beyond the sphere of paid employment in which labour is bought and sold as a commodity, to the sphere of communities and households where people use their unpaid labour to fill the gaps left by the market and the state in providing for their own needs and those of others. The concept also recognises the interconnections between labour undertaken in different institutional spheres, and how the articulation of these spheres varies across time and space. During the period analysed here, there were at least three significant shifts in the division of labour between institutional spheres: a shift from the state to the market as state organisations were privatised and subjected to competition; a shift from the state to communities as the government cut back on social services and left voluntary organisations to fill the breach; and a shift from households to the market as unpaid household tasks from food preparation to childcare to gardening were increasingly commodified in the form of goods and services produced by paid labour. Restructuring therefore affected not just

¹ Although this was the only time use data available at the time of writing, a repeat of the survey was being conducted in 2009/10, the results of which will enable measurement of changes over the intervening period.

the distribution of work within the paid labour force but also the broader distribution of work across social institutions.

The changing occupational division of labour

Structural shifts in the division of labour between industries obviously have a major impact on the occupational distribution of the workforce. The decline of goods-producing industries means a decline in the ranks of manual production workers, while growth in producer and consumer service industries swells the ranks of both skilled and routine white-collar workers who are more commonly found in those industries. But this only provides a partial explanation of changes in the occupational distribution of employment. Equally important are changes in the composition of the workforce within particular industries: the redistribution of labour from the farm or factory floor to the office, and from lower-skilled to higher-skilled jobs. In other words, occupational change has to be seen as a product of shifts in the division of labour both *between* and *within* industries. The effects of these shifts on skill levels within the workforce and patterns of social stratification will be considered in more detail in Chapter Six, but at this point it is useful to precede that discussion by looking briefly at shifts in the occupational profiles of the major industrial sectors.

Table 4.2 shows that across the workforce as a whole, the two decades from 1986 to 2006 saw considerable growth in managerial, professional and technical work (from 25 percent to 37 percent of the workforce) along with a smaller increase in sales and service work (from 19 percent to 23 percent).¹ This came mainly at the expense of primary and secondary production jobs, which together fell from 35 percent to 23 percent of the workforce, while there were also falls in the proportions of clerical and administrative workers and transport and distribution workers. For the most part the trends were fairly consistent over the full period, although the most pronounced shift came from the decline in secondary production jobs during the 1986–96 period, when most of the industrial restructuring occurred. This is clearly what we would expect from the analysis of the industry data in the previous section, but the changes in occupational distribution were not just the product of changes in the division of labour between

¹ As with the industry data analysed in the previous section, the occupation data has been disaggregated to the finest level of the classification and then reclassified to construct a series which is as comparable as possible over time. There was a major revision of the standard classification in 1990 which may have some effect on the comparability of the 1986 and 1996 data, but the data has been reclassified in such a way as to minimise the effects of the classification changes.

industries; they were also the result of significant shifts in the occupational division of labour within industries.

**Table 4.2: Occupational distribution by industrial sector
1986–2006**

Industrial sector and occupation	1986	1996	2006
	<i>Percent</i>		
Primary industries			
Managers	1.3	2.5	5.2
Professionals and technicians	1.7	2.4	3.5
Clerical and administrative workers	2.1	3.0	3.8
Sales workers	0.3	0.7	1.0
Service workers	2.9	3.1	3.9
Transport and distribution workers	1.6	2.9	3.8
Secondary production workers and labourers	3.6	5.1	7.6
Primary production workers	86.5	80.4	71.3
Total	100.0	100.0	100.0
Secondary industries			
Managers	7.3	11.0	13.1
Professionals and technicians	5.6	8.5	10.3
Clerical and administrative workers	9.3	10.1	8.3
Sales workers	2.9	3.5	3.5
Service workers	2.3	2.3	3.0
Transport and distribution workers	5.9	5.1	4.6
Secondary production workers and labourers	66.1	58.4	55.8
Primary production workers	0.6	1.3	1.4
Total	100.0	100.0	100.0
Tertiary industries			
Managers	11.8	14.2	16.9
Professionals and technicians	22.5	24.5	27.8
Clerical and administrative workers	22.2	17.9	14.4
Sales workers	11.3	13.6	12.8
Service workers	17.0	17.4	16.7
Transport and distribution workers	6.2	4.9	4.4
Secondary production workers and labourers	8.6	6.7	6.2
Primary production workers	0.4	0.8	0.8
Total	100.0	100.0	100.0
All industries			
Managers	9.3	12.2	15.1
Professionals and technicians	15.2	18.6	22.3
Clerical and administrative workers	16.2	14.5	12.3
Sales workers	7.6	10.0	10.0
Service workers	11.1	12.9	13.1
Transport and distribution workers	5.6	4.7	4.4
Secondary production workers and labourers	24.8	18.0	16.5
Primary production workers	10.2	9.2	6.2
Total	100.0	100.0	100.0

Source: Statistics New Zealand, Census of Population and Dwellings (reclassified data)

In both primary and secondary industries there was a notable decline in the proportion of workers directly involved in the physical work of production, and corresponding increases in the proportions of managers and professional and technical workers, along with some growth in the routine white- and grey-collar categories of clerical, sales and service work. Between 1986 and 2006, the proportion of the primary-sector workforce directly involved in primary production work fell from 86 percent to 71 percent, while the proportion of the secondary-sector workforce engaged in secondary production work fell from 66 percent to 56 percent. In both sectors, this was not just a proportional shift but also reflected an absolute decline in the number of production workers as the number of non-production workers grew. Over the two decades, the ranks of production workers in the primary sector fell by 43,000 while those of non-production workers increased by 12,000; and in the secondary sector there was a fall of 74,000 in the number of production workers and an increase of 15,000 non-production workers. Managers, professionals and technicians accounted for most of the growth among non-production workers – increasing their combined share of the primary sector workforce from 3 percent to 9 percent and their share of the secondary sector workforce from 13 percent to 23 percent. In the primary sector there were also significant increases in the numbers of clerical and administrative workers and transport and distribution workers, but in the secondary sector the numbers in each of these categories fell over the two decades while there were relatively small increases in the numbers of sales and service workers.

In the tertiary sector, white-collar workers have obviously always predominated but here too managers, professionals and technicians greatly increased their share of the workforce at the expense of those engaged in more routine work – particularly clerical and administrative workers. Between 1986 and 2006, management's share of the tertiary sector workforce increased from 12 percent to 17 percent, while professional and technical workers grew from 22 percent to 28 percent. Over the same period, the proportion of clerical and administrative workers in the sector fell from 22 percent to 14 percent. This was the only occupational category in the tertiary sector to experience a fall in the number of workers over the two decades, although relatively slow growth rates among service workers, transport and distribution workers and manual production workers meant that their shares of the tertiary sector workforce also fell.

Changes in the nature of the available census data make it difficult to extend this analysis back beyond 1986 and thus to judge the extent to which these shifts represent

the continuation of long-term trends in the division of labour or the disjunctural effects of restructuring – although clearly both are significant. The trend towards white-collar work in general and towards more skilled types of white-collar work in particular, undoubtedly predates the latest phase of capitalist development and can probably be traced back to the beginnings of industrial capitalism. Just as the development of the social division of labour has seen employment progressively shift from industries performing the direct work of material production to those concerned with the indirect work surrounding production, so there has been an ongoing expansion of technical divisions of labour involving a progressive shift from directly productive activities towards indirect work which augments, supports and organises those activities. Sayer and Walker view this in terms of the expansion of three aspects of the division of labour: the extended division of labour, in which there has been an increase in the work involved before, after and around core productive activities; the hierarchical division of labour, in which the business of co-ordinating and directing labour processes has become increasingly complex and elaborate; and the mental division of labour, in which specialised knowledge has played an increasingly important role in labour processes (Sayer and Walker 1992: 67-75).

While all these factors have contributed to the long-term shift towards skilled white-collar work, there are also aspects of the transition between Fordist and post-Fordist modes of development which have accentuated the trend over recent decades. Across all sectors of the economy, the emergence of new production models and more competitive markets placed greater emphasis on rationalisation, financial management, product innovation and marketing, with a corresponding increase in the ratio of managerial, professional and technical workers to routine production workers. Within goods-producing industries there were also sector-specific factors. In the secondary sector, the removal of import protections and the availability of cheap labour overseas made it more profitable for some local manufacturers to relocate production operations offshore while retaining management bases in this country. In the primary sector, the removal of state assistance for farmers saw many small-scale farms consolidated into larger enterprises, with a consequent rationalisation of farm work and greater emphasis on management and administration. The new technological paradigm also had a significant impact – while machine technology has long tended to displace workers from manual jobs by mechanising production processes, the effects of computer technology were felt not only on the assembly lines but also in offices where much routine clerical and

customer service work was computerised or sent offshore to be done by cheaper foreign labour linked to this country through telecommunications networks. At the same time, information technology stimulated demand for the experts who implement and operate the systems and applications, and for others who utilise the technology for gathering, applying and disseminating information of various kinds.

The evidence of strong growth in skilled white-collar work in New Zealand gives some support to the arguments of Castells and others about the rise of informational labour in developed capitalist economies, and to the popular idea of the emergence of a knowledge economy.¹ However, that should be qualified with some cautionary notes. As we observed in Chapter One, classing all managerial, professional and technical workers within the category of informational labour is somewhat indiscriminate as these very broad occupational groups include many lower managerial, lower professional and technical occupations which may involve relatively little specialised knowledge and require only low-level and job-specific credentials, if any. This is particularly true in the case of managerial workers, of whom just 24 percent had university qualifications in 2006, while a further 27 percent had other tertiary qualifications. This is not necessarily surprising as much managerial work is distinguished by the exercise of authority rather than the application of expertise, but it does highlight the problems with categorising all managers as informational or knowledge workers. Perhaps more revealing, is that only 49 percent of people categorised as professionals and technicians in 2006 held university degrees, with another 30 percent having other types of tertiary qualifications. This may partly reflect the broadening of the category of 'professional' to encompass any job involving a modicum of specialist knowledge – not necessarily advanced academic learning and not necessarily even credentialed knowledge.

Even if we accept that growth in occupations classified as managerial, professional and technical can be used as a gauge of the transition to an informational or knowledge economy, it is still the case that these workers constitute only a minority of the New Zealand workforce. Lower-skilled white- and grey-collar jobs along with blue-collar production jobs still accounted for almost two-thirds (63 percent) of the New Zealand workforce in 2006. Much of this work also involves some specialised knowledge or

¹ In New Zealand, official attempts to measure progress towards the knowledge economy have identified 'knowledge intensive' industries as those where at least 30 percent of the workforce are in managerial, professional or technical occupations and at least 25 percent have university degrees (Department of Labour 2009b). This means that an industry might be classed as knowledge intensive even if two-thirds or more of its workers lack degrees and are in occupations which typically require little or no specialised knowledge. That the threshold for knowledge intensiveness can be set this low, highlights the need to regard the concept of the knowledge economy with some scepticism.

skill, but it is generally practical knowledge oriented towards the performance of specific tasks, rather than the sort of abstract or theoretical knowledge which is generally regarded as the distinguishing feature of 'knowledge work' or 'informational labour'. And there is no prospect of this work disappearing in the foreseeable future. While low-skilled jobs have obviously been on the decline in both goods-producing industries and service industries, there is still – and probably always will be – much work of an elementary nature to be done by those who do not aspire to be managers or professionals.

Conclusion

The distribution of employment between industries and occupations has undergone considerable change over the past few decades, partly due to long-term trends within an expanding and increasingly specialised division of labour, and partly due to the effects of economic restructuring in the 1980s and 1990s which had an extremely adverse impact on some industries and occupations while benefiting others. While there has been a pronounced redistribution of labour from goods production to other types of work, the shifts are more complex than suggested by the dichotomous models of post-industrial theory which talk of transitions from goods to services, from industrialism to informationalism, or from material to immaterial labour. In New Zealand in 2006, fewer than three in every ten workers were employed in industries which produced goods, and of those just over six in every ten workers were performing manual production jobs. But if we add to the goods-producing industries those whose primary business involves the circulation or consumption of material goods – wholesaling, retailing, transport, property services, and food and accommodation services – we find that a considerable majority of the workforce (58 percent) was still employed by industries concerned with making, distributing or selling goods. To this we could add (if they were able to be counted) the workers in finance who handle the flows of money which accompany the exchange of goods, all those in producer service industries who provide services to goods-producing industries, and those in consumer service industries in which the labour service also involves some exchange of goods. Clearly material goods remain central to most economic activity in New Zealand, as in other advanced capitalist economies, even if fewer people are directly involved in making those goods.

It is the progressive shift from direct to indirect labour which, as Sayer and Walker argue, has characterised the long-term changes in the division of labour in advanced

capitalist economies. The direct labour required for the physical production of goods has declined as those activities have been redistributed within the international division of labour and as technological change has reduced the ratio of labour to capital within production. But the volume of goods flowing through the economy has continued to increase, as has the indirect work within the extended division of labour surrounding the production, circulation and consumption of those goods – the work of producer service industries and circulation industries, and that of the managers, experts, sales and service workers who play various roles in the life-cycle of goods from inception to final consumption. At the same time, consumer services have also come to play an increasingly important role within the division of labor as social services have expanded and a range of other services have become increasingly commodified. Rather than a decline in the significance of material goods, we have experienced a proliferation of commodities in the form of both material goods and labour services as capital pursues its restless quest for profit. This received added impetus during the post-Fordist period as increasingly competitive markets and declining profitability in mass production compelled producers to continually expand and diversify product ranges, to find new sources of profit in commodified services and to market their products more aggressively. The consequent shifts within the division of labour and the redistribution of work between industries and occupations have also had major implications for patterns of social stratification, as we will see in subsequent chapters.

Class, Stratification and the Division of Labour

Shifts in the terrain of economic life inevitably cause ruptures in the social structures built upon it. The ascendancy of industrial capitalism undermined the social relations of feudalism and thrust forth the class structure of capitalism in which the fundamental social division was between capital and labour, between those who owned and controlled the means of production and those who did not. As capitalism evolved through the nineteenth and twentieth centuries, this structure was progressively overlaid with new complexities. The lines between capital and labour blurred as ownership was dispersed through joint-stock companies and control was delegated to managerial employees. Workforces were increasingly fragmented by divisions of labour based on ever more elaborate specialisation of skills and chains of authority, while labour migrations and changing gender relations gave greater prominence to divisions of ethnicity and sex. And periodically came the crises which resulted in the restructuring of economies, the rise and demise of different types of work, and shifts in the nature of relations between classes. These changes have been of such magnitude that by the end of the twentieth century many were questioning whether conventional understandings of class were still relevant and even whether class itself still mattered in any meaningful sense.

The arguments of this chapter are that class does matter, that conventional approaches still have a role to play in understanding structures of material inequality and the relations associated with them, and that we should not allow the current fascination with the cultural aspects of social differentiation to distract our attention from the economic dimensions. At the same time, it is acknowledged that conventional class analysis has some deficiencies and limitations which should be recognised and addressed if it is to withstand the barbs of its critics. The chapter culminates in the outline of an approach to the analysis of class structure, the understanding of class

formation and the relationship between class, gender and ethnicity, which will serve as a framework for the empirical analysis to follow in subsequent chapters.

The relevance of class

We observed in Chapter One that the economic and social changes of recent decades have caused many to question the relevance of conventional conceptions of class. Post-industrial theorists such as Bell and Castells have argued that the class structures of industrial capitalism have been fundamentally transformed, with knowledge and expertise becoming more significant axes of stratification than control of the means of production. Many others have gone further and argued that class has lost its relevance as a basis of social division and outlived its usefulness as a sociological concept, pointing to the fragmentation of the old classes, the waning of class consciousness, the individualisation of social lives, and the increasing salience of other forms of social differentiation. Even within Marxism, some schools of thought have challenged the centrality of class and the relevance of class struggle, arguing that the locus of anti-capitalist resistance has shifted to new social movements which are not grounded in class relations. All this has induced something of a crisis in class analysis. From its formerly pre-eminent position in sociology – once seen as the basis of social inequalities, the material foundation of lifestyles and cultures, the axis of social conflict and a central dynamic in processes of social change – class has become the subject of protracted debates about its health and pronouncements of its death (Lee and Turner 1996; Clark and Lipset 2001; Pakulski and Waters 1996; Kingston 2000), as well as attempts to rethink or renew class analysis in ways that overcome the shortcomings of traditional approaches (Crompton *et al* 2000; Devine *et al* 2005).

Arguments about the demise of class have a long history. Nisbet announced the “decline and fall of social class” as early as 1959, arguing that economic class no longer provided a basis for the formation of meaningful and substantive social groupings, and anticipating some of the themes which were to emerge in later debates: changing employment structures, widening educational opportunities and social mobility, the demise of class politics, fragmentation and individualisation of social life, and heterogeneous patterns of consumption and lifestyle (Nisbet 1959). At around this time we also saw the emergence of the embourgeoisement thesis which suggested increasing affluence was undermining working-class cultures and solidarity (Zweig 1961), and the decomposition thesis which contended that the classes of capital and labour were both

fragmenting – the former due to the increasing separation of ownership and control, and the latter due to the increasing differentiation of labour by skill levels which cut across class unity (Dahrendorf 1959). By the 1970s, post-industrial theory was further highlighting the decline of the traditional industrial working class and postulating the demise of old forms of class struggle between capital and labour. For Touraine (1971) and Gorz (1982), the demise of the industrial proletariat in the post-industrial era signalled an end to the possibilities for radical working-class struggle and a passing of the political baton to new social movements such as the student, feminist and environmental movements. Subsequently, as we observed in Chapter One, the likes of Beck and Bauman argued that class was diminishing in importance not just because of the decline of the manual working class, but as a consequence of the more general decline of work in the sense of secure long-term employment, and thus of the class identities and affiliations grounded in the shared experience of work. The result was individualisation and fragmentation of lifestyles and identities, which were increasingly based on other forms of social differentiation.

Perhaps the most resounding rejection of the relevance of class for social theory came from postmodernism. Its scepticism towards universal truths and rejection of ‘grand narratives’ found a particular target in Marxism’s historical materialism and its emphasis on class struggle, while its anti-essentialist and anti-foundationalist perspective rejected the possibility that diverse social phenomena could be explained in terms of an underlying structure such as class. The postmodernist emphasis on culture and consumption, and on multi-dimensional and fluid patterns of difference and identity, was fundamentally opposed to the assumptions of class analysis which regarded material inequalities as having a critical influence on people’s affiliations, attitudes and actions. Most of the leading figures in postmodernist thought such as Lyotard and Baudrillard summarily dismissed the significance of class rather than expending any effort on developing a coherent critique of class theory (Milner 1999: 121-134). That task was taken up by Pakulski and Waters (1996), whose systematic and trenchant critique unequivocally pronounced ‘the death of class’. They accepted that Western capitalist societies were formerly class societies, but argued that this was no longer the case, suggesting a three-stage periodisation of capitalism: the ‘economic-class society’ of the nineteenth century in which the division between capital and labour marked real lines of struggle and domination as well as cultural distinctiveness; the ‘organized-class society’ prevailing for three-quarters of the twentieth century, in which

classes were organised into political blocs within a corporatist state which dominated the economy and the development of mass culture; and the current period of 'status-conventional society' in which politically organised classes have decomposed and economic stratification has been weakened as new types of stratification have emerged from the cultural sphere, based on lifestyles and values and characterised by considerable fluidity and fragmentation (Pakulski and Waters 1996: 24-25).

Much of the criticism of class theory has been associated with a rejection of Marxism, including that of many erstwhile Marxists who defected to postmodernism. But it also found support among some influential post-Marxist thinkers who sought not to bury Marxism but rather to revitalize it by steering it away from its orthodox pre-occupation with class. Laclau and Mouffe (2001 [1985]) reacted against what they saw as the essentialism and economism of classical Marxism by challenging the existence of objective class interests and the privileged position accorded to the working class in Marxist theory and socialist strategy. They saw class as just one of a number of discursively constructed social identities, and class struggle as one of number of possible (rather than necessary) antagonisms arising from those identities. Accordingly, they argued that the socialist agenda should focus not on establishing the hegemony of the working class, but on a pluralistic programme of 'radical democratic politics' embracing the goals of new social movements concerned with issues of gender, ethnicity, ecology and so on. Hardt and Negri (2000; 2004) highlighted the decline of the industrial working class and the passing of its role as an agent of emancipatory struggle to the 'multitude' – a concept which they never adequately define but which clearly encompasses a much broader range of interests than the working class as conventionally understood. While these positions have been vigorously disputed by more orthodox Marxists (eg Wood 1986; Harman 2002), there is little doubt that working-class concerns tend to play a less dominant role in Marxist thought and politics today than in the past.

Amongst these disparate arguments there are some valid points about the declining importance of class and the shortcomings of conventional approaches to class analysis. Most defenders and practitioners of class analysis would probably concede the following points: first, that over recent decades there have been major changes in the nature of production and consumption which have altered the nature of class structures; second, that there has been an associated diminishing of class consciousness, class cultures and class-based political action; third, that increasing individualisation and

fragmentation have made patterns of social differentiation more complex and multi-dimensional; and fourth, that some versions of class analysis have been guilty of economic reductionism and have neglected the significance of culture and the importance of non-class divisions of gender, ethnicity, consumption and lifestyle. However, this does not amount to a convincing case that class is dead or that the analysis of class no longer serves a useful purpose.

These concessions should be qualified with a few counter-arguments. Firstly, much of the case for the death of class rests on the questionable assumption that advanced capitalist nations have entered a post-industrial era. If, as has been argued in earlier chapters, we have not undergone an epochal break from industrial capitalism, then the case for suggesting that its defining social structure has somehow disappeared or diminished to the point of irrelevance is severely weakened. And even if we accept that we are now in a post-industrial society, it does not necessarily mean that this is a post-class society. All it suggests is the decline of the industrial manual working class – not the working class *per se* (for routine manual jobs have basically been replaced by routine non-manual jobs which are in most respects little different) and certainly not class relations *per se*. As Savage observes, there has been a tendency to conflate class in general with a particular image of the industrial working class and thus to assume the decline of that category of workers brings the whole project of class analysis into question (Savage 1995: 17). But manual production workers have always been just one part of one class within a much wider system of class relations, and while their decline may entail change in the composition of the working class, it by no means signals the end of class.

Secondly, defenders of class analysis have pointed to considerable empirical evidence showing class does still matter in terms of life chances, distribution of wealth and power, patterns of association, political dispositions and even collective struggles (Goldthorpe and Marshall 1992; Hout *et al* 1993; Wright 1996; Marshall 1997; Bradley *et al* 2000: 130-148; Scott 2002). In fairness, critics of class analysis do generally acknowledge the persistence of structured inequality, but dispute its relevance as a determinant of subjective consciousness and identity (Bottero 2005: 133). However, by dismissing class analysis without offering any alternative approaches to the study of material inequality, and by devaluing the importance of economic disparities vis-à-vis cultural identities, the critics have effectively sought to sideline issues of inequality. And they did so at a time when inequality was escalating as a consequence of neoliberal

policies, a time when sociology had the opportunity to illuminate those issues from the perspective of class analysis. As the ranks of the poor and the marginalised swelled with the victims of neoliberalism, sociologists became less concerned with their material plight than with their individualised cultural identities and lifestyle choices. Little wonder that critics have identified a certain affinity between postmodernism and neoliberalism (Crompton and Scott 2005: 199-200).

Thirdly, it is possible to recognise heterogeneity without dismissing class. Given the critics' insistence that we should recognise multiple forms of social differentiation, it is curious that many seem to believe class should not be one of them. This may simply be an over-reaction to the way the class paradigm formerly neglected non-class divisions such as gender and ethnicity or sought to reduce diverse social phenomena to class. As Scott says, "It was a short step from showing that class did not explain everything, to asserting that it could explain nothing" (2001: 127). But class reductionism has long been discredited within class theory, and today few but the most obdurate of Marxists would attempt to argue that all social divisions can be explained in terms of class. And while it is true that class may not provide a universal explanation for all forms of inequality, it is equally true that other phenomena such as gender and ethnicity can not explain class divisions (Ray and Sayer 1999: 14). Rather than eliminating class from the study of social difference and inequality, the challenge should be to find ways of integrating it with those other dimensions in a way that captures the multi-dimensionality and complexity of social stratification.

Finally, even if class analysis is guilty of economic reductionism this does not justify replacing it with cultural reductionism. Pakulski and Waters, for instance, devote great effort to deriding the class paradigm for its economism, but unabashedly state that an essential proposition of their theory of status-conventionalism is its *culturalism*: "Material and power phenomena are *reducible* to ... symbolically manifested lifestyle and value phenomena" (1996: 155 [emphasis added]). It is not clear why cultural reductionism should be any more acceptable than economic reductionism, but such a view is symptomatic of the broader cultural turn within sociology. In seeking to correct the perceived economism of certain areas of sociological inquiry, the cultural turn involved less of a judicious correction than a violent lurch, resulting in a tendency to emphasise all things cultural at the expense of all things economic (Ray and Sayer 1999). Rather than substitute a naïve culturalism for a stubborn economism and in the process effectively abandon any attempt to locate social stratification in its material

context, it would seem preferable to seek a *rapprochement* between the economic and the cultural in a way that can revitalize the class paradigm rather than destroy it.

Approaches to class analysis

While the debates between proponents and opponents of class analysis have been particularly vigorous, there have been equally spirited arguments among the former over how the study of class should be approached. One reason for this is that there are differing ideas on what the concept of class actually means, which gives rise to what Crompton (2008) appropriately describes as ‘pseudo-debates’ in which people with different understandings of class and expectations of class analysis tend to talk past each other. Crompton advocates moving beyond these debates by adopting a pluralist perspective which acknowledges that different types of approach are valid and appropriate for investigating different types of research topics within what is the very broad domain of the sociology of class (see also Wright 2005b). That is the perspective adopted in this chapter, where the intention is to develop an approach focussed on the structural inequalities associated with relations of production and hierarchical divisions of labour, which can be seen as complementing rather than competing with alternative approaches.

In very broad terms it is possible to identify three main types of approach to class, concerned with different issues and to some extent operating with different conceptions of class.¹ The first originates with Marx, and is concerned with classes as dynamic social forces, as expressed in the axiom that “the history of all hitherto existing society is the history of class struggles.” In this conception, capitalism is characterised by a fundamental divide between the classes of capital and labour – a relationship in which the former exploit the latter by paying them less than the value of what they produce. The concern is with how the opposing interests of these classes shape the political economy and provide the dynamic for the development of capitalism – and perhaps its eventual overthrow. This is the perspective which informs the regulation approach and its concern with how capitalism evolves in a succession of different modes of development shaped by struggles and compromises between the competing interests of capital and labour.

¹ It is beyond the scope of this chapter to attempt to review the many disparate approaches to class and stratification, so the following discussion is necessarily selective and highly summarised. For recent overviews of the field see Crompton (2008), Bottero (2005) and Wright (2005a).

The second approach also views classes in economic terms but at a more concrete and disaggregated level, being concerned with identifying complex class structures consisting of a number of groups in unequal economic positions. This is typified by what Crompton (2008) calls the employment aggregate approach, which identifies classes by aggregating categories of similar types of jobs in accordance with theoretically derived criteria, and then uses survey data to test associations between those categories and various outcomes, attitudes and behaviours in order to show the extent to which class acts as a causal variable. This approach has figured strongly in both Marxist and Weberian class analysis, best exemplified by the work of Erik Olin Wright and John Goldthorpe respectively (Wright 1985; 1997; Goldthorpe 1987; Erikson and Goldthorpe 1992). While their concerns tend to be different – Wright is primarily interested in the relationship between class location and class consciousness while Goldthorpe is mainly concerned with life chances and social mobility – the methodological approach is similar and even their models of class structure bear some resemblance.

The third approach views class in cultural rather than economic terms, concerning itself less with material inequalities than with shared lifestyles, tastes, values and identities. Within both Marxist and Weberian traditions there has long been an interest in class culture, but conventionally it has been treated as secondary to economic relations, with investigation proceeding from the identification of economic classes to examine the extent to which people in objectively similar economic positions share similar subjective orientations. The recent revival of interest in the cultural dimensions of class has been inspired more by Pierre Bourdieu (1984) and views the economic and the cultural as mutually constituted and indivisible, so classes cannot be identified *a priori* from economic criteria, but only from empirical investigation of the cultural dimensions of social differentiation. In this perspective consumption, lifestyles and identities are not epiphenomenal, but play active roles in the formation of classes through processes of symbolic classification, by which people establish their affinity with some and distance from others. Although these classes stand in unequal economic relations with each other, the concern in culturalist class analysis is not so much with the investigation of economic inequalities, but with the ways in which unequal relations are constituted and reproduced through cultural practices of inclusion and exclusion (eg Bennett *et al* 2009; Skeggs 2004; Charlesworth 2000; Devine *et al* 2005).

These three approaches tend to be viewed as competing rather than complementary perspectives, and exponents of each can be dismissive of the others. In particular, the recent cultural turn in class analysis has involved a reaction against the perceived economism of earlier approaches, while itself being criticised for steering class analysis away from issues of material inequality (Devine and Savage 2005; Crompton and Scott 2005). However, rather than privileging one of these approaches as having greater legitimacy than the others, it is possible to see each as appropriate to the study of different aspects of a multifaceted subject. This involves moving beyond restrictive understandings of class as consisting of either the capital–labour relation, employment aggregates or cultures of difference. These are all important aspects of the complex relationships of inequality characterising capitalist societies, but none of them on their own capture the totality of class. The capital–labour divide is the distinguishing social relation of the capitalist mode of production and therefore remains critical to understandings of capitalist societies, but the categories of capital and labour are too abstract and amorphous to serve for the investigation of concrete social inequalities, particularly as the development of capitalism has seen capital ownership become so dispersed and labour become so differentiated and fractured. Occupational classes or employment aggregates are better suited to this task as they allow modelling of complex structures of inequality, based not just on divisions of ownership but also on divisions of labour between workers involving hierarchies of skill and authority. However, the categories which this approach yields are nominal rather than real social classes; that is to say they are objectively defined economic categories rather than subjectively aware social collectivities. They are considered to have the potential to form into real social classes, but this depends on what critics have called the S–C–A chain, by which people in given positions within a class *structure* develop a *consciousness* of that position which may then result in collective *action* to advance their interests (Pahl 1989). The problem with the S–C–A model is that class formation is ultimately seen to be structurally determined rather than a product of human agency, and is narrowly conceived in terms of the awareness and advancement of material interests. Cultural approaches provide a richer and less economistic perspective on the subjective dimension of class by bringing in issues of lifestyle and consumption and illuminating the symbolic processes involved in social differentiation. However, this approach also provides only a partial understanding as it tends to abstract class from its material context, neglecting the ways in which relations of production and divisions of labour

produce structured inequality. It therefore provides a complement to economic class analysis rather than a substitute for it.

To say that these approaches all help to illuminate different aspects of class is not to say that they can be combined into a single integrated approach. Rather it is a matter of accepting, as Crompton (2008) and Wright (2005b) suggest, that there is room for a plurality of different approaches suited to different ends. This ecumenical perspective might allow us to put aside some of the doctrinal disputes which have beset the sociology of class, including those between advocates of cultural and economic approaches. Crompton presents a strong case for ‘analytical dualism’ which recognises the intermeshing of culture and economy while also recognising that they are not one and the same, and allowing their separation for the purposes of empirical research (Crompton 2008: 24-26; Crompton and Scott 2005: 191-195). She and Scott argue that it is possible to draw an analytical distinction between “on the one hand, the ‘objective’ outcomes of class processes, such as material differences in income and wealth and the social relations associated with these, and, on the other hand, the ‘subjective’ and culturally mediated experiences of class relations.” They suggest that we need “a *combination* of cultural and economic analyses in order to grasp the totality of ‘social class’” (Crompton and Scott 2005: 192).

Such a distinction would allow us to retain a place for the study of material inequality which is not shrouded in the obfuscating mists of culture and identity, and to correct some of the over-steer in the cultural turn which has threatened to manoeuvre the sociology of class well away from its origins in political economy. In terms of this thesis, it enables us to address the issue of how economic restructuring and the changing division of labour have reshaped the contours of class structure and affected patterns of material inequality, and to do so independently of an investigation of the subjective experience of class culture and identity, while recognising that in making such a separation we will be considering only one dimension of the totality of social class. Before proceeding with that task, it is necessary to develop an approach conducive to the purpose.

The Wright approach

The dominant strands of economic class analysis originate in the works of Marx and Weber, although their writings were fragmentary and incomplete and have spawned diverse interpretations and vigorous debate not only regarding what was originally

meant, but also how it applies to a world that has since changed enormously. There are many similarities in the way Marx and Weber understood class, but the key difference is their respective emphases on exploitation and life chances. Marx was primarily concerned with the exploitative relationship between owners and non-owners of the means of production, while Weber was concerned with variations in life chances associated with economic resources such as property and skills (Wright 2002a). It is this distinction between exploitation and life chances which remains the crucial point of difference between contemporary neo-Marxist and neo-Weberian class analysts such as Wright and Goldthorpe. But there are also some very significant differences among neo-Marxist approaches which have in various ways sought to build upon and update Marx's conception of class to take into account subsequent developments – such as the increasing separation of ownership and control of the means of production, the increasingly complex divisions of labour among workers, the decline of the traditional manual working class, the growth of the so-called new middle classes of managers and professionals, and the apparent waning of class consciousness and class conflict. It is not particularly fruitful to compare these different approaches as such exercises soon become mired in technical detail (see Wright 1980). But it is useful to consider the work of the foremost figure in neo-Marxist class analysis, Erik Olin Wright, who provides perhaps the most systematic and influential account of class structure in this tradition.

The driving concern of Wright's work has been “the problem of the middle classes”, or how to refine the classical Marxist polarity of bourgeoisie and proletariat to accommodate the growing numbers of people who appear to belong to neither one category nor the other. His ultimate interest is in the possibilities for class formation or collective organisation among people who share objective class interests, which first necessitates identifying what those interests are and mapping them onto a model of class structure. In his early work (1978; 1979), Wright utilised the concept of ‘contradictory class locations’ to identify a number of distinct groups which he located in various positions between the major classes within production relations. The details of this model need not concern us here as he subsequently saw fit to completely revise it. In his next major work (1985) he admitted to several flaws in the earlier formulation, the most fundamental of which was to identify contradictory class locations in terms of relations of *domination* rather than *exploitation*. Exploitation, Wright now argued, is critical to the Marxist conceptualisation of class because it provides the link between class position and class interests: it demonstrates that the material wellbeing of one class is

causally dependent on the material deprivations of the other and that they therefore have conflicting interests. The basic exploitative relationship within capitalism hinges on private ownership of the means of production, which allows capitalists to appropriate the labour effort of workers.¹ However, Wright argued in addition that exploitation could be based on possession of two other types of productive resources, namely organisation assets (control over the way the production process is organised) and skill or credential assets. Building on the game-theory model of Roemer (1982), he conceptualised the organisation of production as a game to which actors bring different kinds of productive assets which are used to generate income. Broadly speaking, exploitation can be said to occur if a group of actors would be better off – and would leave their opponents worse off – if they withdrew from the game under certain rules and entered an alternative game. People who are exploited in terms of one productive asset may be exploiters in terms of another; for instance, all non-owners of the means of production are exploited by owners, but non-owners who control organisation assets (managers) and skill assets (experts) in turn exploit other workers.

Always one of his own sternest critics, Wright (1989a; 1989b) later admitted to a number of problems with his revised model, and in a subsequent work which reports the results of his cross-national research project (1997) he modifies the idea of organisation and skills exploitation somewhat. This firstly involves reasserting that exploitation in capitalism is fundamentally based on the extraction of the surplus labour of workers by capitalists. In conceptualising the position of managers and experts, he revives the idea of contradictory class locations and maintains that rather than being exploiters themselves they occupy “privileged appropriation locations within exploitation relations” because they are able to make a greater claim on the surplus by extracting economic rents. These rents are earnings over and above the costs people incur in producing and reproducing their labour power, and are paid by employers in order to recruit and retain people with scarce skills (a *skill rent*) or ensure loyalty and commitment from people in positions of authority and strategic importance (a *loyalty rent*) (1997: 14-25). So version two of Wright’s revised class map, shown in Figure 5.1, first makes the division between owners and non-owners of the means of production,

¹ Wright rejects versions of the labour theory of value which contend that the value of a product is exclusively determined by labour effort, but nonetheless argues that labour effort produces a surplus (surplus being the proportion of the total social product which exceeds the costs of reproducing the inputs of production) and that the appropriation of this surplus by other groups is exploitative (Wright 1997: 10, 14-17).

Figure 5.1: Wright's class typology

		Relation to means of production				
		Owners	Employees			
Number of employees	Many	Capitalists	Expert managers	Skilled managers	Non-skilled managers	Managers
	Few	Small employers	Expert supervisors	Skilled supervisors	Non-skilled supervisors	Supervisors
	None	Petty bourgeoisie	Experts	Skilled workers	Non-skilled workers	Non-management
		Experts	Skilled	Non-skilled		
		Relation to scarce skills				

Source: Wright (1997: 25)

then divides the former according to the amount of labour they control, and divides the latter according to their level of authority and skill, to yield a 12-class typology.¹

The groups thus identified are described as 'class locations', which together constitute a 'class structure', rather than actual classes in the sense of real social collectivities. In Wright's most systematic discussion of the relationship between structure and agency (1997: 373-406), he contends that there is no necessary and direct link between a person's class location and their class consciousness and practices, or between class structure and class formation and struggle. Class location is said to *limit* rather than determine class consciousness and class practices, while class structure is said to *limit* rather than determine class formation and class struggle. By 'limit', he means that structures impose certain constraints and opportunities that make some forms of belief, organisation and action more likely and sustainable than others. For instance, at the micro-level, people in a working-class location are more likely than capitalists to believe in the virtues of trade unions and less likely to advocate unfettered capitalism, though this may not be universally true. At the macro-level, Wright contends that class formation is limited by class structures in the sense that collective organisation is more likely to occur among groups of people in proximate class locations who share similar material interests and identities than among groups in disparate class locations, although cross-class alliances are possible.

Wright has clearly moved a considerable distance from Marx, and many have observed a convergence between his work and Weberian approaches to class. Several

¹ The typology shown in Figure 5.1 is Wright's 'elaborated class typology'. For some purposes, this can be condensed into a 'basic class typology' consisting of six locations: capitalists, petty bourgeoisie, expert managers, non-skilled managers, experts and workers (Wright 1997: 24).

elements in his more recent work – the recognition of skills as a marker of class boundaries, the pluralistic model of class locations, the contingent nature of the relationship between class structure and class formation, a concern with the permeability of class boundaries to social mobility and cross-class relationships – all add a Weberian flavour to Wright’s approach. Wright himself does not blanch at such suggestions and seems open to the possibility of a *rapprochement* between Marxist and Weberian approaches (1997: 36-37; 2005c: 26-27; 2009). However, he is resolute in maintaining that what is distinctively Marxist about his model is its focus on exploitation.

The concept of exploitation has in fact caused Wright much consternation over the years. After neglecting it in his early works (1978; 1979), he subsequently restored it to prominence via the abstruse workings of game theory (1985), then later expressed serious reservations about that formulation (1989b), and in his culminating empirical work appeared to retreat from aspects of his earlier approach while leaving his class typology largely intact (1997). The tri-axial model of exploitation presented in *Classes* (1985) engendered considerable debate (Wright *et al* 1989), much of it centred on the issue of whether there were multiple forms of exploitation within capitalist class relations – that is, exploitation based not just on control of the means of production but also on control of organisation assets and skill assets. In arguing this, Wright had to contend not just that those with organisation assets (managers) and skill assets (experts) were appropriating more of the surplus than other workers, but that they were appropriating surplus which was produced by those other workers, or in other words appropriating their labour effort. This was rather problematic for, as critics argued and Wright duly conceded, the fact is that highly remunerated workers themselves contribute to the creation of surplus and may only be appropriating what they have been responsible for producing, or in other words their remuneration may be commensurate with their productivity – although it is virtually impossible to establish empirically whether or not this is the case, given that the creation of value is so complex and indeterminate (Wright 1989a). He therefore made a partial retreat from the idea of multiple exploitations in his 1997 work, *Class Counts*, in which managers and experts are no longer seen to practice distinctive forms of exploitation but simply benefit from capitalist exploitation, occupying “privileged positions within exploitation relations” because they are able to appropriate a greater share of the surplus through skill and loyalty rents (1997: 20-23). Wright might have had less trouble with the issue of

exploitation had he recognised from the outset that he was dealing with two separate but linked dimensions of inequality – relations of production and divisions of labour.

Bringing in the division of labour

Wright is not alone among class analysts in neglecting the division of labour. It seldom receives more than a passing mention in the employment aggregate tradition, even though this approach is based on differentiating workers according to their positions within production. While there is therefore an implicit recognition of the role of the division of labour in social structuring, it is seldom explicitly conceptualised as such. Sayer and Walker criticise Wright and other class analysts for conflating class and the division of labour, and argue that the distinctions of skill and authority used to construct elaborate class typologies should be understood in terms of the division of labour rather than class (Sayer and Walker 1992: 15-34; Sayer 1995: 48-53). They adopt a classical Marxist perspective on class which conceives it in terms of ownership and control of the means of production. While not opposed to more complex taxonomies of inequality and stratification, they argue that conceptualising these in terms of class only causes confusion and over-burdens the concept of class. They do not diminish the importance of hierarchical differences of skill and authority in structuring inequality, but maintain that these differences relate primarily to the division of labour rather than class divisions. Large scale and complex labour processes necessitate hierarchies of control and direction, along with the compartmentalisation of productive tasks which involve a vast range of specialised skills. These divisions are not just associated with material inequalities, but also have significant implications in terms of consciousness, group formation and collective action: “specialization divides people experientially, organizationally, and ideologically”, with the result that “conflict and rupture are endemic to divisions of labor.” Struggles between groups occupying different positions in the division of labour are often “more immediate and strident” than anything which can genuinely be regarded as class conflict (Sayer and Walker 1992: 17).

There are echoes of this in the work of Grusky and colleagues, who combine a Durkheimian emphasis on the occupational division of labour with elements of a Weberian approach to the social processes of class formation (Grusky and Sorensen 1998; Grusky and Weeden 2001; Grusky 2005; Weeden and Grusky 2005b). They argue that processes of social differentiation, group formation and collective action are less evident among the large-scale aggregations of conventional class analysis than at

the occupational level where real social groups “form around functional niches in the division of labour” (Grusky and Weeden 2001: 203). Whereas Sayer and Walker argue that we should conceptualise class at the highly aggregated level of the capital–labour division, Grusky *et al* argue that we should conceptualise it at the highly disaggregated level of individual occupations or ‘micro-classes’. They contend that at this level there is greater evidence of structuration – the process by which economic categories form into real social groupings – in terms of factors such as identification, social closure, collective action, lifestyles and dispositions. Thus, “disaggregate classes are closed and self-aware sociopolitical groupings that act collectively and imply a specific style of life” (Grusky and Sorensen 1998: 1196). The concept of structuration is borrowed from Giddens, who also identifies the importance of the division of labour as a factor in what he calls ‘proximate structuration’ or the “‘localised’ factors which condition or shape class formation” (1980: 107). However, for Giddens, the division of labour is one of a number of factors contributing to class structuration and it does not lead him to adopt a disaggregated approach to class analysis of the type advocated by Grusky *et al*. Rather, his concern is with class formation within the broad categories of upper, middle and working classes.

The differing perspectives of Sayer and Walker and of Grusky and colleagues both have merit in that they bring the division of labour out of the shadows and illuminate its importance as a dimension of social stratification. However, neither offers a satisfactory solution to the problem of how to incorporate the division of labour into class analysis. Sayer and Walker’s distinction between relations of production and divisions of labour is an important one, but their contention that the concept of class should be applied solely to relations of production is somewhat restrictive and effectively denies the validity of class analysis as a means of studying complex structures of inequality – because from their perspective much of it is not about class at all but about the division of labour. Grusky *et al*, on the other hand, attempt to represent detailed occupations as classes when quite palpably they are not – occupations are simply occupations. As several critics have argued, while it may be fruitful to study matters such as identification, closure, collective action and structuration at the occupational level, there is no need or justification for appropriating the concept of social class in order to do so (Goldthorpe 2002; Therborn 2002; Birkelund 2002). This would result in a highly attenuated form of class analysis focused on the study of micro-level phenomena across a multiplicity of small groupings. When Grusky and colleagues pose the question of

whether there are still any 'big classes' (Grusky and Sorensen 2001; Weeden and Grusky 2005a), they miss the point that social classes are by definition big – they are always aggregations which are to some extent heterogeneous, but which nonetheless have commonalities in terms of material situations and interests. If there are no big classes, then there simply are no classes.

As an alternative to the macro-classes of Sayer and Walker and the micro-classes of Grusky *et al*, it is possible to retain a focus on the meso-level of conventional class analysis while explicitly incorporating the division of labour as a distinct dimension of class structure. Rather than separating class from the division of labour as Sayer and Walker argue, this would involve treating class as an over-arching concept which embraces two distinct but linked dimensions of inequality in the form of relations of production and divisions of labour. Thus, class is a complex structure of inequality consisting of both the binary division between owners and non-owners of the means of production (relations of production) and multiple divisions within these two categories based on factors such as skill and authority (divisions of labour). This is not dissimilar to Wright's approach, and the sort of class typology it yields might resemble Wright's quite closely, but making a more explicit conceptual distinction between relations of production and divisions of labour would allow refinements which might address some of the shortcomings of Wright's model.

Most importantly, it would allow a more satisfactory resolution of the issue of exploitation. While Wright is correct to argue that relations of production are exploitative in that capital appropriates the labour effort of workers, divisions of labour are not directly exploitative but do involve an inequitable redistribution of the surplus generated through exploitation. This is effectively the conclusion Wright comes to in his later work, when he retreats from the idea of multiple forms of exploitation and instead simply argues that those with scarce skills and those in positions of authority are able to claim a greater share of the surplus in the form of skill rents and loyalty rents. While this position is more satisfactory and sustainable than the idea of multiple exploitations, there is still a failure on Wright's part to explicitly recognise that he is dealing with two separate dimensions of inequality – exploitation within relations of production and inequitable redistribution within the division of labour – and so his new position seems less like a theoretical advance than a limp concession to his critics.

The second problem such a recognition might address is the awkward concept of contradictory class locations (or contradictory locations within class relations). Again,

this is an idea which was prominent in Wright's early work (1979) but which still features in a diminished capacity in his later work (1997) as a way of conceptualising the position of workers whose class locations are neither unambiguously capitalist nor unambiguously proletarian. It effectively asserts that the distinguishing feature of the vast numbers of workers employed as salaried managers and experts is that they do not fit neatly into conventional Marxist class categories. Thus, skill and authority are seen as complicating factors which produce anomalous or contradictory positions within class relations, rather than as separate dimensions of social structuring. If we separate out relations of production and the division of labour, we can see that there is nothing anomalous or contradictory about such workers. In terms of relations of production they are categorically non-owners, while in terms of the division of labour they occupy privileged positions within labour hierarchies, and their structural location reflects the combination of these two factors.

A third benefit from bringing in the division of labour is that it allows a better modelling of inequalities between owners of the means of production. In Wright's typology, owners are divided only by number of employees into capitalists, small employers and the petty bourgeoisie. While these are important distinctions, we should also recognise that owners occupy a range of positions within the division of labour: they include executives, professionals, farmers, tradespeople, shopkeepers and so on. The categories of small employers and petty bourgeoisie obscure these differences: highly skilled professionals earning high incomes from exorbitant fees are lumped together with struggling tradespeople or shopkeepers on the basis of number of employees, when it is their position within the division of labour as determined by their skills which tends to be the more important determinant of their material circumstances. Hierarchies of skill involve inequalities not just for workers but also for owners.

Given all this, it might sound as if there is little left to be salvaged from Wright's model, but in fact there is no dispute here that ownership, authority and skills are the critical determinants of class locations and that they should serve as the building blocks for modelling class structure. However, there is a need to approach the business of construction in a different way.

A model of class structure

For the purposes of the current exercise, a model of class structure has been designed using Wright's criteria of ownership, authority and skills, but differing significantly

from his typology due to two considerations: firstly, the need to better accommodate the conceptual distinction between relations of production and divisions of labour as discussed above; and secondly, the practical consideration of having to operationalise the model using New Zealand census data on employment status and occupation.¹ The construction of this model is illustrated in figures 5.2 and 5.3. Figure 5.2 shows the steps by which the workforce is divided firstly in terms of relations of production and

Figure 5.2: Method for identifying class locations

Classificatory criteria		Class location	
Relations of production	Divisions of labour		
	Authority		Skill
Executive employers		Executive employers	
Working employers	Professional	Professionals	
	Other	Working proprietors	
Self-employed	Professional	Professionals	
	Other	Working proprietors	
	Higher managers	Higher managers	
	Lower managers	Lower managers	
Employees	Non-managers	Professional	Professionals
		Skilled	Skilled workers
		Semi-skilled	Semi-skilled workers
		Routine	Routine workers

Figure 5.3: Grouping of class locations

Detailed class locations	Grouped class locations
Executive employers	Capitalist class
Higher managers	
Lower managers	Middle class
Professionals	
Working proprietors	Working class
Skilled workers	
Semi-skilled workers	
Routine workers	

¹ The census classifications do not allow us to distinguish between large and small employers, to identify employees in supervisory roles, or to divide managers according to skill levels – all elements of Wright's typology. These distinctions are therefore excluded from the model, although it could be adapted to incorporate them if the data was available.

then by two dimensions of the division of labour – authority and skill – into the class locations in the right-hand column. Figure 5.3 then shows how those detailed class locations can be re-ordered and aggregated into a three-class model representing the major divides within capitalism.¹ The procedure for operationalising the model using New Zealand census data is described in the appendix at the end of the thesis. The following discussion describes the composition of the grouped and detailed class locations.

Capitalist-class locations

The term capitalist class is used more broadly than in classical Marxism, encompassing not just those who own the means of production (executive employers), but also salaried employees at the top of the authority hierarchies of capitalist enterprises who control the means of production (higher managers).² Although these groups differ in terms of ownership, they have common material interests deriving from their positions in relation to the means of production: executive employers are able to exploit workers directly, while higher managers do so indirectly by extracting high loyalty rents – or in Wright's terms they occupy the most privileged appropriation locations within exploitation relations.³ These two categories are defined as follows:

Executive employers: Owners of the means of production who employ others and work in a purely executive capacity, operating a business and controlling the labour power of others rather than utilising their own labour in a productive occupation (ie chief executives, managing directors and general managers).

Higher managers: Employees at the apex of authority hierarchies within the division of labour, materially advantaged through loyalty rents which reflect their level of strategic importance within those hierarchies (ie salaried chief executives, managing directors and general managers).

¹ Even the detailed class locations conceal some distinctions which might be regarded as important for the purposes of empirical analysis, but they can be further disaggregated by occupation and employment status if required – as has been done in the analysis in Chapter Six. No method for such disaggregation has been prescribed as it will depend to some extent on which groupings are considered the most salient for the research at hand.

² The higher managerial category also includes the top executives of public sector organisations. These are not, strictly speaking, members of a capitalist class but classificatory issues make it difficult to exclude them, and as their numbers are relatively small they should have little effect on any analysis.

³ In fact, the line between ownership and non-ownership at the executive level can be rather blurred as salaried senior executives of large enterprises often receive stock options as part of their compensation package, and so may have significant shareholdings in their companies.

Middle-class locations

There are three groups of middle-class locations: lower managers, professionals and working proprietors. These groups are differentiated from those in capitalist-class locations because they do not own or run capitalist enterprises, and are differentiated from those in working-class locations because they are materially advantaged in various ways. They are differentiated from each other in that the principal source of their material advantage is located in different dimensions of stratification: ownership (working proprietors), authority (lower managers) and skill (professionals).¹ As these three groups derive advantage from different sources, their material interests may also differ, but what they have in common is that their interests do not directly align with those of either the capitalist or working class. These groups are defined as follows:

Lower managers: Employees in positions of authority within the division of labour but at a subordinate level, usually under the control of higher managers and with responsibility for specialised operational areas. Their positions of authority carry additional remuneration in the form of loyalty rents, while those who also have some form of professional expertise (eg finance managers, IT managers, R&D managers) are doubly advantaged by being able to command skill rents.

Professionals: Those occupying advantaged positions within the division of labour by virtue of their specialised expertise (usually credentialed through university degrees or a comparable level of vocational training). This category includes all professionals regardless of their position in relations of production, on the grounds that the advantages associated with expertise tend to be more significant than distinctions of ownership. While professionals with their own businesses may have some advantages over their salaried counterparts, both have significant advantages over non-professionals by virtue of being able to sell their scarce skills at a premium – in one case directly to consumers in return for fees and in the other to employers in return for skill rents.²

¹ This disaggregation of middle-class locations is similar to that employed by Savage *et al* (1992) in their work on middle-class formation in Britain, where they identify three middle-class groups based on control of different types of assets: property (the petite bourgeoisie), bureaucracy (managers) and culture (professionals).

² There may be a case for arguing that ‘lower professionals’ such as teachers, nurses, social workers, journalists and librarians should be categorised not as middle class but as a privileged strata within the working class. However, these occupations increasingly tend to carry university qualifications, and while by no means all members of such professions hold university qualifications, those who do tend to be able to command higher incomes than those in skilled working-class occupations such as the manual trades.

Working proprietors: Owners of the means of production working in non-executive and non-professional occupations and typically operating small businesses (eg shopkeepers, tradespeople and farmers). This category includes both those who employ the labour of others and those who utilise only their own labour, as most employers in this category have very few employees and so do not profit greatly from the labour effort of others. This category of small-business owners and independent producers could be seen as a rough approximation to the traditional Marxist category of the petty bourgeoisie.

Working-class locations

Working-class locations consist of occupations which lack the advantages associated with ownership of the means of production, managerial authority or professional skills. Within this category, three different groups are identified on the basis of the level of skill typical of the occupation: skilled, semi-skilled and routine.¹ The boundaries between these categories are by no means hard and fast, but they recognise the fact that the division of labour between workers includes gradations of skill which are associated with differences in material advantage, in terms of both immediate remuneration and opportunities for advancement.² These differences may result in fragmentation of identities and interests between working-class locations, and may lead some in skilled

Lower professional occupations are therefore more appropriately classified as middle class, although the distinction between higher and lower professions is an important one which should be recognised in any empirical analysis of middle-class composition (see Chapter Six).

¹ Stratification models often divide the working class into manual/non-manual or blue-collar/white-collar categories. Such distinctions are problematic as there is a large grey area between manual and non-manual work. Moreover, white-collar workers are not necessarily more advantaged than their blue-collar counterparts. While they may have better conditions of employment and opportunities for advancement, this is not always the case, and it does not necessarily mean they are better remunerated. Analysis of the income levels of low-skilled New Zealand workers shows that manual workers have higher median incomes than non-manual workers and that the income gap between semi-skilled and routine workers is far greater than the income gap between non-manual and manual workers – suggesting that skill level is the more important determinant of a worker's material position.

² There is a degree of subjective assessment or what Wright calls "operational arbitrariness" involved in decisions about how to classify occupations to skill levels (Wright 1997: 80-87). While there is a gradation of skills within the division of labour, the delineation of discrete categories along this gradient is to some extent arbitrary and a matter of heuristic convenience. It should also be noted that as people are allocated to these categories on the basis of their occupation, it is occupations rather than people which are being ranked. Within particular occupations there may be gradations of seniority, expertise, experience and ability which result in differences in remuneration, but due to the limitations of the data sources the occupation must be ranked according to the level of skill *typically* required to perform the job to a reasonable level of competence.

occupations to identify more with those in middle-class locations than those in other working-class locations. The skill levels are distinguished as follows:

Skilled workers: Employees in occupations requiring specialised skills below professional level, which tend to be of a more practical and job-specific nature, generally acquired through a combination of formal learning and on-the-job training (eg skilled tradespeople, technicians, technical representatives, protective service workers, administration officers).

Semi-skilled workers: Employees in occupations which are generally non-credentialed but require task-specific skills or knowledge which can be acquired through relatively short periods of on-the-job training (eg industrial plant operators, heavy-vehicle drivers, secretaries, specialised clerical workers).

Routine workers: Employees in occupations which can typically be performed to an adequate level of competence by a person with no prior experience and minimal training (eg sales assistants, waiters, cleaners, labourers, routine assembly and processing workers,).

A couple of limitations to modelling class structure in this way should be acknowledged. The first is that allocating people to class categories on the basis of their job means that those not in paid work are excluded from the exercise. This includes people who have not yet entered the paid workforce, those who have retired from it, and those who are temporarily disengaged from it for various reasons, including the unemployed and those engaged full-time in raising families – groups which together make up a substantial proportion of the adult population. The second limitation is that there are some people whose paid job may not be a good indicator of their material position or their subjective orientations in regard to class. This includes people in dual-earner families where two partners have jobs in very different class locations (eg a routine white-collar worker married to a professional or managerial worker), and people whose present job is not indicative of their longer-term class trajectory (eg students or semi-retired people supplementing their income through low-skilled part-time jobs).

These limitations would present problems if one was seeking to map the class structure of the entire population – as many class analysts who have attempted such exercises have found. However, the aims of the current exercise are more limited in that it seeks only to depict the employment structure in terms of the relations of production

and divisions of labour which constitute the basis of class relations. Thus, the class locations described above are intended for the purposes of enumerating similar types of jobs rather than similar types of people – the concern is with the characteristics of the jobs rather than the characteristics of the people who occupy the jobs. If it is revealed, for instance that half the workforce occupies working-class locations, this is quite different from saying that half the population is working class. It merely means that half of all employed people are in jobs which meet the objective criteria by which working-class jobs have been defined. This number will include some people who are materially advantaged in other ways and who are more likely to regard themselves as middle class than working class. On the other hand, it will exclude people who might be considered working class in terms of their material circumstances, but who are outside the paid workforce and living on benefits, retirement income or spousal income. This might raise problems for certain types of investigation, but it is not a major impediment to this study where the concern is primarily with issues of structural change.

Nor does this model presume any necessary link between structure, consciousness and action – the S–C–A chain referred to earlier. The categories described above are nominal groupings which can be expected to relate to the formation of real social collectivities only in contingent and indeterminate ways. It is for this reason that they are described, following Wright (1997: 373-406), as *class locations* – or alternatively *locations within class relations* – rather than as classes *per se*. Individuals occupy class locations by virtue of their position within relations of production and divisions of labour, but a collection of individuals in similar class locations will not necessarily represent either an actual or latent social collectivity. As noted earlier, Wright suggests that class locations limit rather than determine class consciousness and by extension the possibilities for class formation or collective organisation. This essentially means that there is a greater likelihood of shared consciousness and action among people in proximate rather than distant locations within the class structure because of their common material circumstances and interests. But there can be no presumption that people in particular positions are likely to think or act in particular ways or that social cleavages will develop neatly along economic divides.

Although this type of approach is often counterposed to cultural approaches to class analysis, it does have some resonance with the work of Bourdieu (1984). He utilises a typology of classes and class fractions based on the occupational division of labour which is not dissimilar to something we might find in the employment aggregate

tradition. The significant differences are firstly that Bourdieu does not identify his class locations *a priori* from theoretical precepts but develops them from analysis of empirical data, and secondly that the criteria for identifying these locations are not solely economic but relate to the distribution of economic, cultural and social capital (Weininger 2005: 86-90). The important similarity is that Bourdieu's class categories – like those of Wright and those developed here – represent objective positions within the social structure which exist independently of the individuals who occupy them, while the likelihood of those individuals coalescing into genuine social collectivities is conditioned by distance. That is, people in proximate locations are more likely than those in distant locations to develop collective identities by which they differentiate themselves from others, although there is no inevitability that they will.

So while subjectively aware social classes do not emerge fully formed out of objectively defined economic categories, the structure constituted by those categories can be expected to condition the possibilities for the formation of classes. There are a number of different dimensions to class formation which are highlighted by different schools of thought within class analysis. For Marxists, class formation tends to be about the collective organisation of class actors in pursuit of shared class interests, not necessarily on a class-wide scale or with revolutionary intent as anticipated by Marx, but involving some type of solidaristic pursuit of collective goals, even if these are only of a sectional and instrumental nature. In the Weberian tradition, class formation is more to do with the formation of social collectivities resulting from the association of individuals and families with particular class locations over time – the less permeable class boundaries are to inter- and intra-generational mobility, the more likely it is that shared identities and solidaristic ties will develop. In the Bourdieuan approach, classes form through processes of symbolic classification embodied in cultural practices and lifestyle preferences, by which people establish their social similarity with and difference from others – although this symbolic demarcation of groups may also increase the possibility for class mobilisation in the Marxist sense.

In these different approaches to class we therefore find three dimensions of class formation: the political (mobilisation in pursuit of class interests); the demographic (continuity of association with class locations); and the socio-cultural (cultural and lifestyle distinctions between classes). Although there is a tendency in each school of thought to focus on one or other of these dimensions, in truth they are inextricably linked and the process of class formation can best be understood by looking at all three

in combination. Class formation in the Marxist sense of mobilisation in pursuit of class interests is more likely to occur where class consciousness is fostered through solidaristic relations between people in similar class locations and an awareness of the socio-cultural distinctions that separate them from those in other class locations. It is therefore enhanced by both the demographic continuity emphasised in the Weberian perspective and the processes of symbolic differentiation emphasised in the Bourdieuan approach. Those two factors also reinforce each other: a high degree of demographic continuity (ie a lack of social mobility) tends to heighten the socio-cultural distinctions between groups; and social mobility is in turn restricted by the role of social and cultural capital in reproducing those distinctions across generations. In all its aspects class formation is a matter of degree: there is no point at which we can say that a class has formed or has not formed (as in the classical Marxist distinction between a class in itself and a class for itself); rather, it is a matter of identifying to what degree class formation has taken place, or to what extent a collection of people in similar economic positions can be said to constitute a genuine social collectivity. This must always be a matter for empirical investigation in specific social and historical contexts.

The possibilities for class formation also depend on the strength of other cross-cutting forms of social differentiation, particularly those of gender and ethnicity.¹ Because classes are divided by gender and ethnicity and because the interests and identities associated with gender and ethnicity may in some circumstances be more immediate and compelling than those associated with class, these divisions may diminish the possibilities for class formation. However, it is also important to recognise that gender and ethnic groups are similarly divided by class and are therefore fractured in terms of their material situations and interests – divisions which may in some contexts override or weaken the commonalities of gender and ethnicity. The relative strength of class, gender and ethnicity as bases for social differentiation and group formation will vary across different times and places, and this also is a matter for empirical investigation rather than theoretical speculation.

¹ The terms gender and ethnicity are used here in preference to sex and 'race'. Whereas sex and 'race' are biological categories, gender and ethnicity signify socially constructed differences of identity and affiliation. As patterns of inequality are largely the result of social rather than biological differences, the terms gender and ethnicity are more appropriate in this context. Moreover, 'race' is scientifically discredited as a means of classifying people into discrete groups based on genetic differences. Although 'race' may be said to be real in the sense that people continue to categorise themselves and others on this basis and it therefore influences their beliefs and practices, to employ it as a concept in sociological analysis is to give it unwarranted legitimacy. Instead, we can use the term 'racialisation' to refer to the process by which people are defined as 'races' and social significance is attributed to perceived 'racial' differences (Miles 1982; Miles and Brown 2003).

Class, gender and ethnicity

One of the common criticisms of conventional class analysis is that it fails to deal adequately with issues of gender and ethnic inequality. Traditionally, class analysis has had difficulty in accommodating other types of inequality and has tended to attribute class with primacy over other dimensions of stratification by either substantially ignoring gender and ethnic inequalities or purposely reducing them to aspects of class relations. While the reductionist perspective is now generally discredited, there is still a tendency to disregard gender and ethnicity in much economic class analysis. In the employment aggregate tradition, class locations are identified on the basis of objective economic criteria which are considered to be gender and ethnicity neutral. Gender and ethnicity may be addressed as ‘sorting mechanisms’ (to use Wright’s phrase) by which people are allocated to class locations, producing inequitable distributions of gender and ethnic groups within the class structure. But there tends to be a lack of attention to the inter-relation of class, gender and ethnicity as dimensions of social stratification, and more particularly to the ways in which gender and ethnicity have acted as dynamic social forces which have helped to shape class structure and class relations.¹ This omission does not invalidate the employment aggregate approach, but it does mean that it could be enriched by greater attention to the complexity and multi-dimensionality of stratification.

The approach adopted in the previous section follows the likes of Wright and Goldthorpe in identifying class locations independently of considerations of gender and ethnicity – an approach which is often criticised for neglecting the ways in which gender and ethnicity are involved in the creation of class inequalities and the experience of class relations (Acker 2006; Bottero 1998; Crompton 1996). However, this approach is in no way intended to diminish the significance of gender and ethnic inequalities or to suggest that they should be excluded from the analysis. Rather, it follows an important distinction which Wright makes between the abstract and the concrete levels of class analysis (Wright 1989b: 290-291). If we conceptualise class structure at the abstract level as a set of objectively defined locations within commodity production, then the gender or ethnicity of the incumbents and the distinctiveness of their experiences should

¹ Wright has devoted some attention to the relationship between class and gender, suggesting a number of interconnections including the idea that gender relations can have a causal impact on class relations by enabling the growth of certain types of jobs which are gendered in their construction as either men’s or women’s work (Wright 2001). However, this insight remains undeveloped in both his theoretical approach and his empirical analysis (Acker 2006: 28-29).

make no difference to how we identify those locations. However, when it comes to applying that abstract concept to the concrete analysis of class relations in specific contexts we can (and indeed should) have regard to the ways in which gender and ethnic relations have been involved in the creation of those positions and the material inequalities they entail, as well as the ways in which gender and ethnicity affect the distribution of people within the class structure, the lived experience of class relations and the possibilities for class formation. As Bradley puts it, “Each set of relations can be theorised in isolation, though a complete understanding of each will not be gained unless their interaction with the others, both at any given time and through their history, is also taken into account” (1989: 63).

The question then becomes one of how we can best capture that inter-relationship between class, gender and ethnicity. The most common approach has been to conceive them as analytically separable but mutually constituted dimensions of inequality. This perspective is to be found in dual-systems theory, which makes an analytical distinction between capitalism and patriarchy as systems of inequality which are independent in origin, while addressing the ways in which the inter-relationship of these two systems has shaped the nature of gender inequalities in capitalist societies (Hartmann 1981; Walby 1986; 1990). More recently, we have seen the emergence of a range of approaches focused on the ‘intersectionality’ of class, gender and ethnicity (or ‘race’). Intersectional approaches adopt a type of multiple-systems perspective in that they distinguish between different dimensions of inequality while being concerned with their interconnections within what Collins (2000) calls a ‘matrix of domination’. Inequality is seen as multi-dimensional and people’s material positions, experiences and identities reflect the intersection of their positions on different axes of inequality. Individuals can therefore occupy contradictory locations, advantaged in one set of relations and disadvantaged in another. For instance, ‘white’ middle-class women may be disadvantaged by gender but privileged by class and ethnicity, and so positioned very differently to ‘black’ working-class women (McCall 2001; 2005; Weber 2001; Bradley and Healy 2008; Berger and Guidroz 2009).

While these approaches usefully highlight the multi-dimensionality of stratification, the idea of independent and intersecting systems of inequality is problematic when in reality they appear to be so thoroughly enmeshed as to operate more like a single system. Thus, Acker (2006) advocates going beyond a concern with multiple and intersecting systems and adopting a more integrated approach which views capitalism

and class as themselves being intrinsically gendered and racialised. She supports this with analysis which shows the critical roles gender and ethnic inequalities have played in the historical development and contemporary reproduction of capitalist class relations. This is more satisfactory than the idea of multiple systems of inequality, but her argument that class is intrinsically gendered and racialised relies on a reconceptualisation of class, which she broadens to include the diverse relations involved in all forms of differential access to the means of ‘provisioning’ and ‘survival’, including both paid and unpaid work and the distribution of economic resources in various institutional contexts (2006: 68). This effectively renders class as an all-encompassing concept of material inequality and loses sight of the specificity of capitalist class relations, which are based in the relations of production and divisions of labour involved in commodity production. As suggested earlier, we can retain that abstract conception of class while still attending to the ways in which it is enmeshed with gender and ethnic inequalities at the concrete level of analysis.

At that level, the division of labour again comes into focus. Rather than reconceptualising class in order to show that it is inherently gendered and racialised, we can look at how class has been underpinned by gendered and racialised or ethnicised divisions of labour which have been integral to the development and reproduction of capitalist class relations.¹ The concept of gendered and ethnicised divisions of labour refers to the disproportionate concentration of people of a particular gender or ethnicity in particular structural locations within production – both paid and unpaid. This is usually a matter of inequitable distribution rather than absolute segregation: it is rare for all people of the same gender or ethnicity to share similar positions in the division of labour, but it is usual for there to be some degree of dissimilarity in the distribution of gender and ethnic groups within production. These gendered and ethnicised divisions of labour also cut across each other to produce more complex patterns of inequality: for instance, in the case of a disadvantaged ethnic group which is concentrated in low-skilled jobs, men may be concentrated in traditionally male production jobs while women may be concentrated in traditionally female service jobs. These divisions of

¹ The term ‘ethnicised’ is used here in preference to ‘racialised’ as it encompasses a broader range of meaning. Miles and Brown (2003: 99) define ethnicisation as “a dialectical process by which meaning is attributed to socio-cultural signifiers of human beings, as a result of which individuals may be assigned to a general category of persons which reproduces itself biologically, culturally and economically. Where biological and/or somatic features (real or imagined) are signified, we speak of racialisation as a specific modality of ethnicisation.” Ethnicised divisions of labour can thus be said to exist in any situation where socio-culturally defined groups are predominantly located in different types of work. This may or may not involve racialisation, where there is a perception that a group is suited to a particular type of work because of their ‘racial’ (ie biological) characteristics.

labour also have important ideological and political dimensions: they simultaneously generate and are legitimated by ideological representations about the type of work to which different groups are best suited; and they perpetuate broader political relations of gender and ethnic domination involving imbalances of power and resources.

Gendered and ethnicised divisions of labour are not specific to capitalism, but nor can they be regarded as entirely separate from capitalist class relations. Divisions of labour between the sexes are evident in all known societies throughout history and across cultures (Bradley 1989), while divisions of labour between ethnic groups are common to most ethnically heterogeneous societies and can be traced back at least to the slave relations of classical antiquity. But from the very beginnings of capitalism, these ways of dividing and organising labour were incorporated as integral elements in the broader division of labour within capitalist economies, and as those economies have progressed through successive modes of development they have been refashioned and reproduced in new contexts. The rise of industrial capitalism depended on a gendered division of labour in which women were largely assigned to unpaid domestic work and men to industrial wage labour, while the global expansion of capitalism depended on ethnicised divisions of labour in which indigenes, slaves or indentured workers provided labour for primary production on imperial frontiers. The development of mass production in the twentieth century depended on labour migrations of ethnically distinct populations to fill production jobs, and the increasing employment of women to fill the administrative and service jobs which expanded along with the extended division of labour surrounding production. More recently, skilled migration from newly industrialising countries has sustained the growth of professional and entrepreneurial occupations, while continued increases in female employment have been vital to the expansion of consumer service industries and the flexibilisation of labour. The broad contours of these divisions of labour have shown remarkable persistence over time, but they are also constantly in flux, evolving in tandem with the changing labour requirements of capitalism and being eroded by the political struggles of feminist and ethnic social movements.

Armed with the conceptual tool of the division of labour, we can cut through some of the issues concerning the relationship between class, gender and ethnicity. First, gender and ethnic subordination are not reducible to a functional role in reproducing capitalist class relations, but their historical and contemporary expression can be better understood if contextualised in terms of the roles gendered and ethnicised divisions of

labour have played in capitalist development. Second, gender and ethnicity do not simply act as sorting mechanisms to allocate people to pre-existing class locations; rather gendered and ethnicised divisions of labour have operated as dynamic forces in the creation of class locations and the shaping of class structure by enabling the expansion of certain types of work which are gendered or ethnicised from the outset. Third, gendered and ethnicised divisions of labour are implicated in the material inequalities between class locations, with pay differentials reflecting the fact that some jobs are devalued precisely because they are predominantly filled by women or ethnic minorities. Fourth, gendered and ethnicised divisions of labour locate particular groups disproportionately, but not exclusively, in particular class locations: not all women or members of disadvantaged ethnic groups are confined to typical occupations and not all those typical occupations are working-class jobs – some such as lower professional positions in the case of women and entrepreneurial positions in the case of some ethnic groups are middle-class jobs – so gender and ethnic groups are divided by class just as classes are divided by gender and ethnicity.¹ Fifth, ethnicised and gendered divisions of labour affect the possibilities for class consciousness and class formation as class divisions become more deeply enmeshed with and attenuated by cross-cutting gender and ethnic divisions – not as a result of any capitalist conspiracy to divide and rule but simply as an outcome of historical processes.

Viewing gender inequality through the lens of the division of labour also allows us to address the issue of unpaid domestic labour, which has been the focus of much feminist criticism of conventional class analysis on the grounds that definitions of class based in paid employment exclude the economic contribution of unpaid work performed largely by women.² This has led some feminists to abandon class altogether and others such as Acker to attempt to reconceptualise it to include the unequal relations involved in unpaid domestic labour. However, an alternative solution which allows us to consider both paid and unpaid work and the articulation between them without reconceptualising class is to regard them as separate but inter-related spheres within the division of labour. Within industrial capitalism there is, broadly speaking, a division of labour between the

¹ For this reason, conceptualisations of class which locate all people of a particular gender or ethnicity in a particular category such as an underclass, an eth-class, a sex-class or a class fraction are not appropriate. In this context there is a place for the idea of intersectionality, which better captures the fact that class, gender and ethnic divisions in the workforce are cross-cutting.

² While there is now general agreement that unpaid domestic labour plays a critical role in sustaining capitalist economies by reproducing labour power, there is less agreement over the precise nature of its contribution to the creation of value and the implications for the position of the 'housewife' in class relations – issues left unresolved by the 'domestic labour debate' of the 1970s (Fine 1992: 169-191).

industrial sphere with its responsibility for the production of commodities and the domestic sphere with its responsibility for the reproduction of labour. This has traditionally equated to a division of labour between the sexes, with men's primary responsibility being in the industrial sphere and women's in the domestic sphere (Sayer and Walker 1992: 40-46). They both fulfil vital roles in what Glucksmann (1995; 2005) calls the 'total social organisation of labour' which sustains capitalist economies, but this does not mean that domestic labour is equivalent to wage labour or that the home is a site of class relations in the same way that the workplace is. What it does mean is that we should be attentive to the articulation between the two sites – not just to the way in which domestic labour helps to sustain commodity production, but also to the ways in which the gendered division of labour between the two spheres influences the gendered division of labour within the sphere of paid work. The fact that women have always shouldered the major responsibility for domestic labour has restricted their opportunities for full participation in paid work, has created patterns of job segregation in the workplace which reflect those in the home, and has helped to legitimise wage disparities between jobs traditionally regarded as men's work or women's work. The domestic division of labour has therefore played a critical role in shaping gendered inequalities within the class structure without itself constituting a class relationship.

In all these respects, the division of labour is the thread which weaves class, gender and ethnicity together into complex patterns of inequality and binds them to the fabric of the capitalist economy. We do not need to redefine our understandings of class to incorporate gender and ethnicity, but when examining issues of changing class structure, class composition and class formation we should have regard to the effects of gendered and ethnicised divisions of labour. Similarly, when examining issues of gender and ethnic inequality we should have regard to the way they are enmeshed with class via the division of labour. This is the perspective which informs Chapter Seven, where we will look at the development of gendered and ethnicised divisions of labour in New Zealand, with a particular focus on the post-Fordist era.

Conclusion

There is no denying that class structures and the nature of class relations have undergone significant change in recent times. The fact that this coincided with the cultural turn in the social sciences has had unfortunate consequences for economic class

analysis, which has found itself marginalised and assailed by critics. It is regrettable that this occurred at a time when neoliberal reforms and restructuring were exacerbating the material inequalities associated with class – a time when issues of inequality warranted greater scrutiny through the lens of class analysis. Conventional class analysis no doubt has its flaws and limitations, but as Crompton and Scott (2005) argue, there is nothing to be gained by throwing the baby out with the bathwater – or in other words writing issues of material inequality out of the sociological agenda because of an eagerness to abandon earlier flawed frameworks. Rather, there is a need to address those deficiencies by refining the understanding of economic structures and processes and enhancing the economic perspective by incorporating some of the insights offered by cultural approaches to class. There are no definitive ways of doing this, and as Crompton (2008) and Wright (2005b) suggest, the approach one adopts will to some extent be guided by the research questions a particular project seeks to address. The approach which has been developed in this chapter is guided by the objective of tracing the changes in New Zealand's class structure and gender and ethnic inequalities during the transition between Fordist and post-Fordist modes of development. In adopting this approach, it is acknowledged that it will provide only a partial understanding of class which might be complemented by other accounts with a more cultural focus. Equally, cultural accounts may in turn benefit from the analysis of economic class structures which this exercise seeks to provide.

The Changing Class Structure

In earlier chapters we saw that the restructuring of the 1980s and 1990s had significant consequences for the labour market and the division of labour in New Zealand, as in other advanced capitalist societies. Businesses and jobs which had thrived under the protective umbrella of Fordism were swept away on a tide of deregulation and global competition, to be replaced by different types of jobs in industries producing different kinds of commodities. In the process, we saw an accentuation of the long-term trend away from the direct labour of production to indirect work within the extended division of labour surrounding production. The reshaping of the division of labour was accompanied by increasing inequality as income was redistributed from labour to capital, and from low-skilled workers to the experts and managers favoured by the new regime. All this clearly had major implications for class structure and the nature of class relations, but in New Zealand as elsewhere the sociology of class went into decline at a time when it could have provided valuable insights into some major transformations. Among the voluminous literature generated about the restructuring project, one is hard-pressed to find much mention of class, let alone any rigorous empirical analysis of changes in class structures and inequalities during the period.

This chapter attempts to address that gap through an analysis of census data on employment and income for the period 1986–2006. The chapter begins with a brief discussion about the demise of class analysis in New Zealand sociology, which is followed by an analysis of changes in class structure and income distribution during the period, using the model developed in Chapter Five. It then looks in more detail at the changing composition of middle-class and working-class employment, and concludes with some comments on the implications for class formation. The exercise is constrained by the limitations of official data sources and the lack of research on the subjective dimensions of class, so it provides only a partial account of the changing nature of class. But it is nonetheless an important part of the story of economic and social change during the post-Fordist period.

Class in New Zealand sociology

Class analysis, or more broadly stratification analysis, has not figured strongly in New Zealand sociology. This may owe something to the country's egalitarian mythology and the widespread belief that, if not a classless society, this is at least a society where class matters less than it does elsewhere. As a nation we are inclined to believe that class inequalities are less marked and class boundaries more permeable than in those countries from which our forebears escaped to forge a more decent society. Class consciousness is certainly not high – while we may acknowledge the existence of class, we seldom explicitly identify ourselves or others in such terms, and the language of class is rarely evoked in popular or political discourse. Of course, for sociologists a lack of class consciousness does not necessarily mean an absence of class structures and inequalities, but the low profile of class in the popular imagination has perhaps led New Zealand sociologists to eschew the study of class in favour of those social divisions which are more visible and compelling, particularly ethnicity and gender. What little work there has been on the subject of class in New Zealand dates mostly from the late 1970s and 1980s, which produced a number of studies exploring class relations and class structures from a variety of Marxist and Weberian standpoints (Pitt 1977; Steven 1978; Pearson 1979; Bedggood 1980; Pearson and Thorns 1983; Wilkes *et al* 1985; Jones and Davis 1986). Of these, the most empirically detailed and theoretically coherent work was the neo-Weberian account of Pearson and Thorns (1983), although from a Marxist perspective its focus on market capacities as the crux of class relations tended to diminish the significance of unequal relations within the sphere of production. Its depiction of class structure was also problematic in that it did not specify a ruling or capitalist class and categorised all white-collar workers as middle class – meaning that all growth in white-collar work was interpreted as evidence of middle class expansion. Given the fact that much routinised white-collar work is low-skilled, low-paid and low on prospects, some white-collar workers may have been more appropriately regarded as working class, and growth in their numbers interpreted as evidence of the changing composition of the working class (Roper 2005: 49-50).

While Pearson and Thorns provoked some lively debate (Crothers 1985), there was a singular failure among Marxist critics to provide a satisfactory alternative account. The earlier work by Bedggood (1980) stood as the major Marxist work on the subject, but its merits lay more in its analysis of the historical development of class relations than in its account of contemporary class structure. Relying on a very simple model of

class structure based solely on ownership of the means of production, it categorised 90 percent of the employed population as working class, thus making strange bedfellows of salaried executives and unskilled labourers, and demonstrating the problems inherent in conceiving class solely in terms of relations of production while neglecting unequal relations within the division of labour. The other Marxist accounts of the period were somewhat more sophisticated but empirically limited: Steven (1978) provided an analysis which at least acknowledged the existence of a middle class, but was restricted in scope to a snapshot of just one year's census data; while Wilkes *et al* (1985) endeavoured to operationalise Erik Olin Wright's original class model through survey data, but with limited success due to methodological problems which resulted in some implausible findings – not the least being that the proletariat was found to be outnumbered by managers and supervisors.¹

This flurry of interest in the sociology of class ironically seems to have petered out at about the time New Zealand was undergoing radical upheavals in employment and inequality from the mid-1980s onwards – a time when class analysis could well have been at its most relevant. As we saw in the last chapter, this was also a time of heated debates elsewhere in the world about the significance of class and the validity of class analysis. While these debates appear to have generated little discussion in New Zealand, it is possible that they influenced the demise of class analysis in this country. It is telling that in recent years class has received more attention from historians than sociologists (eg Olssen and Hickey 2005; Fairburn and Olssen 2005; Fairburn and Haslett 2005; McAloon 2004; Nolan 2009). While historians have much to contribute to our understanding of the origins and development of class relations and class structures in New Zealand, their work does not address the contemporary issues of class which sociology has neglected.

The only detailed empirical analysis to encompass part of the post-Fordist period is that of Hayes (2002; 2005), who operationalises Wright's original class model (Wright 1979) using New Zealand census data from 1896–2001. This provides some valuable information on long-term historical trends, but is hampered by deficiencies in Wright's original model – which he himself abandoned (see Chapter Five) – and difficulties in operationalising it with census data that is not well suited to the purpose and subject to major classification changes over the long period under analysis. It also yields a very large and undifferentiated working-class category containing between six and eight in

¹ This survey was conducted as part of Wright's international comparative class analysis project, but was omitted from his report of the results due to methodological issues (Wright 1997: 46)

every ten workers over the course of the century. While this might have some utility in terms of a conventional Marxist understanding of class structure, it does obscure some important gradations of inequality within the working class. The analysis shows a decline in the size of the working class since the height of the Fordist era in the mid-1960s and expansion in some of the ‘contradictory class locations’ situated between the polar Marxist classes of bourgeoisie and proletariat. This reflects the decline of production industries which had provided many manual working-class jobs, along with the rise of the managers, entrepreneurs and professionals who occupy intermediate positions between labour and capital. However, because Wright’s original model is built around relations of exploitation and domination and neglects divisions of labour based on skills (unlike his later model), Hayes’s analysis sheds little light on the effect changing skill levels have had on structures of inequality.

Among the major accounts of New Zealand’s neoliberal revolution, that of Roper (2005) is unique in giving a prominent role to class, clearly demonstrating the role of class interests in shaping the trajectory of the period. He also provides an analysis of class structure which draws on Hayes’s data and therefore suffers some of the same difficulties. It is, however, usefully supplemented by a synthesis of the numerous studies of income and wealth inequality from this period, which show a marked widening of material inequality and increased levels of poverty, as we observed in Chapter Two. In contrast to the paucity of class analysis, there have been numerous studies of income distribution in recent years, much of it emanating from government agencies and generally in the tradition of what Mills (1959) might call ‘abstracted empiricism’: quantitatively sophisticated but lacking a sociological perspective.¹ This research also tends to take as its subject the population as a whole rather than the paid workforce (often at the household rather than the individual level), and therefore incorporates the effects of changes outside the workforce such as the high unemployment and welfare cutbacks of the 1980s and 1990s. While this is essential to understanding overall trends in inequality, it tends to neglect changes in the relative income levels of people in different types of employment, and so does not illuminate the relationship between class structure and income distribution.

Clearly then, there are some significant gaps in the New Zealand literature. The remainder of this chapter seeks to address some of these gaps through analysis of census data on employment and income, using the model of class structure outlined in Chapter

¹ See for instance Dixon (1998), Statistics New Zealand (1999), Stephens *et al* (2000), O’Dea (2000), Mowbray (2001), Martin (2002), Hyslop and Maré (2005), Perry (2009).

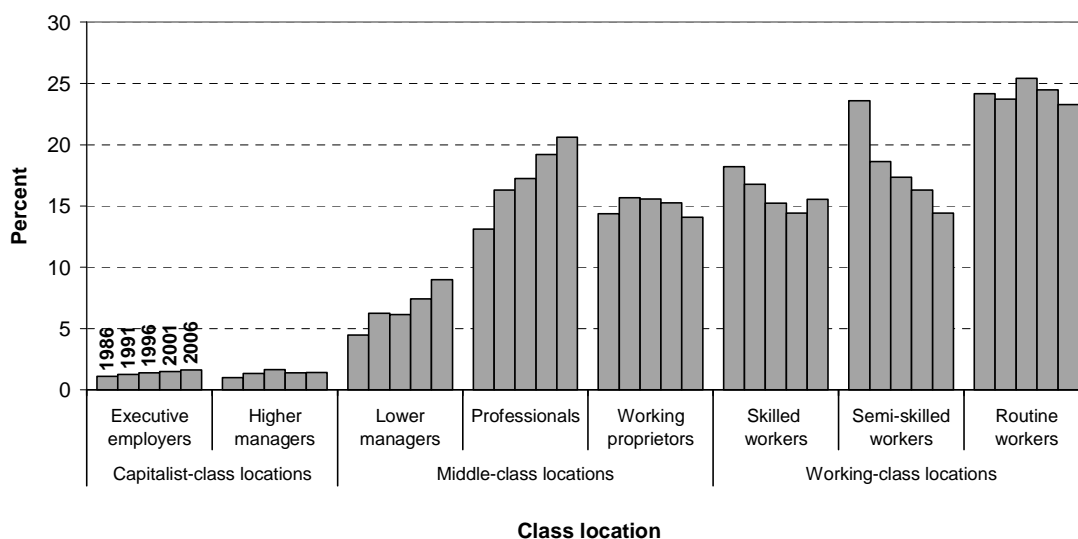
Five. The empirical analysis covers the years from 1986 to 2006, encompassing most of the restructuring and consolidation phases of the post-Fordist period. Ideally it would be useful to begin the analysis earlier to provide a point of comparison with the pre-restructuring period, but census data is not available in a sufficiently detailed form to allow this (see appendix). However, as the major impact of restructuring on employment was not really felt until after 1986 this should not unduly hinder the analysis.

The restructuring of class

Before commencing the analysis it is worth reiterating that the categories we will be discussing are not intended to represent classes *per se*, but rather class locations. That is to say, they are nominal categories intended to capture key lines of differentiation within an economic structure defined by relations of production and divisions of labour. While this structure can be expected to shape material inequalities and interests, and thus condition the possibilities for the formation of subjectively aware social classes, there is no presumption that social classes will be coterminous with particular structural locations. It should also be stressed that in aggregating people within these categories we are doing so according to the characteristics typical of their employment status and occupation, irrespective of variations in individual circumstances. So while we may talk of a certain number of people being in a certain class location, this does not presume that all people within that category will share similar material situations or subjective orientations. Hence we will refer, for instance, to the number of people in working-class or middle-class jobs rather than the number of people in the working class or the middle class. The methodological procedure for enumerating the categories is outlined in the appendix at the end of the thesis.

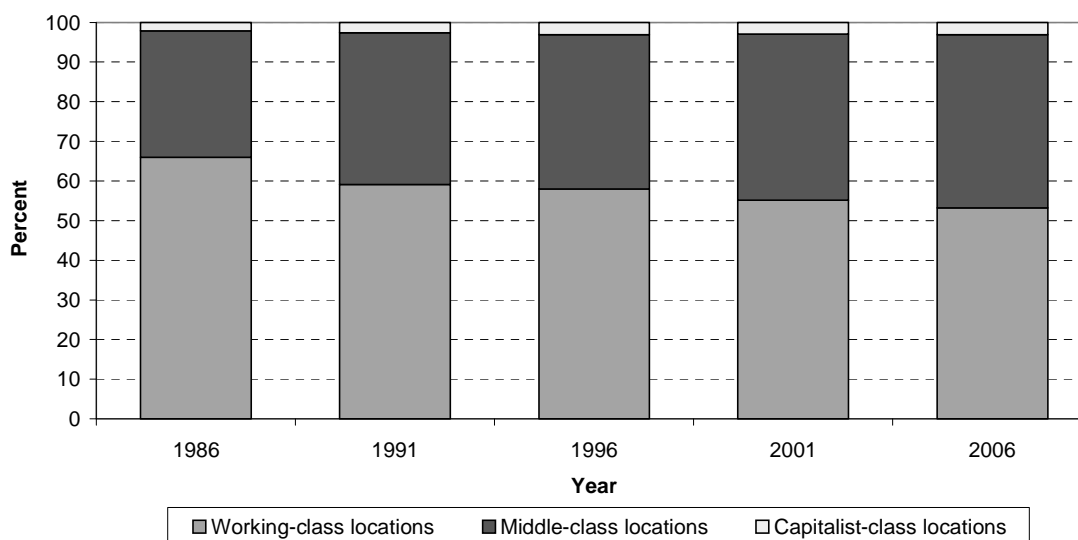
Figures 6.1 to 6.3 show changes in the distribution of the workforce across class locations over the two decades from 1986 to 2006. The graphs illustrate three key features of the period. Firstly, the most powerful and economically advantaged positions within the capitalist economy – those of executive employers and higher managers – continued to be occupied by a very small number of people. Although this group increased their power and advanced their interests considerably during this period, this was not associated with a significant increase in their numbers, which rose from just over two percent of the workforce in 1986 to three percent in 2006. There is nothing surprising in this, as the fortunes of the capitalist class have never depended on weight

Figure 6.1: Employment by class location (detailed)
1986–2006



Source: Statistics New Zealand, Census of Population and Dwellings (reclassified data)

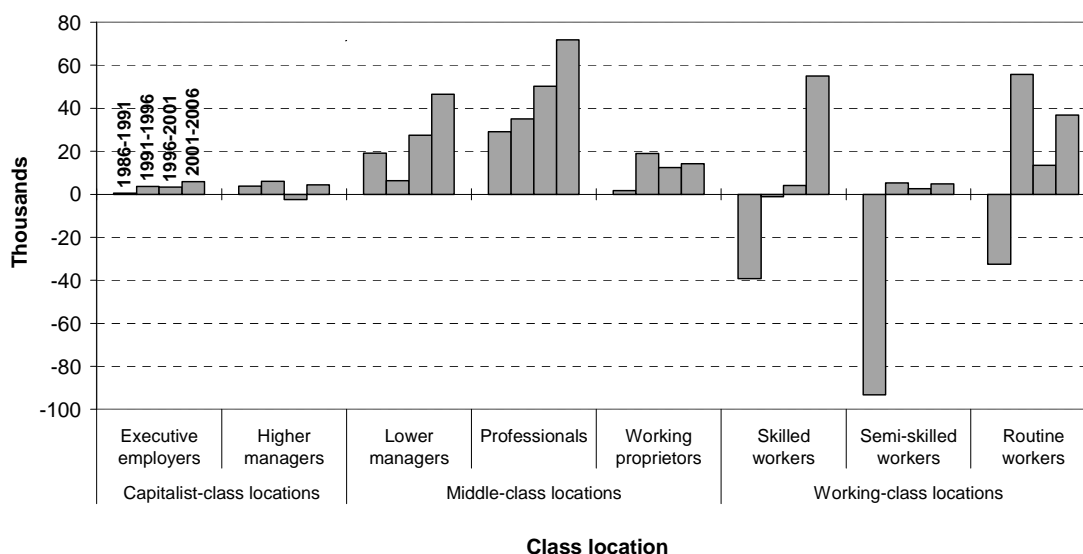
Figure 6.2: Employment by class location (grouped)
1986–2006



Source: Statistics New Zealand, Census of Population and Dwellings (reclassified data)

of numbers. The second feature is the growing share of the workforce occupying middle-class jobs, which increased sharply from 32 percent to 38 percent between 1986 and 1991, and more gradually thereafter to reach 44 percent in 2006. The initial surge was in fact due less to growth in the numbers of middle-class jobs than to the huge loss of working-class jobs in the early years of restructuring. Growth in the number of people in middle-class jobs was actually greater in later years and accelerated in each intercensal period, as Figure 6.3 shows. Professionals accounted for most of this

Figure 6.3: Intercensal changes in employment by class location 1986–2006



Source: Statistics New Zealand, Census of Population and Dwellings (reclassified data)

growth, but there were also considerable increases in lower management, particularly in the latter half of the period. Working proprietors also increased in number over the full period, but at a more modest rate which mean that their share of employment fell after 1991.

The third feature apparent from the graphs has already been alluded to: the decline in working-class jobs. This was most pronounced between the censuses of 1986 and 1991, when removal of import protections and falling domestic demand decimated secondary industries which had flourished under Fordism. The sharpest fall was in the semi-skilled category, which includes much manufacturing and processing work. The number of people in semi-skilled positions fell by around 93,000 during this period, cutting their share of the workforce from 24 percent to 19 percent. The same five-year period also saw falls of around 39,000 in skilled jobs and 32,000 in routine jobs.¹ While job growth in each of these categories returned in subsequent years, it was for the most part relatively modest, particularly among the semi-skilled whose share of employment continued to decline steadily. There was a resurgence in the number of skilled workers between 2001 and 2006, mostly among tradespeople and sales representatives thanks to the construction and retailing booms respectively. The number of people in routine jobs increased after 1991 as the decline in low-skilled manual work was offset by increases

¹ These figures are less than precise, due to changes in the official occupational classification between 1986 and 1991. However, for this exercise occupations have been reclassified in a way that ensures the figures are reasonably comparable between the two censuses (see appendix).

in low-skilled service and sales work, but the growth rate slowed and their share of employment fell again after 1996.

At the broadest level, the net result of these changes was a significant shift in the distribution of employment from working-class to middle-class jobs, as illustrated in Figure 6.2. This was most marked in the early phase of restructuring, and thereafter the trend was gradual rather than dramatic. Over 20 years, the working class share of employment fell from 66 percent to 53 percent, while the middle class share increased from 32 percent to 44 percent. This meant that whereas in 1986 people in working-class jobs outnumbered those in middle-class jobs by more than two to one, by 2006 the ratio was just 1.2 to one. The trend was not in itself a new one: the ranks of managers and professionals had been swelling since at least the Second World War, and even during the industrialisation of the Fordist period their numbers grew at a faster rate than those in working-class jobs. Unfortunately, data issues prevent us from extending the series back before 1986 in order to compare the extent of the shift in the Fordist and post-Fordist eras, but occupation data suggests that the trend was much less pronounced in the earlier period: between 1956 and 1976 the proportion of managers/administrators and professional/technical workers grew from 15 percent to 22 percent, while the proportion of clerical, sales and manual workers fell from 85 percent to 78 percent. While these categories are not directly comparable with those used in the preceding analysis (they do not differentiate by employment status, do not include part-time workers and use a different occupational classification), they do suggest that the shift in balance between the classes was less pronounced under Fordism than it was in subsequent years.

The changes in class structure during the latest phase of capitalist development therefore parallel the changes in the industrial distribution of the workforce which we analysed in Chapter Four – not so much a seismic shift or epochal transformation but rather an acceleration of pre-existing trends. Long before neoliberalism and the information age, technological development had already led to a declining ratio of labour to capital within material production, while the long-term expansion of the division of labour surrounding production had resulted in increasing specialisation and complexity which required greater administration and expertise. The combined result was the paradoxical situation of a shift in the division of labour away from the direct labour of production towards the indirect labour surrounding production – effectively a shift from working-class jobs to middle-class jobs – during a phase of industrialisation

based on mass production. When this phase of capitalist development came to an end in the 1970s and the economy was restructured in the 1980s, the trend received added impetus from the removal of protection for goods-producing industries, redirection of investment towards the growing service industries, and the rise of new technologies and production models which generated demand for higher-skilled rather than lower-skilled workers. The resulting shift in the numerical balance between the classes was not something qualitatively new, but it was something quantitatively greater than before. It was not of sufficient magnitude to support the contentions of post-industrial theory that class structure had been radically transformed and conventional understandings of class made redundant. The size and composition of classes may have changed, but the factors delineating them from each other – ownership, authority and skills – remain as relevant today as they ever have been. In particular, the figures do not support prophecies of the imminent demise of the working class. Despite the decline in working-class jobs, employment in this category still accounts for the majority of the workforce. That is to say, most people are employed in positions which lack ownership of the means of production and authority over other workers and do not require professional skills. And it is well worth noting that for all the talk of the knowledge economy and the skills revolution, 23 percent of New Zealand workers in 2006 were in routine occupations which typically require little or no specialist knowledge or skills, with a further 14 percent in semi-skilled occupations which typically require no credentials and only a modicum of on-the-job training.

While working-class jobs may still predominate, there have undoubtedly been changes in the nature of those jobs as a consequence of changes in the nature of production and the division of labour. This will be explored shortly when we examine the changing composition of the classes and the implications for class formation, but first we will look at the relationship between class structure and income inequality and how this changed during the post-Fordist period.

Class and income

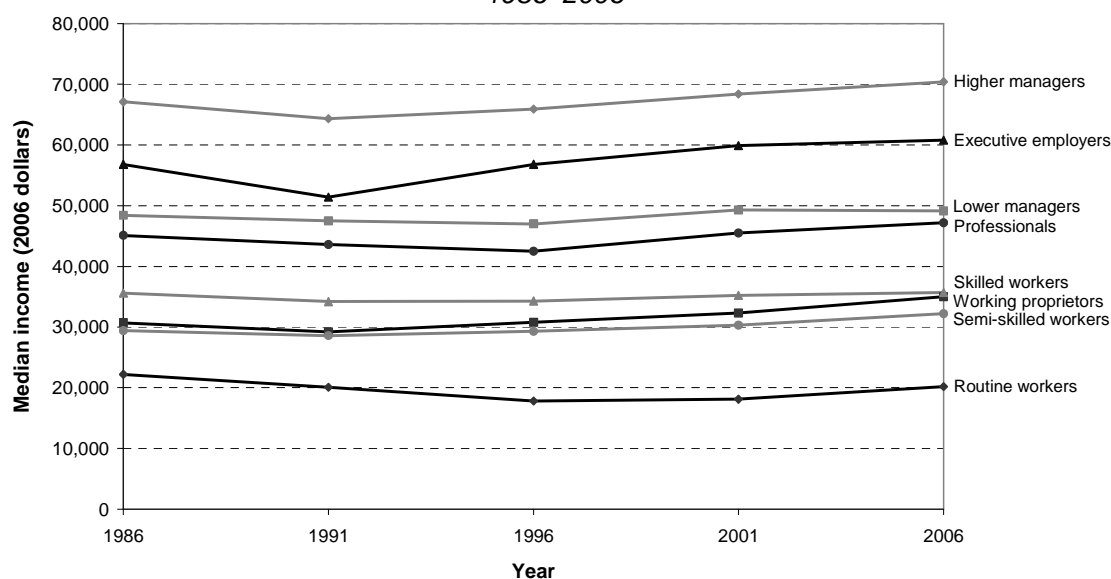
As noted earlier, many studies have shown income inequality increased under the neoliberal regime in New Zealand, but there has been no attempt to relate this systematically to class, in the sense of looking at trends in income disparities across the class structure. That is the task attempted in this section, although it must be stated at the outset that there are significant limitations to the exercise given its reliance on the

imperfect tool of census income data. There are a number of caveats to be put on this data. Firstly, the census collects income data in bands and therefore lacks some precision, particularly at the upper end of the scale where the highest income band in recent censuses was \$100,000 and over – making it impossible to identify trends in the highest executive and professional incomes, which have escalated into several hundreds of thousands of dollars (and even millions in some cases). Secondly, there is reluctance on the part of some respondents to divulge their incomes, resulting in relatively high non-response rates and an apparent tendency among employers and the self-employed to understate their income, which results in underestimation of mean and median incomes for these groups. Thirdly, the figures record gross income and so do not show the effect of taxation changes on income distribution – most notably the effects of reductions in the top tax rates during this period. Fourthly, the data relates to income from all sources over the course of a year and so is not necessarily the income people received from their stated job at the time of the census – although this should not have a significant impact. And finally, the data used for this exercise counts full-time and part-time workers together, which means that part-time workers pull down the medians and that the income gaps between class locations are affected by differences in the proportion of part-time workers in those locations. While this might seem to be a long list of caveats, the data nonetheless provides a useful if imperfect indication of trends in income disparities between class locations.

Figure 6.4 shows the real median incomes of workers in each class location between 1986 and 2006, expressed in 2006 dollars. Throughout the period, higher managers had the highest median incomes, followed by executive employers (\$70,400 and \$60,800 respectively in 2006). The figures for these groups are likely to be significantly understated for the reasons given above and the fact that the categories probably include a number of small-business owners and managers alongside the more highly remunerated corporate executives and large employers.¹ The evidence that higher managers have a greater median income than executive employers should also be regarded with some caution, given the tendency for employers to understate their incomes. Nevertheless, both these groups tend to have considerably higher incomes than those in the middle-class categories of lower managers and professionals (\$49,100 and

¹ A survey by a recruitment company of over 500 managing directors, chief executives and general managers in 2006 found that they had a median income of \$170,000 before bonuses and \$244,000 with bonuses. While the scientific rigour of the survey is unknown, it is likely that it more accurately reflects the incomes of corporate executives than the census data ('Bosses' pay rise biggest for 15 years', retrieved on 17/03/2006 from <http://www.stuff.co.nz/stuff/0,2106,3606342a11,00.html>).

**Figure 6.4: Median annual income (2006 dollars) by class location
1986–2006**



Source: Statistics New Zealand, *Census of Population and Dwellings (reclassified data)*

\$47,200 respectively in 2006). The other middle-class group, working proprietors, had a median income which was considerably lower again at \$35,000, also possibly reflecting the tendency of employers and self-employed people to understate their income, as well as the fact that many small-business owners operate on the margins of profitability and often report a loss or zero income on their census forms. The median income of working proprietors was in fact slightly lower than that of skilled workers (\$35,700 in 2006) and not much higher than that of semi-skilled workers (\$32,200). Among those in working-class locations, both skilled and semi-skilled workers tended to have considerably higher incomes than routine workers, who had a median of just \$20,200 in 2006. The figure for routine workers is no doubt affected by the relatively high proportions of part-time workers in the category – hospitality workers, sales assistants, casual labourers and so on. However, it seems unlikely that this would account for the full extent of the gap between routine and semi-skilled workers.

Over the course of the two decades from 1986 to 2006 there was no change in the ranking of the class locations in terms of median incomes, but there were changes in the extent of the gaps between some groups as the effects of restructuring were felt differently across the class structure. This is most apparent in the case of the groups at the poles of the class structure: executive employers and routine workers. These two groups were the most affected by the initial period of restructuring: between 1986 and 1991 the real median income of executive employers fell by 10 percent, and that of

routine workers by 9 percent. The experiences of the two groups were clearly linked: declining domestic demand and the removal of protections and subsidies hit employers in the form of declining profitability and business closures, and hit the least skilled and most vulnerable workers in the form of redundancies, reduced hours and downward pressure on wages at a time when inflation was still relatively high. However, the two groups experienced contrasting fortunes in subsequent years. The incomes of executive employers rebounded with an 11 percent increase between 1991 and 1996 as surviving businesses adapted and more opportunities arose to profit within the deregulated environment. By contrast, routine workers experienced a further 11 percent fall in real incomes over the same period, probably due in no small part to the introduction in 1991 of the Employment Contracts Act, which weakened the power of workers to organise collectively and encouraged casualisation at a time of continued high unemployment. A slight increase in real incomes for routine workers between 1996 and 2001 was followed by a more significant increase of 12 percent over the subsequent intercensal period, as workers benefited from the repeal of the ECA in 2000 along with developing labour shortages in some sectors and targeted state assistance for low-income families through the Working for Families programme. Despite this, by 2006 the median income of routine workers was still 9 percent lower in real terms than 20 years earlier, in contrast to the 7 percent increase enjoyed by executive employers over the same period. It should be noted, however, that at least part of the fall for routine workers is likely to reflect increased rates of part-time work in this category.

All other class locations experienced falls in real income levels between 1986 and 1991 and subsequent recovery, although it was not until 2001 that most groups saw their incomes recover to 1986 levels. The trend for higher managers followed that of executive employers, but with a less pronounced fall in the early years of restructuring and a less marked recovery in subsequent years, with the result that by 2006 their median income was five percent higher in real terms than it had been 20 years earlier. For both lower managers and professionals the initial fall was more modest again, but recovery took longer, with income growth not returning until after 1996 – more strongly in the case of professionals, which meant that the gap between the two groups narrowed over the full period. Elsewhere in the middle class, working proprietors experienced relatively strong income growth after 1991 and appeared to benefit most from the buoyant economic conditions which returned towards the end of the period, resulting in a 14 percent increase in real median income over the full two decades. Much of this

Table 6.1: Total annual income by class location
2006

Class location	Income						
	\$20,000 or less	\$20,001 to \$30,000	\$30,001 to \$40,000	\$40,001 to \$50,000	\$50,001 to \$70,000	\$70,001 to \$100,000	\$100,001 or more
	<i>Percent</i>						
Executive employers	8	8	12	10	23	14	26
Higher managers	4	6	10	10	19	17	33
Lower managers	8	11	17	15	21	16	11
Professionals	13	11	15	16	24	12	10
Working proprietors	24	17	18	12	15	7	7
Skilled workers	17	19	26	18	15	4	1
Semi-skilled workers	22	22	28	16	10	2	1
Routine workers	50	24	16	6	4	1	0
Total workforce	24	17	19	13	14	6	5

Source: Statistics New Zealand, *Census of Population and Dwellings (reclassified data)*

increase in fact reflects rising incomes among primary producers receiving favourable prices in international markets, although there were also increases for tradespeople who benefited from the construction boom. Although this narrowed the gap between the incomes of working proprietors and those of lower managers and professionals, they remained by far the least well-off of the middle-class groups. In fact, their median income remained marginally lower than that of skilled workers even though the latter's did not increase at all over the full period. Among the working-class groups, semi-skilled workers experienced the greatest increase in median incomes (10 percent between 1986 and 2006), despite the fact that they suffered the most job losses from restructuring.

Table 6.1 provides a different perspective, showing income distribution in 2006 by bands, allowing us to identify the proportions of high and low income earners in each of the class locations. Clearly those in capitalist-class locations were by far the most likely to be in the highest income bracket, with a third of higher managers and a quarter of executive employers reporting incomes of over \$100,000. People in middle-class locations were much less likely to be earning this amount, with around one in ten lower managers and professionals and one in 14 working proprietors reporting incomes above \$100,000. As the median figures have already indicated, lower managers and professionals tended to be in a much better position than working proprietors. While almost half of all lower managers and professionals earned between \$50,000 and \$70,000, working proprietors were clustered at the lower end of the income scale, with a

quarter of them reporting incomes under \$20,000. While this indicates the struggles faced by many small businesses, there is also evidence that ownership enhances earning opportunities as working proprietors were much more likely than those in working-class jobs to feature at the upper end of the income scale. Within the working-class locations, skill was clearly an important determinant of income, with skilled workers being the most likely to feature in all income brackets over \$40,000. While the overall pattern of distribution was fairly similar for skilled and semi-skilled workers, the latter were more likely to be in income brackets under \$40,000 and less likely to be in the higher income brackets. There was, however, a considerable gap back to routine workers, of whom half reported incomes of \$20,000 or less, with another quarter earning between \$20,000 and \$30,000 and just one in ten having incomes above \$40,000 – although it should be stressed again that there is a higher proportion of part-time workers in this category.

Overall, the income data unsurprisingly shows clear patterns of inequality across the class structure. The point of the analysis, however, is not simply to illustrate the obvious fact of income inequality, but rather to show how this is associated with the three axes of inequality on which this class model is based (ownership, authority and skill), as well as the extent of the gaps between different groups and the degree to which patterns of inequality changed during the post-Fordist era. Clearly ownership, authority and skill are all important factors in income inequality, although more unequivocally in the case of authority and skill than in the case of ownership. Authority appears to be the most significant axis of material advantage, with higher managers earning considerably more than any other group and lower managers faring much better than most non-managers – earning marginally more than professionals but considerably more than skilled, semi-skilled or routine workers. The relationship between skill and income is also clear, with a definite hierarchy of income levels extending from professionals down through skilled, semi-skilled and routine workers. While the incomes of skilled and semi-skilled workers are reasonably close, both these groups earn considerably less than professionals and considerably more than routine workers, who are at the bottom of the income ladder by a very wide margin. The significance of ownership is not quite as straightforward, with executive employers tending to earn less than higher managers, and working proprietors tending to earn slightly less than skilled workers and not a great deal more than semi-skilled workers – despite enjoying greater increases in their incomes over the two decades. For the reasons already noted, income data for owners should be treated with some caution. However, it does suggest the possibility that the

fundamental Marxist class division based on ownership of the means of production may not be the most critical divide in terms of income inequality. At the very least, it points to the necessity for any class model which seeks to depict relationships of material advantage and disadvantage to incorporate those elements of the division of labour associated with differential remuneration (ie authority and skill) as well as divisions based on relations of production.

These observations should be qualified with an acknowledgement that there is much more to the inequities of capitalist relations of production than can be illustrated in this type of analysis. When we look at capitalist-class locations here, we are only looking at the concrete collections of employers and managers within those categories, not at the abstract entity of capital which also includes corporations, shareholders and financial markets – the faceless ‘collective capitalist’ of which Castells speaks. The surplus appropriated by capitalist enterprises from the labour effort of workers does not all show up in the personal incomes of employers and managers, but may be reinvested or redistributed in dividends, adding to the wealth of the collective capitalist rather than just the income of the individual capitalist – although the two tend to go hand in hand. Personal income figures therefore provide only a partial picture of the distributional inequities between capital and labour, which are also evident in measures such as the relative shares of wages and profits, the value of companies and the wealth of shareholders. As we observed in Chapter Two, the post-Fordist period was marked by a redistribution of national income from wages to profits. This is reflected in the census income data which shows that by far the greatest proportional increases in real median incomes between 1991 and 2006 were among executive employers and working proprietors, who enjoyed increases of 18 percent and 20 percent respectively (although the relative income levels of working proprietors were not high). Higher managers, who are the employees most likely to benefit from increased profits through salary increases, bonuses and shareholdings, enjoyed the greatest numerical increase in real median income during this period of \$9,400 or nine percent. By contrast, the incomes of the most disadvantaged group of workers – those in routine occupations – were just \$100 higher in real terms in 2006 than they had been in 1991, and \$2,000 lower than they had been in 1986. This also reinforces other research on income inequality discussed in Chapter Two, which shows a redistribution of income from the lower to the higher percentiles of income earners and an increase in the ranks of the ‘working poor’.

Despite these trends, it is again too great a leap to say that the post-Fordist period saw a radical transformation in the nature of class inequality. There was an accentuation of the existing disparity between the top and the bottom of the income scale, some groups suffered more than others from the initial effects of restructuring, and some benefited more than others from the subsequent recovery. But at the end of the period the rankings of the different class locations were unchanged, and while there were some changes in the levels of disparity between various groups, these were not really transformations on an epochal scale. The most notable feature was the contrasting fortunes of those at the poles of the class structure, and in particular the deterioration in the relative position of the most disadvantaged group of workers. The reasons for this should be sought not in the supposed movement from an industrial to a post-industrial class structure, but in the progression from Fordism to the market-oriented post-Fordist mode of development. This entailed transitions from a model of capitalism in which capital–labour relations were based on compromise, to one in which capital was dominant; from one in which wage increases were seen as a means to sustain mass consumption, to one in which wage restraint was seen as a means to contain production costs; and from one in which secure full-time work predominated, to one which encouraged casualised and precarious employment. For the more skilled sections of the workforce, the effects of these changes were counterbalanced by increasing demand for their expertise, but for those who lacked the skills to succeed in the new environment the result was a marked deterioration in their position in both relative and absolute terms – notwithstanding improvements towards the end of the period. These gains may be short-lived, given that the subsequent crisis is again being most severely felt among the most disadvantaged workers.

The changing middle class

The class categories used to frame the analysis so far are necessarily broad and conceal some important divisions and divergent trends within them, as is inevitable with any stratification model that attempts to capture major lines of division without becoming mired in too much complexity. It is worth digging a little deeper to reveal the composition of these categories and how they have changed during the period in question. To this end, the next two sections explore middle-class and working-class

**Table 6.2: Composition of middle-class employment
1986–2006**

Class location and occupation	1986		1996		2006	
	Number	Percent of work-force	Number	Percent of work-force	Number	Percent of work-force
Lower managers						
Executive managers	35,500	2.4	54,300	3.7	110,200	6.0
Operations managers	29,800	2.0	36,500	2.5	54,700	3.0
Total lower managers	65,300	4.5	90,800	6.1	164,900	9.0
Professionals						
Self-employed higher professionals	15,200	1.0	19,300	1.3	32,800	1.8
Employed higher professionals	51,800	3.5	68,400	4.6	108,600	5.9
Self-employed lower professionals	13,000	0.9	27,800	1.9	42,200	2.3
Employed lower professionals	111,400	7.6	140,100	9.5	194,200	10.6
Total professionals	191,400	13.1	255,600	17.2	377,800	20.6
Working proprietors						
Primary producers	73,400	5.0	58,300	3.9	46,000	2.5
Tradespeople and technicians	46,400	3.2	49,700	3.4	58,100	3.2
Retailers and hospitality providers	34,900	2.4	39,700	2.7	37,300	2.0
Other	55,700	3.8	83,400	5.6	116,500	6.4
Total working proprietors	210,400	14.4	231,100	15.6	257,900	14.1
Total middle-class	467,100	31.9	577,500	39.0	800,600	43.7

Source: Statistics New Zealand, *Census of Population and Dwellings* (reclassified data)

locations in more detail.¹ As far as the middle class is concerned, we have already seen that the very significant growth in this category was concentrated among managerial and professional workers rather than among the working proprietors who make up what might be regarded as the old petty bourgeoisie. However, within these categories there are further significant trends, as illustrated in Table 6.2 which introduces additional distinctions of employment status and occupation.

In the lower managerial category, most of the growth over the two decades was among executive managers – those in fields such as finance, human resources, sales and marketing, advertising and public relations. Generally speaking, these are the office-bound managers who perform specialised roles within the managerial hierarchies of large organisations, typically well removed from the ‘coalface’ of production, supply and distribution. This group more than trebled in size between 1986 and 2006, doubling

¹ Capitalist-class locations are excluded from this exercise as they are relatively small groups and the data does not allow sufficient disaggregation to make further analysis worthwhile. The breakdowns used to analyse middle-class and working-class locations are not based on any particular theoretical principles but simply on those lines of division which appeared from preliminary analysis to be the most salient. Occupation and employment status variables could be used to divide the categories any number of different ways or to finer levels of disaggregation if desired.

their number in the last ten years alone. This growth dwarfs what is nonetheless a considerable increase in the number of operations managers – those running production, supply and distribution operations such as factories, construction projects, transport operations, and wholesale and retail outlets. Their numbers almost doubled over the two decades, with much of that growth coming in the second part of the period under the impetus of expansion in retailing, hospitality and construction. The scale of growth in these two categories reflects two important developments within the division labour which are part of the broader shift from direct to indirect labour highlighted by Sayer and Walker (1992: 56-107): firstly, the growing importance of the management functions of co-ordination, oversight and strategic direction within increasingly complex divisions of labour; and within that, a shift from the direct management of production, supply and distribution to the more indirect forms of management conducted in corporate offices.

There are also two important distinctions to be made among professionals. The first is a straightforward distinction of ownership, between salaried employees and those who are self-employed, running their own businesses either with or without employees. The second is between higher and lower professionals: the former generally require a high level of expertise in a body of academic knowledge, with membership often regulated by professional associations (eg doctors, lawyers, scientists, engineers, accountants); the latter generally require a lower level of more job-specific expertise and face less restrictive criteria in terms of qualifications and professional membership (eg schoolteachers, nurses, librarians, journalists, creative artists). The distinction is not a hard and fast one, but it is pertinent in terms of stratification given that higher professionals tend to be more advantaged due to the level and scarcity of their skills.

As Table 6.2 shows, lower professionals greatly outnumber higher professionals, and the vast majority of people in both categories are salaried employees rather than self-employed. Lower professionals and employees therefore accounted for most of the growth among professionals between 1986 and 2006, but the fastest rates of increase were in fact in the higher professional and self-employed categories. Growth among higher professionals was given significant impetus by the rise of ‘new’ professions in the fields of information technology and management consultancy, but sectoral changes also encouraged significant increases in some of the more established professions: growth in health and education services resulted in large increases among medical and tertiary teaching professionals, while the expansion of business services encouraged a

proliferation of lawyers and accountants. Growth in the lower professions also reflected sectoral changes: the expansion of education, health and welfare services saw significant increases in the numbers of teachers, nurses and social workers; while the ascendancy of the financial sector was reflected in large increases in the ranks of financial advisers, dealers and brokers. There was also significant growth in occupations which grease the corporate wheels of large organisations, most notably in the fields of human resources, training and development, public relations and policy analysis (with most of the latter being in the public sector). Finally, the expansion of the cultural sector was reflected in significant increases in some creative arts professions.

The rise in self-employment among professionals was one of the most pronounced trends within the middle class, with the number of self-employed higher professionals more than doubling between 1986 and 2006, while among lower professionals self-employment more than trebled. Much of this growth occurred in business services and may be largely attributable to the increasing use of consultants and other independent contractors, as organisations opted for flexibility by contracting in some forms of expertise rather than employing it in-house. Among higher professionals, the ‘new’ professions in the fields of information technology and management consultancy were particularly suited to this type of arrangement and between them accounted for much of the increase, with most of the remainder occurring in professions traditionally characterised by relatively high rates of self-employment such as law, accountancy and medicine. Among lower professionals, much of the growth in self-employment was also in the field of business services including finance, real estate, human resources, training and development, and public relations. Creative arts occupations, which have always had high rates of self-employment, also accounted for a substantial share of the increase.

Working proprietors, as we have already observed, generally experienced more modest rates of growth than managers and professionals over this period, with their overall growth rate being slightly below that of the total workforce. Within this, however, there were some contrasting fortunes as Table 6.2 indicates, with a shift from some of the traditional areas of self-employment – primary production, the manual trades, and the retail and hospitality sectors – towards other types of occupations. The number of primary producers fell by almost 40 percent between 1986 and 2006 as many small farmers went out of business following the removal of state assistance and small holdings were increasingly consolidated into larger operations. Tradespeople and

technicians experienced modest growth over the two decades, with most of it occurring towards the end of the period as a consequence of the construction boom – although there were also increasing rates of self-employment among technicians in areas such as telecommunications, broadcasting and engineering. In retailing and hospitality, increases in self-employment during the first decade were reversed in the subsequent decade. Closer scrutiny reveals that all of this decline was in retailing, possibly due to independent retailers being forced out of business by increased competition from chain stores and discount outlets.

The greatest growth among working proprietors was outside these traditional areas of self-employment – represented by the ‘other’ category in Table 6.2 which more than doubled between 1986 and 2006. Unfortunately, it is difficult to discern the causes of this from the occupational data as most of the increase occurred in somewhat ill-defined managerial or administrative categories which could cover a variety of activities. However, most of the rise is accounted for by those self-employed without employees, indicating that it may be due to growth in independent contracting associated with the flexibilisation of the labour market. Another factor may be growing demand for personal and household services such as personal care, childcare, gardening and cleaning, which are often provided by people working on their own account.¹ The figures therefore do not necessarily indicate a flourishing of new entrepreneurial activities – this can not be ruled out but nor is it confirmed by the data. And although there has evidently been some redistribution of working proprietors from traditional to less traditional occupations, it has to be stressed that this has occurred within the context of relatively slow growth for the group as a whole, with the result that working proprietors have become a less significant component of the middle class.

The concept of the middle class clearly conceals a great deal of diversity, and also considerable difference in terms of the impact of economic change during the post-Fordist period. If any pattern can be discerned from these complexities, it is that changes within the middle class tended to mirror those within the wider class structure: just as there was an upward shift from working-class to middle-class locations, there was also upward movement within the middle class. Managerial and professional

¹ It might be argued that self-employed people in low-skilled occupations are better classified along with low-skilled employees rather than as working proprietors, but there is likely to be a range of circumstances among people in this situation. While some may be independent contractors effectively being used as casual labour, others may be genuine small-business owners. As the census data does not allow us to distinguish on this basis, it is considered more appropriate to maintain consistency by classifying them all as working proprietors.

groups expanded at much faster rates than working proprietors; among managers, the numbers in executive positions grew faster than those in operational roles; among professionals, the higher professions grew faster than the lower professions, and self-employment expanded more rapidly than salaried employment. Given the diversity among middle-class jobs, it may be that the concept of the middle class is of limited usefulness except as a means of grouping those whose positions are neither unequivocally capitalist nor unequivocally working class. We can identify more meaningful categories by distinguishing middle-class groups based on different types of advantage – lower managers, professionals and working proprietors – but even these categories conceal important distinctions. This fragmentation will inevitably affect the possibilities for class formation among these groups, an issue to which we will return after looking at trends in the composition of working-class employment.

The changing working class

Different types of working-class jobs are often distinguished in terms of blue-collar and white-collar work; that is, the manual work of production and distribution versus the non-manual work conducted in offices and shops. The distinction between the two categories is somewhat arbitrary as they overlap at the margins where there is a significant and growing category of employment sometimes referred to as grey-collar work. These are jobs which combine elements of manual and non-manual work, or for other reasons do not fit comfortably into either of the conventional categories – for instance the work of some types of technicians, protective service, personal service and hospitality workers. The distinction between white-, blue- and grey-collar work has not been incorporated in the stratification model as it was found to be much less significant than skill level in determining workers' incomes. However, it does provide another useful angle on working-class composition, enabling us to sub-divide the skill categories according to different types of positions within the division of labour, as illustrated in Table 6.3.

We have already seen that skilled workers accounted for a declining share of employment during the post-Fordist period, but Table 6.3 shows that within this category there were differing trends. The ranks of skilled white-collar workers grew throughout the two decades, but most strongly in the second half of the period as the labour market recovered from the mid-1990s onwards. Sales and technical representatives accounted for much of this growth, but there were also significant

**Table 6.3: Composition of working-class employment
1986–2006**

Class location and occupation	1986		1996		2006	
	Number	Percent of workforce	Number	Percent of workforce	Number	Percent of workforce
Skilled workers						
White collar	47,300	3.2	56,800	3.8	78,800	4.3
Blue collar	154,300	10.6	119,300	8.1	136,100	7.4
Grey collar	64,700	4.4	49,800	3.4	70,200	3.8
Total skilled workers	266,200	18.2	225,900	15.2	285,100	15.6
Semi-skilled workers						
White collar	159,600	10.9	134,700	9.1	127,700	7.0
Blue collar	161,000	11.0	91,600	6.2	100,600	5.5
Grey collar	24,500	1.7	30,800	2.1	36,200	2.0
Total semi-skilled workers	345,000	23.6	257,100	17.3	264,500	14.4
Routine workers						
White collar	120,000	8.2	128,600	8.7	141,900	7.7
Blue collar	138,800	9.5	126,100	8.5	134,100	7.3
Grey collar	94,400	6.5	121,800	8.2	150,800	8.2
Total routine workers	353,200	24.2	376,500	25.4	426,800	23.3
Total working class	964,500	65.9	859,500	58.0	976,400	53.3

Source: Statistics New Zealand, *Census of Population and Dwellings (reclassified data)*

increases in some administrative and organisational jobs. By contrast, skilled blue-collar workers (predominantly manual tradespeople) experienced a significant loss of employment during the first half of the period due to the downturns in both manufacturing and construction associated with the removal of import protections and declining domestic demand. There was some recovery for this group over the next decade thanks largely to the construction boom towards the end of the period, but their numbers did not recover to 1986 levels and their share of employment continued to fall. Skilled grey-collar workers experienced a similar pattern of declining employment in the early restructuring period followed by recovery in subsequent years, but in their case the renewed job growth was strong enough to lift their numbers above 1986 levels. The growth in this category was divided between social, personal and protective services.

We observed earlier that the loss of semi-skilled employment accounted for most of the decline in working-class jobs during the post-Fordist period. Most of this decline occurred in blue-collar jobs, but there was also a significant loss of white-collar employment. Restructuring and recession wiped out almost 70,000 semi-skilled blue-collar jobs between 1986 and 1996, mostly plant and machine operating work in manufacturing, construction and forestry industries. Although there was a slight

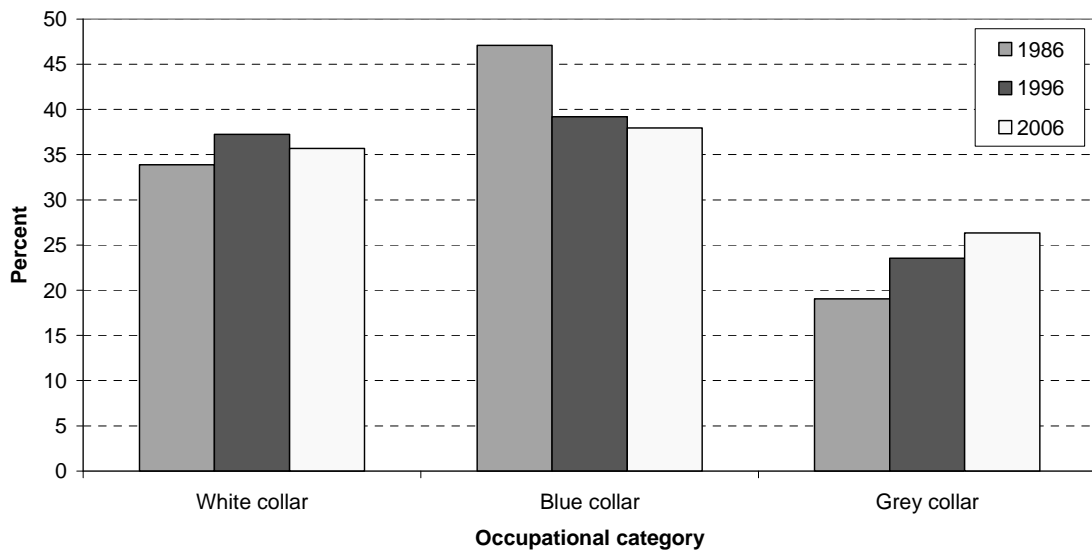
increase in this category over the next ten years, this did little to reverse the job losses of the earlier period. The contraction in semi-skilled white-collar work was less dramatic but more sustained, with a total fall of 32,000 workers over the two decades – mostly secretaries, typists and bank officers who were probably the victims of technological change.¹ Among semi-skilled workers, only those in grey-collar occupations increased in number over the full period, although this is a small category and the growth was spread thinly across a range of different occupations.

By contrast with the trends in skilled and semi-skilled work, employment in routine occupations grew at a rate not too far below that of total employment, meaning their share of the workforce did not fall greatly over the two decades. This was due to increases in white- and grey-collar work rather than blue-collar work. The most significant increases were in grey-collar occupations which grew by more than 56,000 over the two decades, with the largest increases in caregiving, checkout operating and food service occupations (waiters, kitchenhands and counter assistants). This is work which tends to be of low quality in terms of job security, remuneration and other conditions of employment – work which often falls into the category of precarious non-standard employment discussed in Chapter Three. Growth in routine white-collar work was more modest and represented the net outcome of two countervailing trends – a decline in clerical work but a more significant rise in sales assistant jobs. In routine blue-collar occupations, there was a fall in employment between 1986 and 1996 and a more modest increase over the subsequent decade. Most of the increase was among labourers rather than assembly or processing workers, and may be related more to the growth in construction than to any recovery in manufacturing employment.

In summary, there were three significant aspects to the changes in working-class employment over the post-Fordist period. The first is that it was in decline – not in terms of absolute numbers (except during the initial restructuring period) but as a proportion of the total workforce – although it still accounted for over half of all employment in 2006. The second is that it became less-skilled, largely due to the shift from semi-skilled to routine work: as a proportion of working-class employment, semi-skilled work fell from 36 percent to 27 percent between 1986 and 2006, while routine work rose from 37 percent to 44 percent, with little change in the proportion of skilled jobs. The third feature is a shift away from blue-collar work towards grey-collar work: Figure 6.5 shows that over the two decades the proportion of all working-class

¹ Some of the reduction in the number of semi-skilled clerical workers may also be the result of classification changes between 1986 and 1996.

Figure 6.5: Working-class locations by occupational category
1986–2006



Source: Statistics New Zealand, *Census of Population and Dwellings* (reclassified data)

employment in blue-collar occupations fell from 47 percent to 38 percent, while the proportion in grey-collar occupations rose from 19 percent to 26 percent, accompanied by a much smaller increase in white-collar occupations. The movements from blue- to grey-collar work and from semi-skilled to routine work are obviously closely linked and tied to processes of restructuring and sectoral change: many of the production jobs which disappeared when secondary industries were hit by restructuring were at least semi-skilled, while the subsequent expansion of service industries generated work in grey-collar occupations which tended to be less skilled – and likely to be more insecure and poorly paid. This undoubtedly contributed to the growth in income inequalities during the post-Fordist period.

Class formation

It was argued in the previous chapter that there are three inter-related dimensions to class formation: the political (mobilisation in pursuit of class interests); the demographic (continuity of association with class locations); and the socio-cultural (cultural and lifestyle distinctions between classes). It was also argued that while social classes *tend* to form around the main economic divides created by relations of production and divisions of labour, there are no necessary or deterministic links between economic structure and social class formation. People in proximate structural locations are more likely than those in distant locations to develop awareness of

common identities and material interests and therefore the capacity to act collectively, but the extent to which this occurs depends on historical and social circumstances and can only be discerned from empirical investigation. Unfortunately, as this thesis is dependent on secondary sources and there is a dearth of research on class formation in New Zealand, we are confined here to making some speculative comments on the level of class formation and how it is likely to have been affected by structural change.

As suggested at the start of this chapter, the absence of research on class in New Zealand may itself be indicative of the fact that class consciousness is relatively low and class formation relatively inchoate in this country, making it a less compelling topic for study. A 2005 survey indicates that most New Zealanders acknowledge the existence of class but do not have a strong understanding of the concept or how it relates to them. Seventy percent of respondents believed that New Zealand had a 'class system', but responses suggested some confusion about what this meant. Three-quarters believed class was based on income, while less than a third believed it was based on occupation – smaller than the proportions who opted for factors such as education, 'where you live' and ethnicity. Moreover, 90 percent of respondents considered themselves to be 'middle class', with just two percent prepared to categorise themselves as 'upper class' and five percent as 'lower class' (Black 2005).¹ The apparent lack of class awareness and class consciousness in New Zealand undoubtedly owes something to our egalitarian ideals, which hold this to be a meritocratic and open society where there is opportunity for all to succeed (or fail) regardless of class background. The reality of course is somewhat different, but even the perception of equal opportunity is enough to inhibit the development of class consciousness and limit the possibilities for class solidarism and mobilisation. If there is indeed a relatively high degree of social mobility in New Zealand, then this would also limit the demographic continuity conducive to the formation of classes as social collectivities. Unfortunately, the evidence on social mobility in New Zealand is sparse, dated and somewhat inconclusive, suggesting that while class boundaries are far from impermeable, our class origins nonetheless play a significant role in determining our class destinations (Jones and Davis 1986; Pearson and Thorns 1983: 106-133). Whether social mobility is greater or lesser than in other developed capitalist societies remains a matter of conjecture.² But greater social

¹ This is market research rather than social scientific research and so should be regarded with some caution. A summary of the survey results is available at http://www.listener.co.nz/issue/3394/features/4077/class_facts.html (retrieved on 26/09/2010).

² Except in the case of Australia, which Jones and Davis (1986) found to have similar levels of mobility.

mobility might help to account for the apparent weakness of class formation by comparison with some other countries – particularly Britain, which is the country we are most inclined to compare ourselves with when boasting of our supposed classlessness.

While restructuring and neoliberalism may have accentuated class inequalities in New Zealand, it is likely that there was at the same time a paradoxical diminishing of the level of class formation. Again, the lack of empirical evidence means we can only speculate here, but a number of structural and institutional trends point to this possibility. For a start, the general structural shift from working-class to middle-class employment will have increased rates of absolute social mobility, meaning that more people are moving from working-class to middle-class jobs simply because the former are decreasing in number while the latter are increasing. This not only weakens the demographic continuity in both working-class and middle-class locations, but also weakens the strength of the working class as a collective social force. Accentuating this is the fact that the decline in working-class jobs has been concentrated in blue-collar occupations, which have traditionally provided the focus for solidaristic relations within the working class and where rates of unionisation and collective action have traditionally been highest. Conversely, the new growth in working-class jobs has been concentrated in grey-collar and some white-collar jobs (notably sales) where rates of unionisation and collective action tend to be relatively low, workplaces are often small and workforces more casualised and less stable due to ‘churning’ as people move between jobs.¹ Compounding the structural changes have been institutional changes to employment relations (discussed in Chapter Two) which have had a negative effect on the ability of workers to organise and act collectively.²

Moreover, by comparison with blue-collar work, white- and grey-collar jobs attract more people whose class trajectory might be quite different from their temporal class location – in other words people for whom routine work is not a lifetime prospect but a

¹ It is worth noting however, that New Zealand’s fastest growing union in recent years has been Unite, which represents low-paid workers in enterprises such as restaurants, hotels, call centres, casinos, cinemas and security firms – although its growth rate should be seen in the context of a concerted recruitment drive in workplaces formerly characterised by low rates of unionisation (see <http://unite.org.nz>).

² The decline in levels of union membership and industrial action over the two decades is particularly marked. In 1985 there were 683,000 union members making up 44 percent of all employees; by 2006 this had fallen to 382,500 members or 22 percent of workers (Bramble and Heal 1997: 128; Feinberg-Danieli and Lafferty 2007: 32). In 1986 there were 215 work stoppages involving 100,600 workers and a loss of 1.33 million working days; by 2006 there were 42 work stoppages involving 10,100 workers and a loss of 28,000 working days (Statistics New Zealand, Work Stoppages, retrieved on 25/09/2010 from Infoshare at <http://www.stats.govt.nz/infoshare/>).

transitory episode, such as young people entering the workforce for the first time, students financing their studies, semi-retired people supplementing their retirement income, or recent immigrants establishing themselves in a new country. Similarly, in the skilled fraction of the working class we see a shift from manual trades to commercial, administrative and service work, in which people may aspire to management or professional careers or may simply be more likely to identify with middle-class than working-class lifestyles and dispositions. In sum, all these factors mean that within a general pattern of working class decline there is also a structural shift within the working class to jobs which provide a weaker foundation for class formation.

In the middle class there has been growth, but also change and fragmentation which affect the possibilities for class formation. The growth has been among lower managers and professionals rather than the working proprietors who made up the old petty bourgeoisie. The 'service class' thesis suggests that managers and professionals can be regarded as a single class because of the distinctive nature of their employment relationships, which involve high levels of trust and autonomy (Goldthorpe 1995). But their cohesiveness as a social class is questionable in light of their differing material interests and socio-cultural identities. Managers draw their material advantage primarily from their organisational position and so their interests are more closely tied to those of capital, while professionals are advantaged primarily by the scarcity of their expertise. This is not always a hard and fast distinction, as managers often possess scarce expertise and professionals may hold positions of authority, but it is enough to ensure their interests do not always coincide. Indeed, during the neoliberal period the two groups have often come into conflict in situations where managers have been responsible for programmes of cost-cutting and rationalisation which have negatively affected the remuneration, autonomy and working conditions of professionals. From a Bourdieuan perspective, managers and professionals are also distinguished by differing levels of cultural capital which are reflected in differences in cultural consumption and lifestyle. Both managers and professionals differ again from working proprietors, whose position is based not on the extraction of loyalty or skill rents but on the utilisation of their own means of production for profit. As owners of small enterprises, they too may have interests which conflict with those of managers in large enterprises which can disadvantage small businesses by virtue of their market position, either as competitors or as dominant players within production networks. Many working proprietors may in fact be closer to the working class in both material and socio-cultural terms: materially,

because they often operate on the margins of profitability and so tend not to have high incomes; socio-culturally, because they are often drawn from working-class occupations and may remain situated within that social milieu. For instance, tradespeople who set up their own businesses may technically move from a working-class to a middle-class position, but are unlikely to suddenly adopt middle-class lifestyles and dispositions.

These differences suggest that the degree of class formation across middle-class locations is likely to be lower than within each of the three groups. However, even within each group we find considerable fragmentation: among managers there are differences between those in corporate offices and those in operational roles; among professionals there are distinctions between those in higher and lower professions and between employers and employees; and among working proprietors there is fragmentation across sectors such as farming, construction and retailing. If anything, this fragmentation would seem to have increased during the period under analysis, given the proliferation of new spheres of management, the emergence of new professions, increasing rates of self-employment among professionals, and the growing numbers of working proprietors outside the traditional petty-bourgeois occupations. The effect of this fragmentation on class formation within each of the three middle-class groups is impossible to gauge in the absence of relevant empirical research.

However, it is worth noting British research which suggests class formation is stronger among professionals than among managers or working proprietors (Savage *et al* 1992). Essentially, this is because they are the group that in Bourdieuan terms is most endowed with cultural capital, which is the most effective asset for maintaining class location both intra- and inter-generationally via the acquisition of advantageous forms of skill and knowledge. It is also manifested in cultural tastes and dispositions which are distinguished more clearly from the mass culture than are those of other middle-class groups. Moreover, professional associations provide a means of promoting and defending interests that is not open to managers who are more beholden to capital, and working proprietors who tend to be too diverse and dispersed to mobilise effectively. In the professional category we therefore have the three elements conducive to class formation: demographic continuity, socio-cultural distinction and collective organisation. So it may be that the group which has accounted for the most growth in employment during the neoliberal era also has the greatest potential for class formation. This should not, however, be confused with a rise to dominance by professionals as predicted in the post-industrial theory of Bell and others, for ultimately it is still

capitalists and not professionals who own and control the means of production; it is they who were dominant in terms of setting the agenda for change during the neoliberal era; and it is they who reaped the greatest material benefit from that change. There is no indication as yet that their dominance is under threat from a rising professional class.

Conclusion

This chapter represents a contribution to the task of filling a gaping hole in New Zealand's sociological literature left by the demise of class analysis in the 1980s. A first step in this has been the design of a class model representing the major lines of economic inequality created by relations of production and divisions of labour. Using this model to analyse two decades worth of census data, we have seen that the post-Fordist period of New Zealand's capitalist development was characterised by considerable change in the country's class structure, most of which occurred during the restructuring phase of the late 1980s and early 1990s. The most notable feature was the movement from working-class to middle-class jobs, although the former still constituted the majority of the workforce by the end of the period. Within this pattern, we have also seen the rise of professionals and managers to numerical dominance within the middle class, and a shift from blue-collar to grey-collar employment and from semi-skilled to routine jobs within the working class. This has been associated with a deterioration in income levels for those at the lower end of the class structure, and a widening income gap between the most privileged and least privileged class locations. While accentuating class inequalities, the structural changes have probably weakened the potential for class formation, particularly among those employed in working-class locations. Although all these changes are significant, they support neither the idea of a complete transformation of class structure proposed by post-industrial theory, nor arguments about the death of class proposed by postmodernist theory. Rather, they provide an example of how class is restructured when capitalism is restructured, but without altering the significance of relations of production and divisions of labour as major axes of inequality. There are, of course, also other important dimensions of inequality which we have not explored yet, the most notable being gender and ethnicity, which provide the focus of the next chapter.

Gender and Ethnic Inequality

While class is the defining axis of inequality in capitalism, it is one element in complex and multi-dimensional patterns of social division which include gender, ethnicity, nationality, religion, age, locality, sexuality and disability. Of these, gender and ethnicity tend to be the most significant and the most closely enmeshed with class. It was argued in Chapter Five that the best way to approach the relationship between class, gender and ethnicity is through analysis of the gendered and ethnicised divisions of labour which are integral to capitalist class relations. Historically, these divisions of labour have played critical roles in the development of capitalism as particular trajectories of growth have relied on the incorporation of greater numbers of workers of a particular gender or ethnicity within particular spheres of production. These processes have helped to shape the contours of class structure as well as the inequitable distribution of different groups within that structure and the nature of relations between those groups. Gendered and ethnicised divisions of labour tend to become entrenched and persist over time, but they may also undergo considerable flux as disadvantaged groups struggle to achieve more equitable representation in the better jobs and as capitalism moves through cycles of crisis, restructuring and growth which alter demand for different types of labour.

This chapter looks at how these processes have played out in the New Zealand context, beginning with brief accounts of the historical development of gendered and ethnicised divisions of labour in this country, before examining the ways in which they were reshaped and reproduced during the post-Fordist period in the context of both economic and social change. It must be noted at the outset that gender and ethnic inequality are both complex and wide-ranging topics which can barely be covered adequately within the confines of a single chapter, and so the focus here is limited to the realm of work and to a fairly high level of analysis which on a broader canvas would benefit from greater detail.

The gendered division of labour: historical background

There are two dimensions to the gendered division of labour within capitalism which are closely inter-related: the gendered division of labour within the household, in which women tend to shoulder the major responsibility for the roles of nurturing, caring and housework; and the gendered division of labour within commodity production, which is characterised by a horizontal segregation between occupations traditionally regarded as either men's or women's work, and a vertical segregation in which women are under-represented in positions of authority and seniority (Bradley 1989). The division of labour between these two spheres – between the domestic and the industrial or the realms of unpaid and paid work – was itself gendered at its inception in the Industrial Revolution. In pre-industrial times, the household was a site of both subsistence and commodity production in which women had central roles, but industrial capitalism shifted the focus of production from households to factories and offices, drawing men into wage labour and leaving women with the primary responsibility for domestic labour, which went unpaid because it produced only use value rather than exchange value (Sayer and Walker 1992: 41-46). Those women who became wage labourers were concentrated in jobs that conformed to their domestic roles and social constructions of femininity – domestic service, nursing, teaching, textile production and so on – and which were more poorly paid than comparably skilled male-dominated occupations. The domestic division of labour and the inequalities it entailed were therefore reproduced in a modified form within commodity production.

In colonial New Zealand, circumstances were initially more akin to those of pre-industrial Britain, with both the settler household and the Maori whanau operating as sites of production in which women played significant roles (James and Saville-Smith 1994: 23-26). However, New Zealand did acquire the ideal of female domesticity prevalent in nineteenth-century Britain, and this was invested with new meaning in the colonial setting where women's role as a domestic 'helpmeet' was encouraged as a civilising influence (Dalziel 1977). As the capitalist economy developed and subsistence production gave way to wage labour, a 'cult of domesticity' developed based on a division of labour between male breadwinners and female homemakers – promoted at various times and for various reasons by the state, employers, organised labour and women's organisations (Nolan 2000). By the end of the nineteenth century just one in four adult women were in paid work, the vast majority of whom were unmarried. Those who were employed were overwhelmingly in jobs which conformed

to conventional female roles: by far the largest proportion were in 'domestic' occupations (domestic service, accommodation and personal 'attendance'), and most of the remainder in either light manufacturing (predominantly textiles and food processing) or lower professional occupations (mainly nursing and teaching).¹

The first half of the twentieth century saw gradual increases in female labour force participation, which received added impetus during the Second World War when women were recruited to fill labour shortages in key industries (Carmichael 1975). But contrary to popular perceptions women did not take over men's jobs *en masse* during the War, and the organisers of industrial conscription were careful to preserve the existing gendered division of labour in the paid workforce as much as possible (Montgomerie 1992). Labour force participation dipped again immediately after the War and by 1951 there was still only one in four adult women in paid employment, including just one in ten married women. There had been some occupational change over the previous half century thanks largely to the decline of domestic service and the growth of clerical work – which had gone from being a male-dominated occupation to one in which women had a strong presence.² However, there was still a highly gendered division of labour in paid employment, with female workers concentrated in a narrow range of mostly traditional occupations – around 70 percent worked as clerks, typists, sales workers, textile workers, domestic service workers, nurses or teachers.

The post-War decades saw a more significant and sustained rise in women's employment. The proportion of adult women in full-time employment increased gradually in the 1950s and more rapidly thereafter, rising from 25 percent in 1951 to 37 percent in 1981, primarily due to increasing employment among married women. The trend was an outcome of both economic and ideological change, and of factors in both the demand and supply of labour. On the demand side, the Fordist boom not only lifted aggregate demand for labour which encouraged greater employment of women (along with increased internal and international migration), but in particular it generated growth in occupations where women already had a strong presence: administrative jobs both in productive sectors and in the expanding state sector; and lower-professional jobs in health, welfare and education. On the supply side, the rise of feminism in the 1960s and 1970s challenged the ideal of female domesticity and institutional barriers to

¹ Based on 1896 Census data.

² The proportion of the female workforce employed in clerical work increased from less than one percent in 1896 to 27 percent in 1956, while the proportion of male workers in clerical occupations remained virtually unchanged at seven percent.

women's participation in employment, while advances in birth control allowed women more control over reproduction and thus greater independence. There was also some reduction in the labour time involved in domestic work thanks to mass-produced consumer goods – from processed foods to labour-saving appliances – as well as the expansion of health and welfare services.

But while feminism may have been successful in initiating attitudinal changes and securing anti-discrimination legislation,¹ the gendered division of labour was too entrenched to be broken down in the space of a few short decades. Women still shouldered the major responsibility for unpaid domestic labour, and this continued to constrain their labour force participation and shape the division of labour in paid employment. By the start of the 1980s women were just over half as likely as men to be in paid work, those employed were eight times as likely as males to work part-time, and occupational segregation was such that around six in every ten female workers would have had to change jobs in order to achieve an occupational distribution similar to that of males.² Women remained significantly under-represented in most managerial, higher professional and skilled manual occupations and over-represented in a range of lower professional, clerical, sales and service jobs.

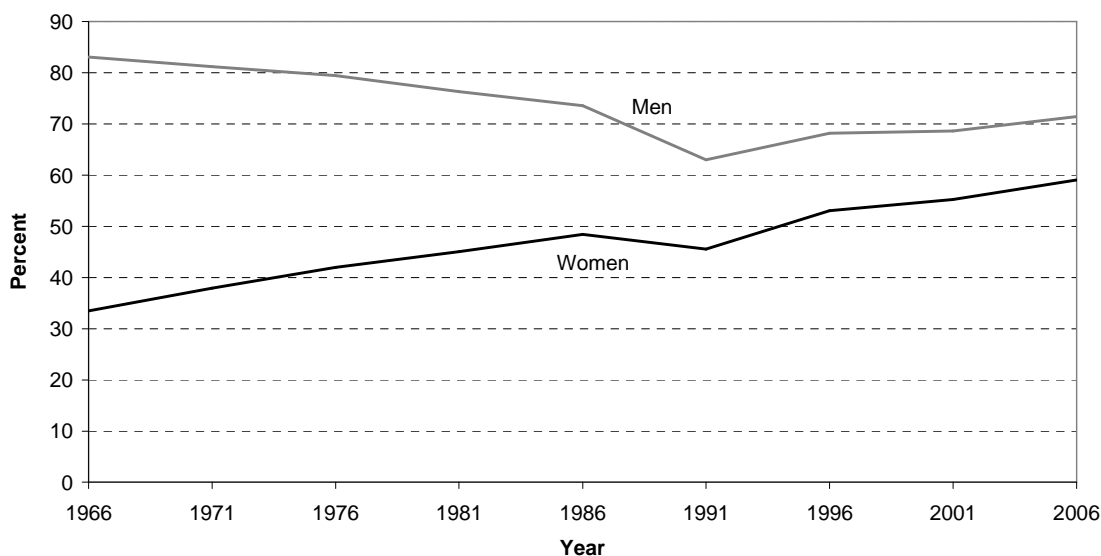
Restructuring and women's employment

The restructuring of the 1980s briefly interrupted the long-term rise in women's employment rates, but women were not as badly affected as men by the job losses of that period and enjoyed stronger employment growth over subsequent years. The result was a further narrowing of the gap between male and female employment rates, as shown in Figure 7.1. The gap which had halved from 50 to 25 percentage points over the two decades between 1966 and 1986 halved again to just 12 percentage points over the subsequent two decades to 2006. By that year, 59 percent of women were in paid employment compared with 71 percent of men. As the convergence of the recent period was a continuation of a longer-term trend, so some of its underlying causes were the

¹ The Equal Pay Act of 1972 legislated for equal rates of pay for men and women doing comparable jobs; the Human Rights Commission Act of 1977 prohibited employment discrimination against women; and the Maternity Leave and Employment Protection Act of 1980 established provisions for maternity leave and prohibited dismissal for reasons of pregnancy or maternity.

² Based on a dissimilarity index of 58 percent at the minor group level of the New Zealand Standard Classification of Occupations, using 1981 Census data (Statistics New Zealand 1993: 93). The minor group level contains 80 occupational groups. Disaggregation to a finer level of the classification would give a higher index of dissimilarity.

Figure 7.1: Employment rates by sex
1966–2006



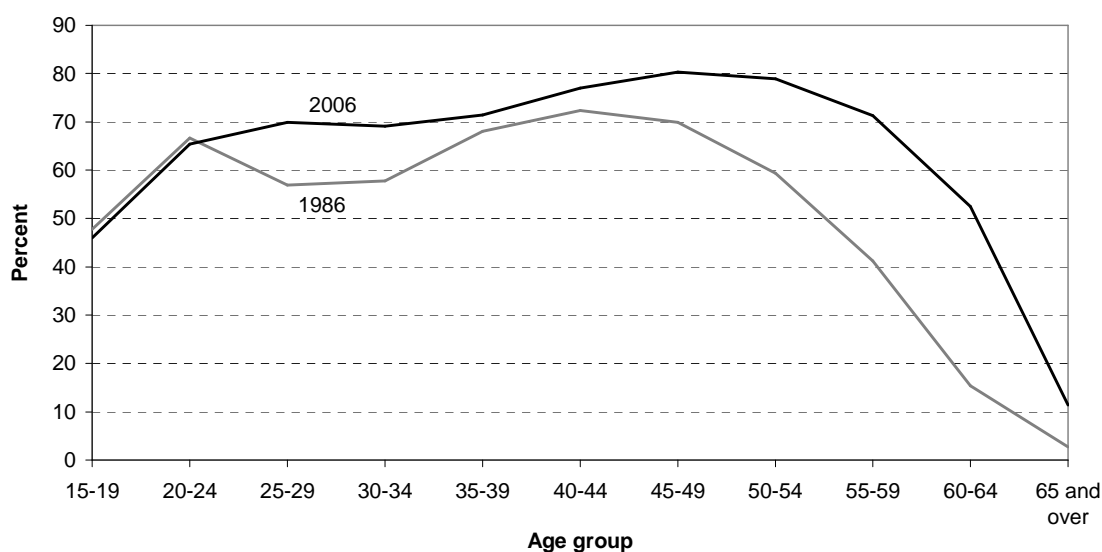
Source: Statistics New Zealand, *Census of Population and Dwellings*

same. Feminism had an enduring, if increasingly uncredited, influence in breaking down institutional and attitudinal barriers to women's employment and ensuring a new generation of women were socialised in a world where their aspirations were less constrained by the bounds of domesticity. Changes in patterns of family formation were also significant, with declining fertility rates, delayed childbearing, declining marriage rates and increasing rates of marital dissolution all contributing to a lessening of women's dependence on male breadwinners.

At the same time, there were several aspects of the restructured economy that encouraged greater employment rates among women, and which may in turn have been accentuated by the growing supply of female labour. These included structural shifts from male-dominated goods-producing industries to female-dominated consumer service industries, destandardisation of employment which allowed more flexibility in combining paid and unpaid work, and increasing commodification of domestic activities which saw more household work transferred to the market. Another factor was the combination of slow wage growth and rapidly rising property prices which stretched family budgets and increased the need for dual incomes in family households.¹ We will

¹ Between 1987 and 2007 the average house price rose from around two and a half times to around six times the average household disposable income, despite the increasing likelihood of households having dual incomes. Over the same period, household debt grew from 46 percent to 159 percent of household disposable income (data from Reserve Bank of New Zealand, retrieved on 26/09/2010 from <http://www.rbnz.govt.nz/statistics>).

Figure 7.2: Women's employment rates by age
1986 and 2006



Source: Statistics New Zealand, *Census of Population and Dwellings*

return to these issues after looking at some demographic aspects of female employment growth.

Changes in employment rates by age, marital status and parental status suggest that women have been taking shorter periods out of the paid workforce after having children or, if taking extended breaks, have been more likely to return to paid employment as their children become less dependent. In the 1960s and 1970s, women's age-specific employment rates resembled an 'm-shaped curve': increasing in young adulthood as women left education and entered the workforce, dropping as they reached the prime childbearing ages, increasing again as many re-entered the workforce after raising families, and dropping once more as they approached retirement age (Davies and Jackson 1993: 68-71). But as Figure 7.2 shows, the drop in employment during the childbearing ages was becoming less pronounced by the 1980s and had gone completely by 2006, when employment rates merely levelled off at what were now the slightly older ages of childbearing. There were also marked increases over the two decades in employment among women aged over 45, suggesting an increasing tendency to return to the workforce after raising families – although in the upper age ranges increases in the age of eligibility for superannuation and a trend towards partial rather than total disengagement from the workforce at retirement age were important factors.

These trends, in combination with declining rates of employment among younger women due to increasing educational participation, transformed the historical pattern in which paid employment among women was largely the preserve of those who were

young and/or single. By 2006, women under the age of 25 had lower rates of employment than all other age groups under 60, and women who had never married were less likely to be in paid work than those who were presently married. Perhaps most significantly, there was a marked rise in the employment rates of mothers with dependent children, from 53 percent in 1986 to 66 percent in 2006.¹ Proportionately, the greatest increases were among mothers of younger children: employment rates increased from 21 percent to 35 percent for those with children under one year old, and from 34 percent to 54 percent for those whose youngest child was aged one or two.² Unsurprisingly though, employment rates remained higher for women whose children were older, increasing with the age of the youngest child to peak at 81 percent in 2006 for those with a youngest child aged 15–17.³

Women with pre-school children are more likely to work part-time than full-time, and the fact that at all ages women have much higher rates of part-time work than men indicates the importance of this form of employment as a means of balancing paid work and domestic labour. We saw in Chapter Three that other forms of non-standard work which are often done on a part-time basis – temporary work, multiple-job holding and homeworking – are also more common among women than men. It might be expected, therefore, that the destandardisation of work and the associated rise in part-time employment in the 1980s and 1990s would be key factors in the growth in women's employment and the narrowing of the gender gap in employment rates. This appears to have been the case during the restructuring phase in the late 1980s and early 1990s when we saw the greatest shift from standard to non-standard work, but not during the subsequent consolidation phase when destandardisation stalled and reversed slightly. Part-time work accounted for most of the growth in the employment of women (with or without dependent children) between 1986 and 1996, but over the subsequent decade full-time work accounted for most of the increase. Taken over the full period from 1986–2006, by far the greatest increases in part-time employment among women were not in the age groups where they were most likely to be raising children, but in the younger and older age groups where people were likely to be working part-time because they were engaged in study or approaching retirement.

¹ Dependent children are those living with parents, aged under 18 years and not in full-time employment.

² Despite this, employment rates for mothers with pre-school children were relatively low compared with other OECD countries in 2001 (Johnston 2005).

³ Census data compiled by Kay Goodger, Ministry of Social Development.

The trend for more women to combine paid employment with the unpaid work of raising families undoubtedly means an increase in the total workload for many women – particularly those working full-time. However, it has also involved changes in the division of domestic labour both within the household and between the household and the market. Within most households it is likely that men have been making a greater contribution to domestic work than in the past, although the extent of this change is impossible to gauge in the absence of reliable time series data. New Zealand's only major time use survey in 1998/99 certainly found that the domestic division of labour was far from equitable, with women spending an average of 4.8 hours a day on unpaid work inside or outside the household compared to an average of 2.8 hours for men.¹ Overall, both sexes spent about the same amount of time working, but for men the majority of work (60 percent) was paid, while for women the majority (70 percent) was unpaid (Statistics New Zealand and Ministry of Women's Affairs 2001). We will be in a better position to judge how this has changed when results from a repeat survey in 2009/10 become available, but overseas evidence suggests western countries have seen a significant long-term trend towards greater participation by men in domestic labour – although women continue to shoulder the majority of the burden (Gershuny 2000; Bianchi *et al* 2000; Sullivan 2000; Hook 2006). Redistribution of work within the domestic division of labour is likely to have made paid employment a more viable option for many women, but equally the fact that women still do most of the domestic work is undoubtedly a critical factor in the persisting gap between male and female employment rates and the high incidence of part-time employment among women.

For some households – particularly the more affluent – having both partners in paid employment is also likely to involve some redistribution of domestic work from the household to the market. We have already noted that in the Fordist period new types of consumer goods resulted in some reduction in the time required for domestic labour. This has continued in subsequent years as labour-saving goods have become more ubiquitous and more technologically advanced, but additionally we have seen increasing substitution of domestic labour by consumer service industries. As we saw in Chapter Four, some of the fastest growing industries in the 1990s and 2000s were those providing services which might otherwise be performed as unpaid work within households or communities – most notably childcare services, pre-school education, residential and non-residential care services, accommodation for the aged, cleaning

¹ This included household work, caregiving for household members, purchasing goods and services for the household, and unpaid work outside the home (both formal and informal).

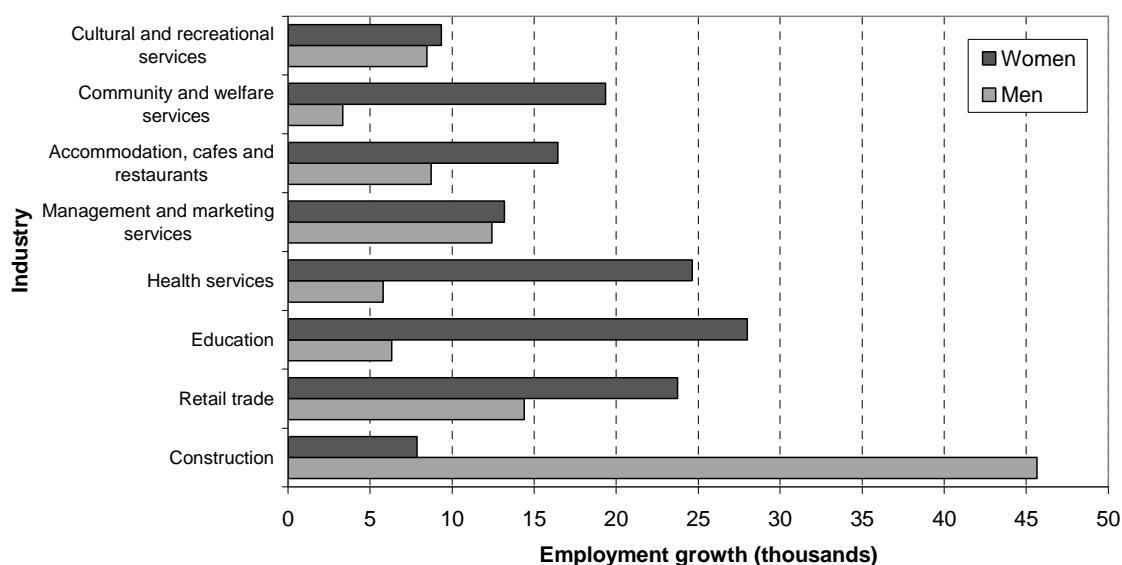
services, cafés and restaurants, and takeaway food retailing. While none of these industries are new, their rapid expansion in recent years has been built on the growing commodification of activities as they have moved from the household to the market. Just as many of those activities were mainly performed by women within the household, so they are predominantly performed by women within the paid workforce, and this means that the growth in women's employment has a self-perpetuating effect: as more women enter the paid workforce, demand for household and personal services increases, providing further stimulus for employment of women in the female-dominated industries which provide those services. This also involves a redistribution of domestic work within the class structure: the households which are most likely to purchase domestic labour services are middle-class households in which both partners are professional or managerial workers with insufficient time (or inclination) to perform their own domestic work but sufficient income to pay others to do it for them, while many of those who provide the labour are in the least-skilled fractions of the working class (Bradley 1989: 236).¹

The expansion of domestic services has of course been just one element of the structural shifts in employment since the mid-1980s. The broad thrust of those shifts, as we saw in Chapter Four, was the contraction of employment in primary and secondary goods-producing industries and the expansion of both producer and consumer service industries. Given the very different gender profiles of the workforces in these two groups of industries, this involved a redistribution of work not just between sectors but also between sexes. This is most graphically illustrated in the contrast between secondary industries and consumer service industries: men accounted for 75 percent of the massive fall in employment in secondary industries between 1986 and 1991, while women accounted for 74 percent of the similarly large increase in employment in consumer service industries between 1996 and 2006. In the latter period, women also accounted for most of the growth in government and non-profit industries (77 percent) and in circulation industries (53 percent), while men accounted for most of the growth in producer service industries (54 percent).

This is not to say that restructuring benefited all women. The fall in women's employment rates observed earlier reflected the fact that their unemployment rate more

¹ Callister *et al* (2009b) suggest that the increasing incidence of "income rich but time poor" couples along with other factors such as population ageing may be stimulating a revival in demand for paid domestic labour, which had been a major source of employment for women in the nineteenth and early twentieth centuries. As migrant workers tend to provide a significant proportion of this labour, there may also be an ethnic dimension to this redistribution of domestic work.

**Figure 7.3: Employment growth by sex in fastest growing industries
1996–2006**



Source: Statistics New Zealand, *Census of Population and Dwellings* (reclassified data)

than doubled between 1987 and 1991, peaking at 9.8 percent. This was well below the male peak of 11.4 percent in 1992 but still extremely high by historical standards.¹ It was not until 2004 that the female unemployment rate returned to its mid-1980s levels (as was the case for men). Most of the job losses for women, as for men, were in goods-producing and circulation industries, with women being particularly hard-hit in textile production where they made up the majority of the workforce. But women were under-represented in most of the industries decimated by restructuring and over-represented in most of the growth industries, so they were on the whole better placed to benefit from the structural shifts. Figure 7.3 shows that, with the notable exception of construction, women accounted for most of the employment growth in each of the fastest growing industries between 1996 and 2006. This was particularly pronounced in education, health services, and community and welfare services – industries in which women have always had a strong presence and where they accounted for over 80 percent of the increases. In light of the subsequent and ongoing economic crisis, it is significant that these industries tend to be much more ‘recession-proof’ than the construction industry, which was by far the largest growth industry for males during this period.

¹ It should also be noted that the official unemployment rate tends to conceal a greater degree of joblessness among women. More women than men are without jobs and want to work, but are not counted as officially unemployed as they do not meet the stringent criteria of being available for and actively seeking work. When unemployment peaked in 1991, there were 72,000 women officially unemployed and a further 56,000 otherwise jobless, compared with male figures of 107,000 unemployed and 34,000 other jobless (Statistics New Zealand, Household Labour Force Survey, December year averages).

Gender, occupation and class

Increasing employment rates among women have been accompanied by changes to long-established patterns of occupational segregation. Horizontal segregation has reduced as a result of women moving into a wider range of occupations and fields of work traditionally dominated by men, while vertical segregation has lessened as increasing numbers of women have moved into management and other positions of seniority. Again, feminism has played a significant role by raising the vocational aspirations of women, challenging the discriminatory attitudes and practices of gatekeepers, and advancing anti-discrimination legislation and equal employment opportunity policies – even if these are not always effectively implemented. Improving levels of education have also been critical to expanding the opportunities available to women, with females now outperforming males in both participation and attainment in most types of secondary and tertiary education (Statistics New Zealand 2005: 43-58). But despite this progress, gender equity in employment remains a distant goal. There is still a strongly gendered division of labour within the paid workforce which bears the imprint of the domestic division of labour and conventional notions of masculinity and femininity. Women remain heavily over-represented in occupations orientated towards caring, helping and domestic work, and under-represented in the traditional male domains of the higher professions, senior management and skilled manual occupations. It has been argued that many women have a preference for the types of occupations which best allow them to combine paid work with domestic roles by allowing more flexible work arrangements and accommodating periods out of the workforce (Hakim 2000). But such choices have to be seen within the context of the gendered division of labour which imposes this dual burden on women and constrains aspirations and opportunities by shaping ideological representations of what constitutes appropriate and desirable work for women.

Table 7.1 illustrates the extent of segregation in a selection of major sex-typed occupational groups and the degree to which this changed between 1991 and 2006.¹ The list of female-dominated occupations reflects the abiding connection of ‘women’s work’ with nurturing, caring, domesticity and helping. Occupations such as nursing, teaching, social work, housekeeping, health care, textile production and cleaning are all associated in various ways and to varying degrees with gendered domestic roles, while

¹ Comparison over a longer period is not possible because of changes in the standard classification of occupations.

Table 7.1: Gender composition of selected occupational groups
1991 and 2006

Occupational group	1991		2006	
	Women	Men	Women	Men
	<i>Percent</i>			
Female-dominated occupations				
Nurses and midwives	94.2	5.8	93.0	7.0
Primary and early childhood teachers	83.4	16.6	89.1	10.9
Special education teachers	86.8	13.2	81.9	18.2
Archivists, librarians and information professionals	83.9	16.2	78.2	21.7
Social and related science professionals	55.2	44.9	63.0	36.9
Life science technicians and related workers	65.5	34.4	67.1	32.9
Health associate professionals	78.9	21.0	79.1	20.8
Administrative associate professionals	54.2	45.8	68.6	31.4
Social workers	71.6	28.4	82.3	17.7
Secretaries and keyboard operating clerks	96.2	3.8	94.3	5.7
Numerical clerks	82.7	17.3	81.2	18.8
General clerks	79.3	20.7	81.8	18.2
Cashiers, tellers and related clerks	78.2	21.8	77.6	22.4
Receptionists and information clerks	95.0	5.0	91.4	8.6
Housekeeping and restaurant services workers	71.7	28.3	65.7	34.3
Health care assistants	87.7	12.3	89.3	10.7
Other personal services workers	88.2	11.8	90.4	9.6
Salespersons and demonstrators	63.0	37.0	61.7	38.3
Textile products machine operators	80.9	19.0	74.8	25.1
Cleaners and caretakers	63.4	36.6	61.4	38.6
Male-dominated occupations				
General managers	17.6	82.4	30.1	69.9
Information technology professionals	22.6	77.4	25.3	74.7
Architects, engineers and surveyors	4.9	95.1	13.2	86.8
Life science professionals	21.7	78.5	39.3	60.7
Health professionals (except nurses)	31.7	68.3	46.8	53.2
Legal professionals	24.8	75.2	44.8	55.2
Physical science and engineering technicians	14.2	85.8	16.1	83.9
Protective services workers	9.6	90.4	19.0	81.0
Livestock farmers and farm workers	28.8	71.2	30.9	69.1
Forestry workers	3.8	96.3	5.8	94.3
Building frame and related trades workers	0.8	99.2	1.3	98.7
Building finishers and related trades workers	3.1	96.9	4.9	95.1
Electricians	1.3	98.8	1.3	98.6
Metal moulders, sheet-metal and related workers	3.2	96.8	1.6	98.4
Machinery mechanics and fitters	1.0	99.0	1.6	98.4
Metal and mineral products processing machine operators	9.5	90.6	12.5	87.5
Assemblers	23.5	76.5	18.9	81.0
Motor vehicle drivers	7.4	92.6	7.5	92.5
Agricultural, earthmoving and lifting machinery operators	2.0	97.9	5.2	94.8
Labourers	15.0	85.0	16.7	83.3
Total workforce	43.2	56.8	47.1	52.9

Source: Statistics New Zealand, *Census of Population and Dwellings*

Notes: Occupational categories are selected from the third level of the standard classifications (NZSCO90 and NZSCO99) but some of the category names have been changed slightly for purposes of clarity and brevity. Selection of categories was limited to those employing 3,000 or more workers in 2006 and having a significant over-representation or under-representation of either sex in one of the two years. The list of male-dominated occupations is far more selective than the female list as there are many more male-dominated than female-dominated occupations.

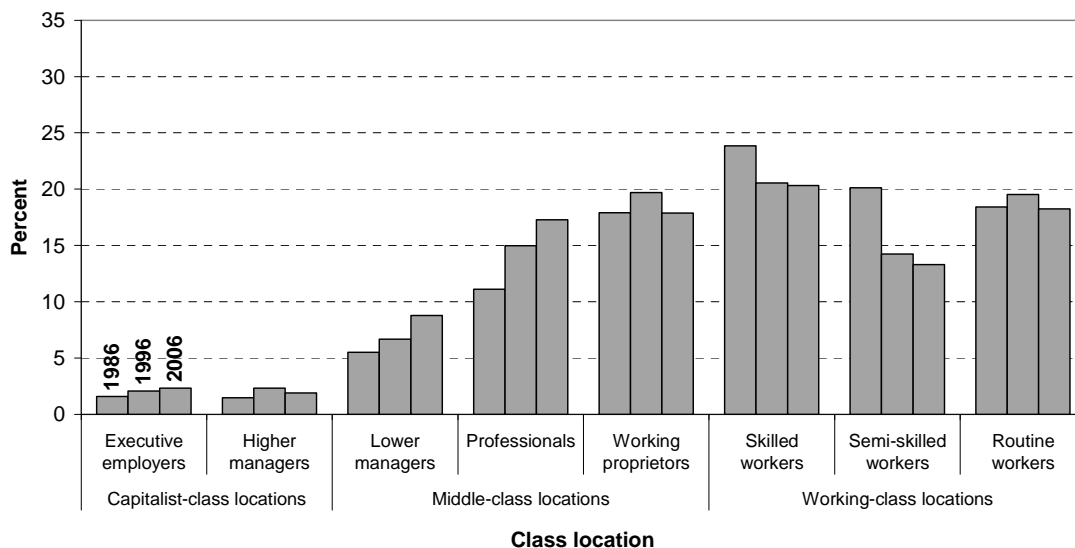
other jobs such as secretarial and reception work also reflect traditional gender roles in that they involve assisting others (traditionally males) in positions of seniority. Several of the female-dominated occupations are professional jobs, but they are generally in the category of lower professions, requiring lesser qualifications and commanding lower incomes than the more prestigious professions in which women tend not to be as strongly represented. Women also predominate in a number of sub-professional white-collar occupations in the clerical and sales fields. Outside of white-collar employment, women are much more strongly represented in grey-collar service jobs than in blue-collar production jobs, with the greatest imbalances being in the categories of health care assistants (including nurse aides, home aides and caregivers) and other personal service workers (including hairdressers, beauty therapists and childcare workers). Despite a general decline in gender segregation over this period, the gender imbalance in several female-dominated occupations actually increased between 1991 and 2006 due to the increasing numbers of women in paid employment. This was particularly evident in professional or associate professional fields such as primary and early childhood teaching, social science occupations, administration and social work. The greatest movement of males into female-dominated occupations occurred in some of the less-skilled categories, perhaps as a result of the decline of low-skilled employment in traditionally male-dominated secondary industries.

The most significant movements of women into male-dominated occupations between 1991 and 2006 occurred in management and the higher professions. Women made considerable inroads into management but were still very much under-represented among general managers, while achieving almost equitable representation in lower management positions. In the higher professions, women made up almost half of all health and legal professionals by 2006 but did not have such a strong presence in some of the more technologically-orientated fields such as architecture, engineering and information technology. Protective service occupations also remained male-dominated, but there were signs of change here due to the increasing recruitment of women into the police and armed forces. The predominance of males tends to be strongest in manual occupations and this changed little over the period. The skilled manual trades along with lower-skilled jobs involving heavy machinery remain almost exclusively male preserves, although women are better represented in some other low-skilled manual jobs such as labouring and assembling, as well as in livestock farming.

Overall, the decline in occupational segregation which had been evident in earlier years continued through to 2006. Between 1991 and 2006, the index of dissimilarity (the proportion of women who would have to change occupations in order to achieve a distribution similar to that of men) fell from 52 percent to 45 percent, continuing a gradual trend since the early 1970s.¹ There is some evidence to suggest that the convergence between male and female occupational distributions has slowed over recent years (Newell 2009), although this might be expected to occur as the disparities reduce. The census data is somewhat limited in that it only tells us about the distribution of men and women *between* occupational categories and nothing about distribution *within* those categories, which may themselves conceal further horizontal and vertical segregation. In particular, vertical segregation within occupations remains a major impediment to gender equity in employment – while more women have moved into male-dominated occupations, they still face obstacles to progressing within those occupations into positions of seniority and authority. Even in female-dominated occupations men often hold the most senior positions, and it is a paradoxical effect of the decline of occupational segregation that as more men move into female-dominated occupations it may become harder for women to progress into the top jobs. Vertical segregation within occupations may result from a range of factors: discrimination by gatekeepers who are more likely to identify the qualities deemed suitable for advancement in male workers than female workers; the difficulties faced by many women in combining the commitment required for career advancement with heavy domestic workloads; and horizontal segregation within occupations which may see women concentrated in niches which offer less opportunity for advancement (Acker 2009). There is unfortunately a dearth of good research on these matters in New Zealand, although the Human Rights Commission (2008) has identified under-representation of women in a range of senior positions including law-firm partners, senior police officers, university professors and associate professors, and newspaper editors.

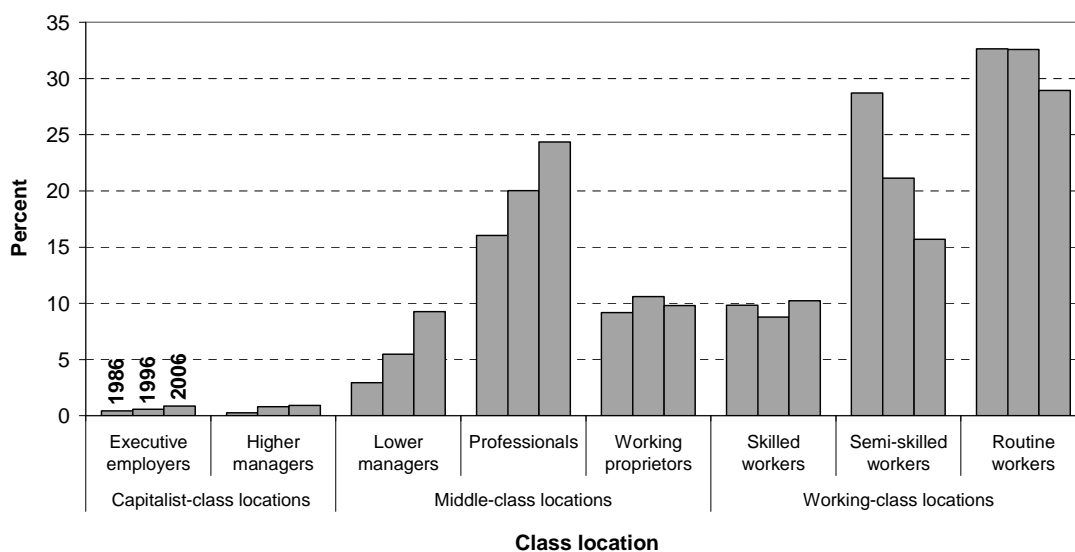
¹ These calculations are based on the third or minor group level of the New Zealand Standard Classification of Occupations, which contains 96 occupational groups. It is not possible to obtain a consistent series going back earlier than 1991 owing to changes in the standard classification. However, using an earlier classification with 80 minor groups, Statistics New Zealand (1993: 93) calculated that the index of dissimilarity fell from 63 percent to 53 percent between 1971 and 1991 among those working 20 or more hours per week.

Figure 7.4: Class locations of employed men
1986–2006



Source: Statistics New Zealand, *Census of Population and Dwellings* (reclassified data)

Figure 7.5: Class locations of employed women
1986–2006



Source: Statistics New Zealand, *Census of Population and Dwellings* (reclassified data)

Gendered divisions of labour within the paid workforce produce a gendered class structure, with men and women distributed inequitably across class locations as illustrated in figures 7.4 and 7.5. Despite the increasing movement of women into management, they remain significantly under-represented in capitalist-class locations: less than two percent of employed women were either executive employers or higher managers in 2006, compared with over four percent of men. This meant that women made up just 27 percent of people in these categories in 2006, although this was more

than double the proportion 20 years earlier (13 percent).¹ Representation in middle-class jobs is more equitable thanks to the strong movement of women into lower management and the professions. By 2006 a slightly higher proportion of women than men were in the lower managerial category (both around nine percent), while considerably more women than men were in the professional category (24 percent compared with 17 percent). The relatively high proportion of women in professional positions is not new and is largely due to their over-representation in lower professions – in 2006 over three-quarters of all female professionals were in lower professional jobs compared with less than half of all male professionals. Men were also almost twice as likely as women to be working proprietors, reflecting not only the fact that many in this category work in manual occupations such as skilled trades and farming, but also that women generally are less likely than men to be self-employed, either with or without employees.² Nonetheless, the movement of women into professional and lower managerial jobs meant that by 2006 they were almost equitably represented in middle-class employment, making up 47 percent of people in these categories compared with 35 percent two decades earlier.

Women are slightly more likely than men to be in working-class jobs, although for both sexes these jobs represent a declining share of employment. Most of the decline for both men and women has been in semi-skilled work, predominantly in production jobs which suffered as a result of restructuring. While similar proportions of men and women were in semi-skilled jobs at the end of the period, women were markedly under-represented in skilled jobs and over-represented in routine jobs. This is because the skilled category includes the manual trades where men predominate, while the routine category includes the low-skilled service jobs in fields such as hospitality, caring and cleaning where women predominate. The shift in composition of working-class employment from blue-collar to grey- and white-collar jobs, which we observed in Chapter Six, also entailed something of a gender shift as the female share of working-class employment rose from 43 percent to 49 percent between 1986 and 2006. However, this is similar in scale to the gender shift within the workforce as a whole and not as great as the shift within middle-class employment.

¹ Women are likely to be even more under-represented in the top positions within the capitalist class. Research by the Human Rights Commission shows that in 2007 women made up just 8.6 percent of directors of companies listed on the New Zealand Stock Market (Human Rights Commission 2008).

² In 2006, 10 percent of men and 5 percent of women were employers, while 15 percent of men and 9 percent of women were self-employed without employees.

The inequitable distribution of men and women within the class structure is reflected in income inequality between the sexes, although it does not wholly explain that inequality. In 2006, the median income of workers in full-time employment was \$34,600 for women and \$41,500 for men. There was some narrowing of this gap between 1986 and 2006, with the median income for female full-time workers increasing from 71 percent to 83 percent of the male median. However, most of this change occurred during the initial restructuring period between 1986 and 1991, and was the combined result of a rise in real incomes for women and a simultaneous fall in real incomes for men. Since that time, women's incomes have risen faster than those of men and so the gap has continued to narrow, but at a slower rate. The narrowing of the gap no doubt reflects the progression of more women into professional and managerial occupations, while the fact that a gap persists is a reflection of continuing occupational segregation and pay inequities between comparably skilled male-dominated and female-dominated occupations. However, occupational distribution does not fully account for income inequality. Even within most occupational categories men tend to earn more than women – in 2006 there was only a handful of occupations in which the median income for full-time female workers was similar to that of their male counterparts.¹ A number of factors could account for this, including intra-occupational segregation, differences in education or skill levels, differences in the number of hours worked, the effects of women taking time out of the workforce to raise children, and discrimination in the setting of remuneration levels.

Because census income data relates to annual income from all sources rather than just from employment, gender income gaps may also be affected by differences in income from other sources and by differences in the likelihood of having had time out of the workforce during the year. Data on hourly earnings from wages and salaries from the New Zealand Income Survey eliminates these factors and shows a smaller gap than the census data, with the median hourly earnings for women being 88 percent of the male median in 2006 – up from 83 percent in 1997. Regression analysis on this data from the late 1990s suggested that between 40 and 80 percent of the earnings gap could be explained by gender differences in occupational and industrial distribution, experience (measured by accumulated years in the full-time workforce) and education

¹ Of the 363 occupations employing at least 50 full-time workers of both sexes in 2006, only 10 had a full-time median income for females which was equal to or greater than that of males. In a further 20 occupations the female median was within five percent of the male median. In another six occupations both sexes had a median in the highest band of over \$100,000, meaning comparisons could not be made.

(Dixon 2000). It is therefore fair to speculate that the residual or unexplained component of the gap is largely attributable to intra-occupational segregation and pay discrimination, but this residual element appears to be declining as the earnings gap narrows.

Ethnicised divisions of labour: historical background

Like gendered divisions of labour, ethnicised divisions of labour are not unique to capitalism but have been an integral feature of various stages of capitalist development and have helped to shape the course of that development. The nature of these processes has varied considerably according to time and place, but the New Zealand experience has commonalities with other settler societies colonised in the course of the global expansion of European capitalism between the seventeenth and nineteenth centuries, and with other developed capitalist nations which received large waves of immigration in the latter half of the twentieth century (Pearson 2001). In settler societies, non-European peoples were incorporated into divisions of labour which sustained the emerging capitalist economies in several different ways: as independent producers of goods for exchange with traders or settlers, as slaves, as indentured workers or as free wage labourers (Miles 1987). In New Zealand, Maori initially engaged economically as independent producers during the early years of contact and increasingly as wage labourers as colonisation progressed and the capitalist economy gained ascendancy. In the first instance this did not involve direct incorporation into capitalist class relations, but rather an articulation between the traditional Maori mode of production based on lineage relations and the emerging capitalist mode of production (Bedggood 1979; Bedggood and de Decker 1977). During this period, the Maori economy produced commodities in the form of food and raw materials along with services such as shipping which were traded within the emerging capitalist economy in a mutually advantageous division of labour, providing settlers and traders with means of provisioning and profit and providing Maori with European goods and mana (Petrie 2006). However, as colonisation gathered pace and Maori land was increasingly alienated – through either voluntary sale, fraudulent appropriation or forcible seizure – the capitalist economy became increasingly dominant and the Maori economy increasingly unviable. By the end of the nineteenth century, only a fraction of the country's productive land remained in Maori hands and the indigenous population was largely consigned to a precarious

rural subsistence, supplemented where possible by waged employment – usually casual or seasonal labouring in agriculture or public works programmes (Sorrenson 1992).¹

Employment opportunities for Maori in the early part of the twentieth century were limited given their overwhelmingly rural location, low levels of formal education, and racism among Pakeha who controlled access to employment (Ballara 1986). The situation was exacerbated by the onset of the Great Depression, and by 1933 around three-quarters of adult Maori males were registered as unemployed (King 1992: 293). Those Maori who obtained waged employment mostly worked in occupations which conformed to their roles in pre-capitalist production, just as women's occupations tended to reflect their roles in the domestic division of labour. In 1936, 88 percent of employed Maori males worked in agriculture, forestry, construction (largely public works) or other labouring jobs, while 86 percent of employed Maori women worked in agricultural, labouring or domestic occupations.² At this time 83 percent of Maori lived in rural areas, but with a growing population and declining employment opportunities due to mechanisation and rationalisation of agriculture and the scaling down of public works, the stage was set for large-scale migration to the cities.

There had been some urbanisation of Maori before the Second World War and this gained further impetus from urban labour shortages during the War, but migration really gathered pace during the post-War decades when the Fordist boom stimulated labour demand in urban secondary industries (Ongley 1990). In the fifty years from 1936 to 1986, the Maori population was transformed from one in which eight out of ten people lived in rural areas, to one in which a similar proportion lived in urban areas – although not necessarily in the major cities as many migrated to smaller cities and towns nearer their tribal regions. In the process, Maori migrants were channelled into semi-skilled and low-skilled manual work, predominantly in secondary industries. By 1976, 56 percent of employed Maori males and 38 percent of employed Maori females worked in secondary industries, compared with 41 percent and 22 percent of the total male and female workforces respectively. They were also over-represented in primary production and transport, as large numbers were employed by state-sector enterprises in forestry and railways, but they remained strongly under-represented in most service industries. In terms of occupations, most were performing low-skilled manual jobs – 65 percent of Maori males and 52 percent of Maori females were in low-skilled manual work in 1976,

¹ It is not possible to quantify Maori participation in waged employment at this time as the Census did not collect employment data on Maori until 1926.

² All employment data in this section is from Ongley (1990).

compared with 30 percent and 23 percent of the total male and female workforces respectively. Conversely, they were under-represented in all major categories of white-collar work, particularly managerial and professional occupations.

The post-War boom was also fuelled by international migration from two major sources – Europe and the Pacific Islands. New Zealand's preferred sources of new settlers were Britain, other Western European nations and the 'old commonwealth' countries. People of British and Irish birth and parentage had unrestricted rights of residence in New Zealand until the economic reversals of the 1970s, while other immigrants required ministerial approval – a system which was used to restrict immigration of non-Europeans in what effectively amounted to a 'white New Zealand' policy (Farmer 1985). The growing demand for labour after the War saw significant increases in immigration from Europe, particularly the UK. These immigrants were mostly skilled manual or white-collar workers and became dispersed throughout the industrial and occupational structure rather than being concentrated in particular sectors. The situation was quite different for Pacific migrants, who were the only non-European group to migrate in large numbers to New Zealand during the Fordist period. This migration flow had significant commonalities with Maori migration, despite being international rather than internal: in the island nations as in New Zealand, the intrusion of capitalism had undermined subsistence modes of production and displaced indigenous labour, which was then drawn into expanding secondary industries during the post-War boom. The difference was that capitalism in the islands remained underdeveloped and unable to provide sufficient employment and income for growing populations, so migrants had to look overseas for opportunities – and there was a ready demand for their labour in New Zealand (Ongley 1990; 1991).

Pacific migrants entered through a number of channels: citizens of the Cook Islands, Niue and Tokelau (which had been New Zealand territories or protectorates) held New Zealand citizenship and unrestricted rights of residence; Western Samoa was allowed a quota of permanent immigrants in recognition of its colonial relationship with New Zealand; and other migrants from that country along with Tonga and Fiji mostly entered New Zealand on temporary permits and often overstayed – with the acquiescence of employers and the state as long as their labour was needed (Trlin 1987). This changed with the onset of economic crisis and reversals in the labour market in the early 1970s, leading to efforts to round up and deport Pacific overstayers and introduce more formalised and restrictive guestworker schemes – with limited success as some

continued to overstay and others were eligible for residence under family reunification provisions (Bedford 1984). Pacific migrants, like Maori, generally had low levels of formal education and skills, and became heavily concentrated in low-skilled jobs in manufacturing industries, as did their New Zealand-born children. In 1976, 74 percent of males and 54 percent of females of Pacific ethnicity worked in secondary industries, with 59 percent of males and 53 percent of females working in low-skilled manual occupations. Like Maori, they were significantly under-represented in all other industries with the exception of transport, and in white-collar occupations, particularly management and the professions. By comparison with Maori they were more likely to work in manufacturing, and particularly in import substitution industries producing goods such as textiles, consumer durables and industrial equipment.

Colonialism and labour migration – aspects of two different phases of capitalist development – thus combined to create ethnicised divisions of labour in which there was a disproportionate clustering of Maori and Pacific workers in low-skilled manual occupations in production industries. These were also racialised divisions of labour, as the racism which had helped to legitimate colonialism was reshaped into stereotypes which characterised Maori and Pacific people as naturally suited to the low-skilled manual work in which they were concentrated, and with limited aptitude or inclination for other types of employment. The combined effects of class, racism and ethnicity ensured the reproduction of this pattern over time, as the factors which restrict inter-generational class mobility – a cycle of low-wage employment, socio-economic disadvantage, lack of cultural capital and low educational achievement – were compounded by exclusionary practices ranging from a monocultural education system to discrimination in the job market. This all placed Maori and Pacific people in a particularly vulnerable position when the crisis of the 1970s and the restructuring of the 1980s eventuated: concentrated at the lower end of the labour market in the most vulnerable sectors of production, and ill-placed to take advantage of the new areas of employment growth in skilled white-collar work.

Restructuring and ethnicity

Before looking at the effects of restructuring on ethnic inequalities it should be noted that the analysis in this and the following section is constrained by limitations of space and availability of data. Consequently, it compares only the very broad ethnic categories from the highest level of the standard classification of ethnicity: European, Maori,

Pacific and Asian.¹ Each of these categories conceals considerable heterogeneity in three respects. Firstly the European, Pacific and Asian categories are aggregations of a diverse range of ethnic groups with distinctive cultural and national origins. Secondly, within particular ethnic groups there may be significant differences in cultural orientations and socio-economic outcomes between those of a single ethnicity and those of multiple ethnicities – for instance between those of sole Maori ethnicity and those of combined Maori and European ethnicity. Thirdly, in the case of migrant ethnic groups there may be similar differences between the overseas-born and New Zealand-born, and between recent migrants and established migrants. To take account of all this variation is beyond the scope of this exercise and so the analysis must be largely confined to the four major categories. These categories do reveal some marked contrasts, but it should be borne in mind that they also conceal some important differences.²

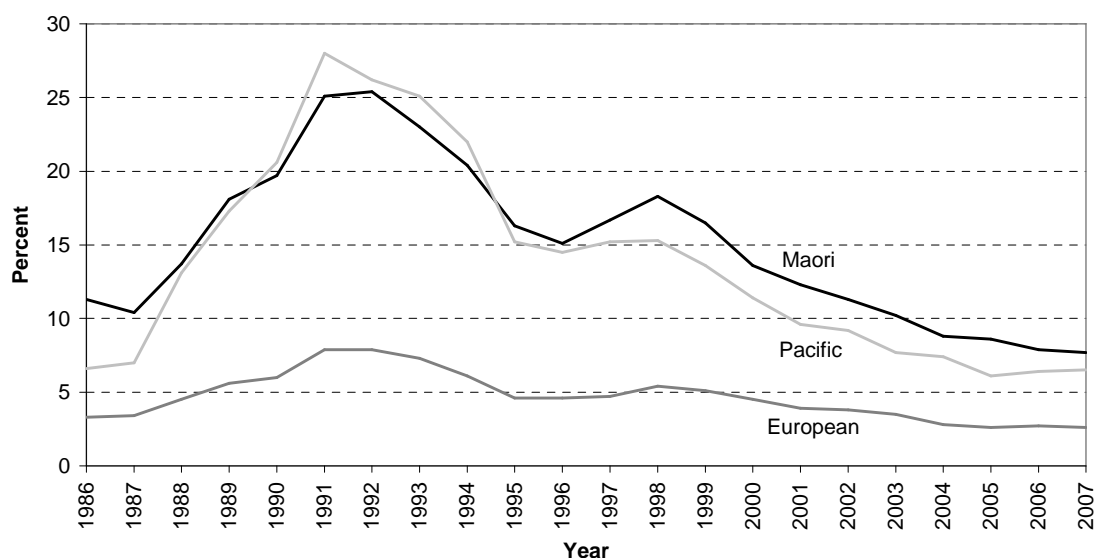
The neoliberal restructuring project had two major consequences in terms of the relationship between ethnicity and the labour market. The first was soaring levels of unemployment among Maori and Pacific workers in the late 1980s and early 1990s as production industries were hit by the removal of protection along with a slump in domestic demand, while major state-sector employers in forestry and railways were corporatised and privatised. The second was the diversification of New Zealand's immigration streams as the country sought to attract more skilled immigrants to satisfy the new areas of labour demand and turned increasingly to Asia and other 'non-traditional' source countries. Despite recovery in employment rates and increasing upward mobility among Maori and Pacific workers, existing ethnicised divisions of labour persisted and were overlaid with new divisions as New Zealand's new immigrant streams were channelled into different types of work (Ongley 1991; 1996; 2004).

The effect of restructuring and recession on Maori and Pacific unemployment is graphically illustrated in Figure 7.6. The Maori unemployment rate rose from 10.4 percent to 25.4 percent between 1987 and 1992, while the rate for Pacific people rose

¹ The categories of 'Middle Eastern/Latin American/African' and 'Other Ethnicity' have been excluded because they are too small and diverse to provide useful data. At the 2006 Census the 'Other' category for the first time included those who reported their ethnicity as 'New Zealander', but for the purposes of this exercise and to maintain consistency with the practice in earlier censuses these responses have been recoded to the European category. The term 'European' is used in preference to 'Pakeha' because this is the terminology used in the standard classification and the Census questionnaire. Census data used here is based on total response counts, which means that people who report more than one ethnicity are counted in each ethnic category they specify, so the categories are not mutually exclusive. The unemployment data from the Household Labour Force Survey is based on a prioritisation system whereby people reporting more than one ethnicity are allocated to a single ethnic category.

² For discussion of these and other issues relating to the conceptualisation, measurement and reporting of ethnicity see Callister *et al* (2006; 2009a).

Figure 7.6: Unemployment rates by ethnicity
1986–2007



Source: Statistics New Zealand, Household Labour Force Survey (December year averages)

even more sharply from 6.6 percent to 28 percent between 1986 and 1991. In both cases the peak was more than three times as high as the European peak of 7.9 percent. Despite considerable falls over subsequent years – interrupted only by a brief reversal following the Asian crisis in the late 1990s – unemployment for Maori and Pacific people remained markedly higher than the European rate. The rates in 2007 stood at 7.7 percent for Maori, 6.5 percent for Pacific people and just 2.6 percent for Europeans.¹ Although these disparities are affected to some extent by the younger age profiles of the Maori and Pacific populations, the unemployment rates for these groups are considerably higher than the European rates across all age groups.

Most of the job losses for Maori and Pacific workers during the restructuring period were in production industries – the sectors in which they were over-represented and which were the worst affected by restructuring and recession. Between the 1986 and 1991 censuses, the number of Maori employed in secondary industries fell by 22,200, with a fall of a further 5,800 in primary industries. Even within these industries, Maori workers bore a disproportionate share of the job losses: in 1986 they made up 10 percent of workers in the primary sector and 13 percent of those in the secondary sector, but over the next five years they accounted for 28 percent and 21 percent of the fall in

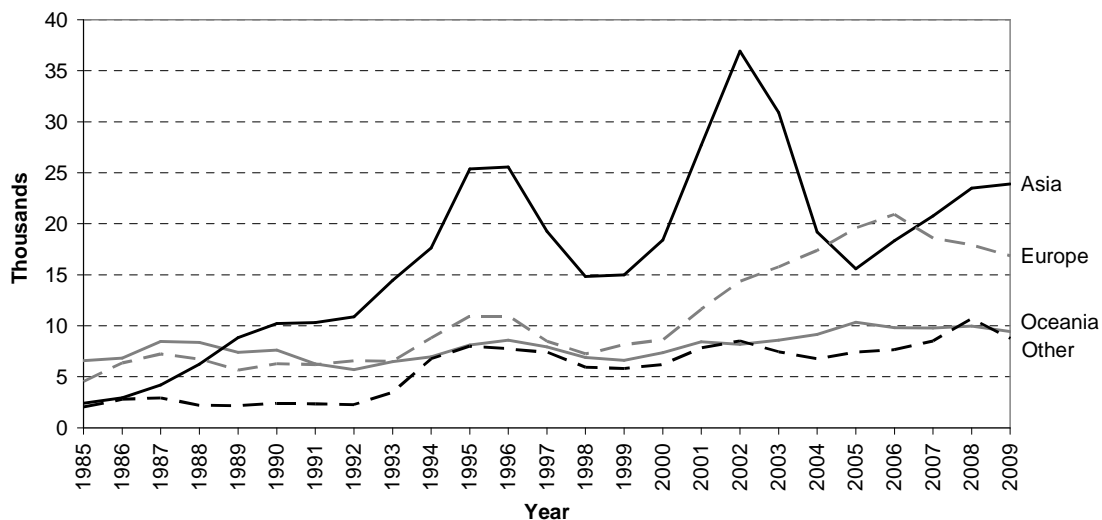
¹ Changes to the way ethnicity data is reported in the HLFS mean it is not possible to extend this series beyond 2007, but based on total responses for each ethnic category the annual average unemployment rates in 2009 were 13.4 percent for Pacific peoples, 12.7 percent for Maori, 8.0 percent for Asians and 4.8 percent for Europeans, indicating that the latest recession is again being felt particularly severely by Maori and Pacific workers.

employment in the primary and secondary industries respectively. For Pacific workers – who by comparison with Maori were more disproportionately concentrated in manufacturing industries – the secondary sector accounted for almost all the decline with a fall of 8,700. Their job losses were more in proportion to their representation in the sector – they made up six percent of the workforce in secondary industries in 1986 and accounted for eight percent of the job losses over the next five years.

At the same time as Maori and Pacific workers were being expelled from declining sectors of production, New Zealand was liberalising its immigration policies to attract new workers for expanding sectors. If Maori and Pacific labour migration had been a characteristically Fordist form of migration providing low-skilled labour for production industries, the new immigration policies had a decidedly post-Fordist character – a liberalised regime geared towards attracting professional and technical skills and capital unhampered by non-economic considerations such as national origin and ethnicity. The first step was the removal in 1986 of the ‘traditional source country’ preference, which had previously restricted migration from Asia and other non-European countries. This was accompanied by some easing of restrictions on family migration and a new business immigration scheme designed to attract entrepreneurs and capital to New Zealand. The second step involved opening up the skilled migration stream in 1991 from a restrictive regime which had only admitted those with skills in short supply in New Zealand, to an expansive programme aimed at enhancing the country’s human capital and stimulating economic growth by attracting large numbers of highly skilled and educated immigrants – to be selected by a points system which emphasised qualifications and work experience. This did not, however, mean that all immigrants would be skilled or wealthy – family reunification and humanitarian admissions remained important components of New Zealand’s intakes and these included many who were unskilled or economically inactive. Following upsurges in Asian immigration, there were further policy changes in 1995 and again in 2002 and 2003 which introduced tougher English language requirements and adjusted the points system in order to more effectively regulate the level and composition of immigration flows. However, the principles of the 1986 and 1991 reforms continued to provide the foundation of New Zealand’s immigration policy through the 1990s and 2000s (Trlin 1986; 1992; 1997; Bedford *et al* 2005).¹

¹ While selection of permanent immigrants emphasised skills and capital, New Zealand showed that it was still prepared to utilise low-skilled temporary migrants when necessary with the introduction in 2007

Figure 7.7: Permanent and long-term arrivals of non-New Zealand citizens by country of last residence 1985–2009



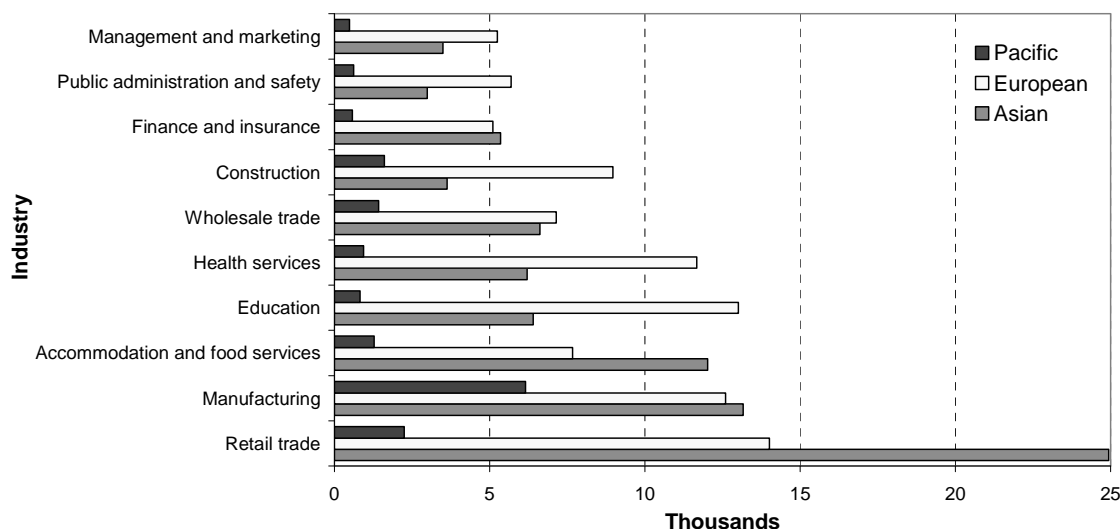
Source: Statistics New Zealand, *International Travel and Migration* (December years)

Figure 7.7 illustrates the effects on levels and sources of immigration.¹ Permanent and long-term arrivals of non-New Zealand citizens climbed from 17,000 in 1985 to 56,000 in 1996, dropping subsequently due to economic downturn and policy changes before rising again to a peak of over 70,000 in 2002. Migrants from Asia accounted for most of the increase, particularly those from the northeast Asian countries of China, Taiwan, Hong Kong, South Korea and Japan. From around 2,000 migrants a year in the late 1970s and early 1980s, arrivals from the Asian region rose to over 25,000 by 1995 and almost 37,000 by 2002. These upsurges were accompanied by growing anti-Asian sentiment in New Zealand (Spoonley and Trlin 2004) along with more legitimate concerns about settlement outcomes, as many migrants had difficulty finding suitable employment and often did not stay in New Zealand (Winkelmann and Winkelmann 1998). Such concerns no doubt influenced the policy changes of 1995 and 2002/03 which put more emphasis on English language ability and settlement potential – with the result that intakes from Asia fell while those from Europe (particularly the UK) rose. Although migration from Asia picked up again in the buoyant labour market of the mid-2000s, it did not reach anything like the earlier peak. Meanwhile, migration from the

of the Recognised Seasonal Employer (RSE) policy, a guestworker scheme to recruit mainly Pacific workers to fill seasonal labour shortages in the horticulture and viticulture industries.

¹ These figures do not represent the number of new permanent residents, but include all those arriving in New Zealand with the intention of staying for a period of 12 months or more (excluding New Zealand citizens). The regional breakdowns are based on country of last permanent residence, not nationality or ethnicity.

Figure 7.8: Industry by ethnicity
Immigrants living in New Zealand less than 20 years
 2006



Source: Statistics New Zealand, *Census of Population and Dwellings* (reclassified data)

Oceania region remained fairly steady throughout the period – the points system disadvantaged low-skilled Pacific migrants, but many still had access through other provisions. Arrivals from other countries (the Americas, Africa and the Middle-East) increased in the early 1990s but not greatly thereafter, meaning that a large number of countries contributed a relatively small proportion of total immigration flows.

The growth and diversification of immigration meant increasing ethnic diversity in the labour force and further ethnicisation of the division of labour, as new non-European migrants were mostly channelled into expanding sectors of production which were quite different from those into which earlier Maori and Pacific migrants had been drawn. Figure 7.8 gives some indication of this in terms of the industries which in 2006 were the largest employers of immigrants who had lived in New Zealand for less than 20 years (ie those who had arrived since liberalisation of immigration policy began in 1986). Although manufacturing and construction were among these industries, migrants from this period were generally under-represented in goods-producing industries and over-represented in most other categories of industry. Among service industries, the two largest employers were the relatively low-skilled industries of retailing and accommodation and food services, which offer significant opportunities for self-employment and low-wage employment among newly-arrived or low-skilled migrants – particularly those from Asia. Most of the other large employers are industries which tend to employ more highly-skilled workers, including education, health, finance and

insurance, public administration, and management and marketing. Most of these industries employed more European than Asian migrants, and relatively small numbers of Pacific migrants. People of Pacific ethnicity who migrated over these twenty years, like earlier Pacific migrants, were most likely to be employed in manufacturing.

Ethnicity, occupation and class

We saw earlier that many occupations are highly segregated by sex, and are sex-typed in that they are conventionally regarded as either men's or women's work due to their association with gendered domestic roles and traditional ideals of masculinity and femininity. This is less true of ethnicity – occupations tend not to be ethnically- or racially-typed to the same degree, except in instances of slavery and indenture or where a dominant ethnic group effectively excludes others from the most desirable jobs. However, it is common for workers of particular ethnicities to be strongly over-represented in certain types of jobs and equally under-represented in others, and for this to generate and reinforce ideological perceptions about the groups concerned. This ethnicisation of the division of labour tends to arise initially as a consequence of the way ethnic groups are incorporated into capitalist relations of production through colonialism and migration, and is reproduced over time as barriers of class, culture and racism impede social mobility. Thus, contemporary occupational and class distributions in New Zealand still bear the imprint of the incorporation of Maori and Pacific people as low-skilled production workers, the subsequent movement of Asian migrants into both low-skilled and high-skilled jobs in expanding service industries, and the strong if diminishing hold which the European majority established over the most privileged positions within the division of labour from the time of its colonial ascendancy.

The legacy of these historical patterns can be seen by looking at a selection of occupational groups in which workers from one or more of the major ethnic categories were disproportionately located at the 2006 census (Table 7.2). Europeans dominate most occupations simply by virtue of the fact that they make up the vast majority of the workforce. But in many occupations they predominated to a disproportionate degree, making up around 90 percent of workers in a range of managerial, professional, skilled-manual and agricultural occupations. Conversely, Europeans were most significantly under-represented in semi-skilled and routine manual jobs. These were the jobs in which Maori and Pacific workers tended to have a disproportionate presence, as they

Table 7.2: Ethnic composition of selected occupational groups
2006

Occupational group	Ethnicity			
	European	Maori	Pacific	Asian
	<i>Percent</i>			
Chief executives and managing directors	90.0	4.9	1.0	6.8
General managers	89.0	5.8	1.3	7.2
Specialised managers	86.8	7.6	2.4	8.1
Information technology professionals	81.1	5.5	2.2	14.9
Architects, engineers and surveyors	88.7	4.6	1.7	7.9
Life science professionals	89.2	6.4	1.2	6.1
Health professionals (except nurses)	82.0	3.0	1.1	15.2
Secondary teachers	89.1	8.1	2.1	5.3
Business professionals	84.5	5.8	2.3	11.6
Legal professionals	90.5	7.4	2.5	5.4
Archivists, librarians and related information professionals	90.0	7.7	2.2	4.9
Computer equipment controllers	79.1	6.0	3.0	16.0
Ship and aircraft controllers and technicians	95.1	4.5	1.3	2.4
Life science technicians and related workers	82.6	7.6	2.2	11.8
Social workers	76.3	20.7	7.6	4.2
Writers, artists, entertainers and sportspeople	89.2	9.3	2.8	5.2
Secretaries and keyboard operating clerks	89.3	7.8	3.4	4.7
Material recording and transport clerks	72.4	15.1	12.9	7.6
Cashiers, tellers and related clerks	74.7	9.7	5.7	16.9
Travel attendants and guides	79.4	9.8	3.9	12.8
Housekeeping and restaurant services workers	69.9	14.3	5.9	18.3
Personal care workers	76.9	14.6	7.6	6.8
Protective services workers	80.5	17.9	7.4	2.9
Livestock farmers and farm workers	93.4	8.9	0.7	1.2
Forestry workers	67.2	38.9	4.7	0.6
Fishery workers, hunters and trappers	89.7	14.7	1.5	1.5
Electricians	90.9	7.0	2.3	4.2
Food trades workers	70.0	16.2	7.1	13.4
Metal-processing plant operators	68.8	16.0	15.6	6.1
Wood-processing and papermaking plant operators	61.2	39.0	8.6	1.9
Metal and mineral products processing machine operators	57.9	19.5	20.0	9.9
Textile products machine operators	62.7	12.1	12.0	18.0
Food and beverage processors	64.3	28.4	9.6	6.7
Assemblers	69.4	16.8	10.3	10.1
Motor vehicle drivers	74.8	19.7	5.8	5.5
Agricultural, earthmoving and lifting machinery operators	76.4	23.0	6.6	1.7
Building and related workers (non-trades)	76.2	23.9	8.1	2.5
Cleaners and caretakers	72.1	17.3	7.9	9.2
Packers and freight handlers	60.3	20.8	17.4	9.4
Labourers	71.2	22.8	9.7	5.3
Total workforce	81.5	11.4	4.9	8.0

Source: Statistics New Zealand, *Census of Population and Dwellings*

Notes: Occupational categories are selected from the third level of the standard classification (NZSCO99) but some of the category names have been changed slightly for the purposes of clarity and brevity. Selection of categories was limited to those employing 3,000 or more workers and having a significant over-representation or under-representation of one or more ethnic groups. Row totals may add to more than 100 percent as respondents may select more than one ethnic group and are counted in each ethnic group they select.

have since being drawn into these types of work during the labour migrations of the Fordist period.

In 2006, Maori made up just 11 percent of the total workforce but between 15 and 40 percent of workers in a number of low-skilled jobs in primary production, primary product processing, manufacturing, driving and construction. Pacific workers were similarly over-represented in a number of production jobs, particularly in metals, textiles, assembly and packing. By comparison with Maori, they were more highly represented in manufacturing jobs and less so in primary production or construction, reflecting the legacy of different migration patterns which drew Pacific workers more disproportionately into manufacturing industries in the larger cities, particularly Auckland. Both Maori and Pacific workers were also over-represented in a number of routine service occupations such as housekeeping and restaurant services, personal care and cleaning – which are also highly gendered occupations performed mainly by women. Maori also had a strong presence in the protective services, with the armed forces providing a valuable source of stable employment and career progression for low-skilled recruits. Despite increasing movement of Maori and Pacific workers into higher-skilled occupations in recent years, both groups remained under-represented in managerial and professional occupations. A notable exception in the professions is social work, where Maori and Pacific workers play an important role in providing social services to members of their own communities.

Asian workers present a more disparate pattern, being over-represented in a mixture of high-skilled and low-skilled, manual and non-manual occupations. This reflects the diversity of the Asian population, which includes a number of different ethnicities, different categories of migrants (skilled, business, family and humanitarian), established and recent immigrants and locally-born people. There are, for instance, significant differences in the occupational profiles of immigrants from northeast Asian countries such as China, Taiwan and South Korea, who have tended to enter under skilled and business provisions, as opposed to those from countries such as Vietnam and Cambodia who first migrated to New Zealand as refugees (Ongley 1996). Unlike Maori and Pacific workers, some Asian ethnic groups are well represented in professional occupations, particularly in the fields of health, information technology and business. In low-skilled production jobs, Asian workers are over-represented in textile production and assembly work but under-represented in primary production and construction. The importance of Asian businesses as a source of employment is reflected in the high

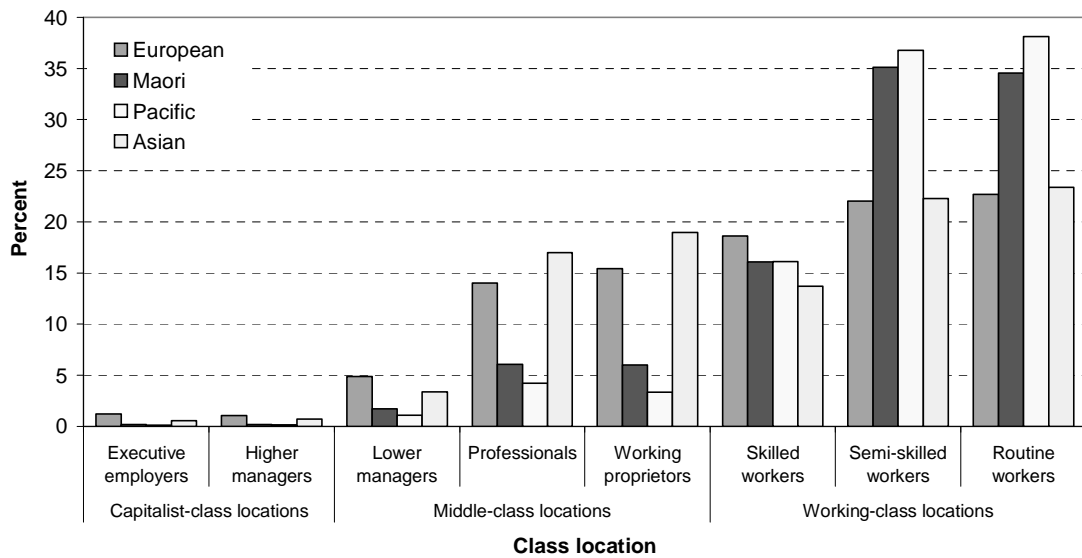
proportions of Asian workers in the categories of housekeeping and restaurant service workers, cashiers and tellers, and food trade workers. Although many Asians are employed in a number of routine and semi-skilled occupations, not all of the workers in these categories are themselves low skilled. A number of professionally-qualified Asian immigrants work in lower-skilled occupations due to difficulties in finding employment commensurate with their qualifications for a period after arrival, whether because of settlement issues, language difficulties, non-recognition of overseas qualifications, lack of relevant experience or discrimination (Trlin and Watts 2004). However, for most of those who stay in New Zealand this is likely to be a transitional rather than a long-term situation as employment outcomes for skilled immigrants tend to improve with time (Winkelmann and Winkelmann 1998; New Zealand Immigration Service 2003; Statistics New Zealand 2004; Stillman and Mare 2009).

These occupational differences are reflected in inequitable distribution within the class structure, as figures 7.9 and 7.10 show. The trends for each ethnic category between 1986 and 2006 were broadly similar, and generally follow those previously identified for the full workforce: increasing proportions in capitalist and middle-class locations, particularly in the professional and lower managerial categories; and declining proportions in working-class locations, particularly in the semi-skilled category. However there are some marked disparities, particularly in terms of the distribution of Maori and Pacific workers in comparison to Europeans and Asians.

At both the beginning and end of the period, Maori and Pacific workers were markedly under-represented in capitalist and middle-class locations and correspondingly over-represented in the lower-skilled fractions of the working class. These disparities reduced somewhat between 1986 and 2006 due to a combination of the structural changes which wiped out many of the lower-skilled jobs in which Maori and Pacific workers were concentrated, along with increasing social mobility among younger workers due to improving levels of educational attainment, the influence of bicultural and multicultural policies, and economic development initiatives by Maori and Pacific communities and the state.¹ The proportion of Maori and Pacific workers in higher and lower managerial and professional positions more than doubled during this period, and they also went from being under-represented to over-represented in the skilled fraction

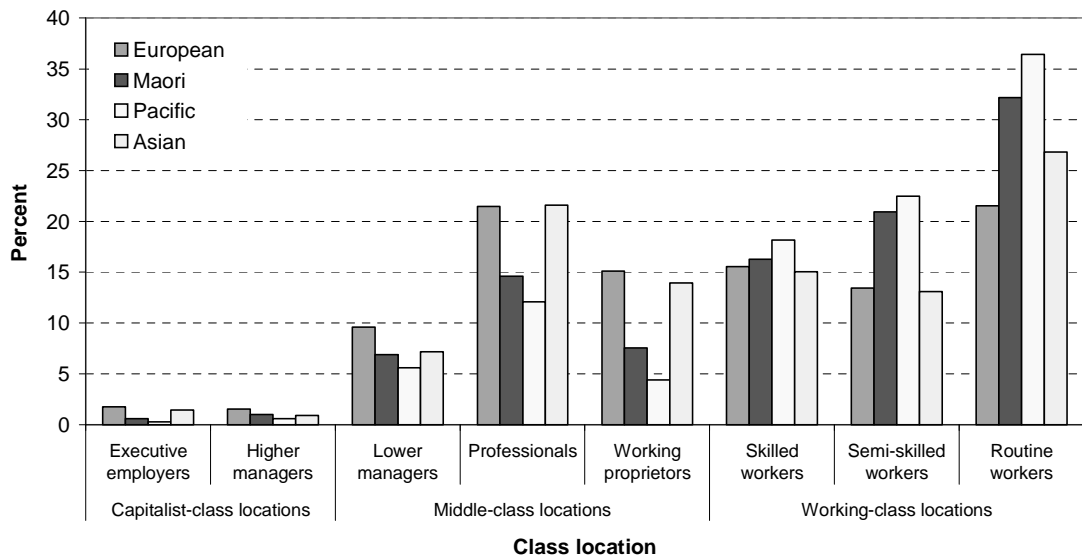
¹ Given the increasing levels of education among younger Maori and Pacific people and the fact that these groups have younger age profiles than the European population, it may be that age-standardised figures would show less inequality in the class profiles. However, this would certainly not eliminate the disparities. Age-specific data was not available in sufficient detail to investigate this question.

Figure 7.9: Class locations by ethnicity
1986



Source: Statistics New Zealand, Census of Population and Dwellings (reclassified data)

Figure 7.10: Class locations by ethnicity
2006



Source: Statistics New Zealand, Census of Population and Dwellings (reclassified data)

of the working class.¹ Despite improving mobility, by 2006 just 31 percent of Maori and 23 percent of Pacific people in employment were in capitalist or middle-class locations, compared with 50 percent of Europeans and 45 percent of Asians. We can expect these

¹ It is notable, however, that among those in professional positions Maori and Pacific workers were much less likely than their European or Asian counterparts to be in higher professional jobs and much more likely to be in lower professional jobs. Similarly, among lower managers Maori and Pacific people were more likely than Europeans or Asians to be operations managers and less likely to be executive managers.

disparities to reduce further as more young Maori and Pacific people with higher levels of education and training enter the workforce and older generations of predominantly low-skilled workers retire. But despite the improvements, levels of educational attainment among young Maori and Pacific people are still considerably lower than those of Europeans and Asians, and the possibility of eliminating class disparities between these groups remains a distant prospect.¹

The class distribution of Asian workers is much closer to that of Europeans, although in 2006 they were slightly less likely than Europeans to be in capitalist or middle-class locations and correspondingly more likely to be in working-class locations. This was largely because Asians were under-represented in managerial positions (both higher and lower) and over-represented in routine jobs. The proportion of Asians in the managerial and professional categories increased between 1986 and 2006, but so too did the proportion in routine working-class jobs – in contrast to the slight falls for other ethnic groups. It is also notable that the increase in the professional category was not as great for Asians as it was for Europeans, and that there was a fall in the proportion of Asians who were working proprietors – probably due to the increased numbers of recent immigrants who are less likely to have established their own businesses. The result of these trends was that whereas in 1986 Asians were more likely than Europeans to be in middle-class positions, by 2006 the situation had reversed. This was despite immigration reforms which opened the doors to skilled and wealthy Asian migrants and might have been expected to improve the class profile of the Asian population relative to that of the European majority. That this has not happened is probably attributable to the fact that along with the skilled migrants have come many unskilled migrants, while many of those who are skilled have encountered obstacles to finding appropriate employment or establishing businesses. Regardless of this, Asians still have a much more favourable distribution within the class structure – with much higher proportions in capitalist and middle-class locations – than Maori and Pacific workers whose class profile still bears the legacy of earlier labour migrations during a different phase of capitalist development.

As might be expected from their class profile, Europeans also tend to have higher incomes than other ethnic groups, receiving a median income of \$40,100 for full-time workers in 2006. Perhaps more surprising is that the median income for Asian full-timers was similar to those of their Maori and Pacific counterparts in 2006 – at \$32,300

¹ Education comparisons based on Ministry of Education data from <http://www.educationcounts.govt.nz/>.

they were situated between the Maori median of \$33,100 and the Pacific median of \$31,400. Asian incomes deteriorated relative to those of other groups between 1986 and 2006, increasing by just three percent in real terms as compared with increases of 21 percent for Pacific people, 18 percent for Maori and 15 percent for Europeans. This meant that the Maori and Pacific medians grew slightly closer to the European median over the two decades while the Asian median fell further behind. The improvement in Maori and Pacific incomes is to be expected given the increasing proportions moving into managerial and professional work – as is the persisting disparity with Europeans, given that they remain under-represented in such jobs. The surprisingly low median income of Asian workers and its relative deterioration during this period may again reflect the high proportion of recent immigrants in the population, as well as the reasonably high proportions of routine workers, high rates of self-employment and relatively high proportions of unpaid relatives assisting in family businesses. These factors probably account for the fact that higher proportions of Asians than Maori or Pacific workers were in the lowest income bands, which brings down their median income. On the other hand, Asians were more likely than Maori and Pacific workers (but less likely than Europeans) to be in the highest income bands – eight percent of Asian full-time workers earned in excess of \$70,000 in 2006 compared with four percent of Pacific workers, six percent of Maori and 16 percent of Europeans.

It is not possible to analyse intersections between class, ethnicity and gender in any depth here due to a lack of sufficiently detailed data. However, some very general observations can be made based on the limited data that is available.¹ This suggests, not surprisingly, that gendered divisions of labour are evident within all the major ethnic categories and ethnicised divisions of labour are evident among both sexes. It would be expected therefore that the combination of these two dimensions of inequality would result in European men being the most advantaged group in terms of class locations, while Maori and Pacific women would be the most disadvantaged. European men certainly seem to have the highest representation among capitalists and working proprietors as they are the most likely to be employers, self-employed or higher managers. However, European women have a stronger representation in the professional fraction of the middle class – albeit with a greater concentration in the lower professions rather than the higher professions, and in salaried rather than self-employed positions.

¹ This consists of separate, rather than cross tabulated, information on occupation and employment status, with the occupation data classified at a much higher level of aggregation than that used for the preceding analyses.

Similar gender differences are apparent among Maori and Pacific workers, with men more likely to be employers, self-employed or managers, but women more likely to be professionals. Among both sexes, Maori and Pacific workers appear to be very much under-represented in capitalist and middle-class locations and have the highest representation in the semi-skilled and routine fractions of the working class – although within those fractions Maori and Pacific men are much more concentrated in blue-collar production jobs than women, who are more likely to work in white- or grey-collar occupations. Asian workers of both sexes appear to be well-represented in middle-class locations, having high rates of self-employment (with or without employees) and a strong presence in managerial and professional occupations. However, Asian women are more likely than Asian men to occupy working-class locations as they have lower rates of self-employment and greater representation in semi-skilled and routine jobs, particularly in white- and grey-collar occupations.

These observations are indicative only and merit more detailed analysis, but they do perhaps hint at the complexity of inequality where divisions of class, ethnicity and gender intersect and overlap to produce multi-dimensional systems of stratification. This fragmentation has become more pronounced over recent decades as a consequence of increasing labour force participation by women and rapid population growth among non-European ethnic groups due to both migration and natural increase. All classes have become increasingly diverse in terms of their gender and ethnic composition, and this affects the possibilities for class formation as the commonalities of class tend to be weakened by cross-cutting interests and orientations related to gender and ethnicity. The working class is more heterogeneous than the capitalist or middle classes in terms of both ethnicity and gender: of people in working-class jobs in 2006, 78 percent were European and 51 percent male – down from figures of 85 percent European and 56 percent male in 1986. Increasing gender and ethnic diversity has accompanied shifts in the nature of working-class employment over recent decades as blue-collar production jobs have declined relative to grey- and white-collar jobs, along with institutional changes which have diminished levels of collective organisation. All these changes in combination mean that the post-Fordist working class is very different from its Fordist incarnation. But the commonalities remain in terms of workers' positions within relations of production and divisions of labour and the consequences of this for their economic circumstances and material interests.

Conclusion

Gendered and ethnicised divisions of labour emerged in the early stages of New Zealand's colonial history and have been reproduced and reshaped as the economy has moved through successive modes of development. The Fordist period saw large-scale labour migrations of Maori and Pacific workers and increasing labour force participation by women, which respectively helped to sustain the growth of secondary goods-producing industries and expansion of the division of labour surrounding production. In the process, Maori and Pacific workers became concentrated in low-skilled manual jobs, and women were drawn predominantly into lower professional, administrative and service work. The neoliberal restructuring project, with its devastating effects on production industries, was felt most severely by Maori and Pacific workers and more strongly by men than women because of their different locations within the division of labour. The subsequent employment growth in producer and consumer services and in non-standard work encouraged further growth in female employment, and was fuelled by new immigration flows from Asian and other non-European countries, which have added further ethnic dimensions to the division of labour.

But this should not give the impression that women and non-European workers have been passively manipulated by the needs of capital. These groups have had their own diverse economic and social motivations for entering employment at particular junctures and in particular locations, and these supply factors have been active forces in shaping the course of capitalist development in New Zealand. Were it not for the labour migration of Maori and Pacific workers after 1945 the Fordist boom may not have been possible, and were it not for the increasing supply of female workers and Asian migrants since the 1980s the New Zealand workforce may have been deficient in the skills and flexibility required for the post-Fordist growth model. Moreover, throughout these processes women and non-European ethnic groups have been actively struggling to break down the gendered and ethnicised divisions of labour which have constrained their opportunities and material wellbeing. In this they have had some success – more so in the case of women than Maori and Pacific people – but gendered and ethnicised divisions of labour have proved remarkably resilient and the patterns of inequality we have observed here are likely to endure to some degree for some time to come.

Conclusion

In the introduction it was indicated that this thesis would set out to answer two questions. Firstly, to what extent have patterns of employment and social stratification changed over recent decades in New Zealand? And secondly, to the extent that they have changed, does this signify the emergence of a distinctive type of economy and society? We can now bring together the threads of the empirical analysis to answer the first question and offer some concluding thoughts on the second.

To begin with, we can dismiss any idea that work itself is in decline as some were speculating in the 1980s and 1990s. The combined effects of crisis, restructuring and technological change certainly created large labour surpluses in this period, but the consolidation of the new mode of development and a resurgence in economic growth absorbed most of those surpluses in the years before the latest crisis. In fact the new growth model exhibited a voracious demand for labour, based as it was on extensive accumulation fuelled by increasing volumes of labour rather than intensive accumulation based on productivity gains. By 2006 employment rates in New Zealand were at record levels, thanks largely to increasing labour force participation among women and older people, while large numbers of workers were putting in long hours, making the 40-hour week the exception rather than the rule. We also saw the emergence of labour shortages, even though levels of joblessness and underemployment remained relatively high by comparison with the Fordist period. This apparent paradox reflected a mismatch between the skills in demand and those in supply among the jobless and underemployed, and also a certain amount of frictional unemployment caused by high labour turnover as people moved between jobs or in and out of the labour force. While high labour turnover might indicate a certain level of insecurity in employment and a diminishing attachment to stable long-term jobs, it is important not to overstate this given that the majority of the workforce in 2008 had been in their jobs for more than three years.

Much has been said and written about the growth of non-standard employment since the 1980s, and there is certainly evidence of this in increased rates of part-time work, self-employment, multiple-job holding and homeworking. There has probably

also been an increase in temporary work in the form of both casual and fixed-term employment, although there is no historical data to confirm this. Growth in all these types of work reflects a combination of changes in both the nature of production and the preferences of workers. It is difficult to calculate the overall proportion of people in non-standard work, but it is likely that by 2006 they made up around half of the workforce and perhaps more. While this represents a significant shift away from the traditional model of permanent and full-time waged employment, much non-standard work is in most respects little different from standard employment and we certainly should not assume that it is all precarious and low-quality employment – although some of it undoubtedly is. By far the most common form of non-standard work is part-time employment, much of which is relatively secure and a preferred option for many employees who are balancing paid employment with other activities such as raising families or studying. The evidence also shows that the destandardisation of employment was greatest during the years of restructuring and recession in the late 1980s and early 1990s and reversed slightly as the economy improved, so it is not necessarily indicative of a long-term trend – although it may well have been given renewed impetus by the latest recession.

Structural shifts in employment from goods-producing to service industries and from manual to non-manual work and lower-skilled to higher-skilled occupations are trends of long standing. However, they were accentuated during the restructuring period when a process of creative destruction wiped out vast numbers of jobs in sectors which had been favoured under Fordism and eventually delivered renewed job growth in quite different sectors. Employment in manufacturing industries suffered the most due to removal of import protections, increasing internationalisation of production and technological change. Producer and consumer service industries enjoyed the greatest proportional job growth as investment was redirected away from goods production and a growing range of services was increasingly commodified, while the extended division of labour surrounding commodity production continued to expand through increasing specialisation. By 2006 less than a third of workers were employed by goods-producing industries, but this belies the extent to which economic activity remained focused on material goods, with well over half of the workforce employed in industries concerned with either making, distributing or selling goods, along with many more in service industries contributing indirectly to these activities.

Changes in the division of labour between production and service industries obviously meant a decline in manual production jobs, and this was accentuated by changes in the division of labour within production industries as the work involved in directly producing goods diminished relative to the indirect work performed by managers, administrators, experts, salespeople and service workers of various kinds. Even within secondary industries, production workers made up little more than half of the workforce by 2006, while across the total workforce less than a quarter of all workers were employed in either primary or secondary production jobs. In all sectors the greatest expansion was in managerial and professional occupations, with a less pronounced shift towards sales and service work, while clerical and administration work declined in most sectors. The trends indicate rising skill levels as the routine labour of physical production and clerical support was relocated offshore or eliminated by technology, while management and professional expertise became more important in the context of new production models and more competitive markets, which together placed greater emphasis on strategy and innovation. However, this should be qualified with the observation that much of the expansion was in lower managerial and lower professional work, and may partly reflect the inflation of job titles in occupations involving relatively low levels of authority and expertise. And despite these trends, it was still the case in 2006 that six in every ten workers were employed in non-managerial, non-professional and non-technical occupations.

These trends were reflected in a changing class structure, of which the most notable feature was a significant shift from working-class to middle-class employment. Middle-class job growth was concentrated among lower managers and professionals rather than in the traditional 'petty-bourgeois' category of working proprietors, with corporate managers and salaried lower professionals exhibiting the most growth. Although in decline, working-class employment as defined here – positions which lack ownership of the means of production, authority over other workers and professional expertise – still accounted for just over half the workforce in 2006. Within the overall decline, there was also a notable change in the composition of working-class employment from semi-skilled to routine occupations and from blue-collar to grey-collar work – reflecting the loss of semi-skilled production work and growth in low-skilled service occupations. This contributed to widening income inequalities within the class structure due to the very low income levels among routine workers and falls in their real median incomes over the two decades under analysis.

Gendered and ethnicised divisions of labour are still very much in evidence despite some reduction in levels of gender and ethnic segregation within the workforce. Employment rates among women continued to increase in this period, and this was a critical factor in the growth of non-standard work and employment in consumer service industries. Women made some inroads into the traditional male preserves of management and the higher professions, but remained significantly under-represented in higher management, some of the higher professions and most types of manual production work. Maori and Pacific workers were the most severely affected by restructuring due to their disproportionate concentration in manual production jobs, and despite increasing social mobility they remain over-represented in such jobs and correspondingly under-represented in most types of skilled employment – and therefore especially vulnerable in times of economic crisis. The liberalisation of immigration policy added more complexity to patterns of ethnic inequality, bringing new waves of migration from Asia in particular and resulting in the disproportionate concentration of Asian workers in a range of occupations of varying skill levels.

Clearly then, the last two to three decades have seen significant changes in production, employment and social stratification. While it is prudent to sound some cautionary notes about exaggerating the extent and novelty of the observed trends, we should also be wary of underestimating their importance. It is, however, debatable whether those shifts are of sufficient magnitude and consequence to support theories of epochal social transformation – whether it be to post-industrialism, informational capitalism or some other variation on these themes. The discussion in Chapter One adopted a sceptical stance regarding such theories, and the empirical analysis of the New Zealand context in subsequent chapters does not provide sufficiently compelling evidence to revise that position.

Most of the trends we have observed here are not fundamentally new, but of long standing. Some can be traced back to the Industrial Revolution and have been evident in New Zealand from early in its colonial history, and more particularly since the industrialisation of the Fordist period. Sayer and Walker's work highlights the fact that the shift from the direct labour of producing goods towards the indirect labour which augments, supports and organises that work within extended social and technical divisions of labour is an inherent and enduring feature of the evolution of industrial capitalism. It reflects a number of factors: the ongoing development of labour-saving technology in production; increasing commodification of non-productive activities in

the quest for profit; the demand for services generated by increasing levels of wealth and income; increasing utilisation of expert knowledge to enhance rationalisation and innovation; and increasing specialisation within the division of labour, which accompanies growth in the scale and complexity of economic activity. These forces have driven the development of both social and technical divisions of labour over the long term. The social division of labour has evolved as activities surrounding the production, circulation and consumption of commodities have increasingly been divided between specialised enterprises and industries. Technical divisions of labour have changed as production processes have come to involve less direct labour and greater elaboration of the surrounding tasks within extended, hierarchical and mental divisions of labour. In terms of the social division of labour we therefore see long-term shifts in employment from goods-producing industries to those concerned with circulation and producer and consumer services. And within technical divisions of labour we see long-term movements from routine production work to various types of white- and grey-collar work, especially in managerial and professional fields. These changes affect the class structure as middle-class employment expands and moves from the traditional petty-bourgeoisie to managerial and professional occupations, while working-class employment declines and shifts from the traditional blue-collar to white- and grey-collar occupations.

While these are long-term trends that date back to well before the supposed emergence of the post-industrial or informational economy, they have also been significantly affected by disjunctural periods of intensive economic and social change, of which the most recent was the restructuring which followed the crisis of the 1970s and 1980s. In this period we saw an accentuation of the long-term trends described above, as well as a greater shift towards non-standard employment and greater levels of surplus labour within the economy. A number of features of the post-Fordist mode of development account for this. The transition to a more marketised variety of capitalism involved deregulation of product markets, which removed the protections previously enjoyed by manufacturing industries and subjected them to international competition. That competition was accentuated by the internationalisation of production, allowing more goods to be produced in low-wage countries and enabling some local producers to move production operations offshore. Lack of profitability in goods-producing industries encouraged a redirection of investment into service industries and greater commodification of services, a trend accentuated by displaced workers seeking self-

employment in household and personal services. New technologies encouraged further displacement of low-skilled labour, not only from production jobs but also from white-collar jobs which could be automated or performed offshore via telecommunications networks. Greater levels of competition in deregulated markets and new production models placed greater priority on flexibility and innovation, and increased demand for managers and experts of various kinds. Flexible production models and pressures to minimise labour costs also encouraged more flexible use of labour, facilitated by labour market deregulation, which stimulated the growth of non-standard work and increased rates of labour turnover. The empirical analysis in this thesis has repeatedly shown that changes in the labour market and the division of labour were most pronounced during the restructuring period in the latter half of the 1980s and the first half of the 1990s. As the restructuring project wound down and the new mode of development was consolidated over subsequent years, the trends generally slowed and in some cases reversed slightly.

To understand the changes in production and employment we clearly need an approach which addresses both long-term trends associated with the development of industrial capitalism and more concentrated upheavals related to episodes of restructuring. The approach in this thesis has been to bring together Sayer and Walker's perspective on the evolution of the division of labour with that of the regulation approach on the ways in which new models of capitalism emerge from periods of crisis and restructuring. It has been argued that this provides a more balanced perspective on themes of change and continuity than epochal theories, which propose decisive breaks between industrial capitalism and post-industrial or informational capitalism. This perspective illuminates important changes in the nature of capitalism, but interprets them in terms of a transition between Fordist and post-Fordist modes of development which accentuates long-term trends in the division of labour within industrial capitalism. From this perspective, what we experienced in the last decades of the twentieth century was the demise of Fordism, not the end of industrial capitalism.

This does not preclude the possibility that capitalism may eventually evolve to a point where material production is a sufficiently minor component of economic activity for us to safely pronounce the end of industrial capitalism, but it is difficult to assess at what point this might eventuate. If it is gauged in terms of employment, it might be argued that it occurs when service activities account for the majority of the workforce, but in New Zealand this happened around four decades ago when the industrial

economy had barely matured. Or it might be argued that it occurs when the majority of the workforce is engaged in informational production, but even using Castells's liberal definition of informational labour we are still a long way from that. Alternatively, it may be judged not in terms of employment but in terms of the sectors which drive economic growth and the trajectory of economic development, as in Castells's argument that informationalism has already superseded industrialism because economic dynamism now lies in the generation, processing and application of information. All these measures, however, bring us back to the problematic nature of dualistic distinctions between goods and services or between industrial and informational production. When so many service activities and so much informational production is directly or indirectly concerned with enhancing and augmenting the production, circulation and consumption of material goods, it seems mistaken to interpret their expansion in terms of the demise of industrial capitalism. And when these processes are driven by the same dynamics of accumulation, rationalisation, commodification and technological change which have driven the development of industrial capitalism since its inception, it seems unnecessary to fundamentally revise our understandings of the nature of capitalism.

These issues clearly relate not just to New Zealand, but to developed capitalist economies in general. While the empirical analysis in the thesis has been restricted to New Zealand, the findings have broader relevance for countries which experienced similar restructurings in the 1980s and 1990s. In fact, as New Zealand's neoliberal project was arguably the most transformational and the most intensive of those restructurings, it may provide a prime example of the effects restructuring can have on the labour market, the division of labour and social stratification. It also opens up some interesting possibilities for comparative research, not just involving those countries which adopted similar market-oriented varieties of capitalism, but also those where there was greater compromise between class interests and the effects of the market were mitigated by a more interventionist state.

Because this thesis has adopted a very broad canvas and has had to rely on official statistical sources which are not always ideally suited to the purpose, there are many topics which would benefit from more in-depth attention and purpose-designed research. These include research into the nature of extended, hierarchical and mental divisions of labour within particular labour processes and how they are affected by new technologies and production models. Understandings of the social division of labour

would be enhanced by studying interdependencies between enterprises within networks of collaborative production or exchange at both national and transnational levels, and the ways in which these are evolving. A further dimension of the social division of labour that deserves more attention is the relationship between work performed in different institutional spheres – the market, the household, communities and the state – and the way work is redistributed between those spheres over time. In the field of stratification there is considerable scope for both qualitative and quantitative investigations of the relationship between class structure and class formation, and the intersections between class, gender and ethnicity. These are all neglected areas of research in New Zealand, and while the paucity of material on these topics has imposed some constraints on this thesis, it is hoped that the issues which have been raised here may stimulate research which will help to address these gaps.

Finally, the narrative of this story largely concluded in 2006 when the economy appeared healthy, the labour market was buoyant and the trajectory of development seemed to be firmly set. Since then, we have experienced a major crisis in capitalism which has not only had severe short-term effects on businesses and workers, but may yet prove to have long-term consequences for the course of capitalist development comparable to those resulting from the crises of the 1930s and 1970s. Results from the next Census will provide a more detailed picture than we currently have of the immediate effects of the crisis on different groups of workers, and would provide a useful post-script to the story told here. It is likely to be several years before we can discern the long-term effects on the nature of production, the regulation of the economy, the operation of the labour market, the contours of the division of labour and structures of social inequality. But when the picture becomes clearer, it is hoped the approach developed in this thesis will provide a useful perspective on the next episode in the constantly evolving relationship between capitalist development and the division of labour.

Appendix:

Operationalising the stratification model

The stratification model outlined in chapter five was operationalised in chapters six and seven using cross-tabulations of occupation and employment status data from New Zealand censuses. The following is a brief description of the variables and the process involved.

Employment status

The employment status variable in the census divides people in paid employment into four categories: those who employ others in their own business; those who are self-employed and don't employ others; paid employees; and those who work in family businesses without pay. Those in the last category have been omitted from the analysis as our interest here is in the stratification of the paid workforce, and the inclusion of unpaid workers who tend to cluster in certain occupations may distort the analysis. People who did not specify their employment status are also omitted from the analysis.

Occupation

The occupational data used for the analysis is taken from the most detailed level of the standard occupational classification NZSCO99 which consists of several hundred occupational categories (562 in the version used for the 2001 and 2006 censuses). The model could also be operationalised using data from the next level of the classification, which aggregates occupations into a smaller number of 'unit groups' (257 in 2001 and 2006), but with some loss of sensitivity to differences in skill levels. The model is not suitable for use with data from the more highly aggregated levels of the classification as these are not sufficiently detailed. Again, people who have not specified their occupation are excluded from the analysis.

Reclassifying the occupation data

The detailed occupations were re-aggregated into six groups to enable a breakdown by authority and skill: two categories of managers (higher managerial and lower managerial) and four skills categories for non-managers (professional, skilled, semi-skilled and routine). The allocation of occupations to skill levels was based on an assessment of the level of skill *typically required to perform the job to a reasonable*

level of competence, drawing on information from two main sources: the NZSCO99 manual (Statistics New Zealand 2001b), which provides a description of the tasks involved in each occupation and the level of training and/or experience typically required; and an analysis of cross-tabulated data on occupation and educational qualifications from the 2006 Census. Definitions of the skill levels can be found in the description of the class model in chapter five.

Identifying the class locations

Once the occupational data was reclassified in this way, it was cross-tabulated with employment status to produce the class locations as shown in Figure A1. The rationale for the class locations is discussed in chapter five; the following simply outlines the method by which those locations were operationalised:

- executive employers are employers in higher managerial occupations
- higher managers are employees in higher managerial occupations
- lower managers are employees in lower managerial occupations
- working proprietors include all employers except those in higher managerial and professional occupations and all self-employed people except those in professional occupations
- professionals include all those in professional occupations regardless of employment status
- skilled workers are employees in skilled occupations
- semi-skilled workers are employees in semi-skilled occupations
- routine workers are employees in routine occupations.

Figure A1: Method for operationalising class locations using occupation and employment status variables

Occupation	Employment status		
	Employer	Self-employed	Employee
Higher managerial	Executive employers	Working proprietors	Higher managers
Lower managerial			Lower managers
Professional	Professionals		
Skilled	Working proprietors		Skilled workers
Semi-skilled			Semi-skilled workers
Routine			Routine workers

Time series issues

Constructing time series using this method is complicated by frequent revisions to the standard occupational classification. The procedure used here is based on the NZSCO99 classification, which is the version used to code 2001 and 2006 census data.¹ Data from earlier censuses has been reclassified in a manner which ensures time series data is as consistent as possible, using concordances produced by Statistics New Zealand. This presents little difficulty with censuses between 1991 and 2006 as changes to the classification over that period were relatively minor. However, there was a major classification change between the 1986 and 1991 censuses when the old NZSCO68 classification was replaced by NZSCO90. Data from the 1991 census was coded to both classifications, which allows us to assess the effects of the classification changes. Comparison of the number of workers enumerated in each class location using the two classifications shows that they differ by between 300 and 6,000 workers. This is not considered significant enough to invalidate comparisons of 1986 data with that of later years, although it is a factor to be borne in mind when looking at movements between 1986 and 1991.

The time series can go back no further than 1986 as detailed cross-tabulations of occupation and employment status from earlier censuses are available for the full-time workforce only. The omission of part-time workers would have a significant effect on the distribution of the workforce in the stratification model as they are not distributed evenly, but are disproportionately concentrated in particular types of jobs, particularly low-skilled service, sales and clerical work. Counting only full-time workers would therefore under-represent the numbers of workers in those categories and distort the time-series trends. While having to exclude pre-1986 data is unfortunate, it is not a major problem as analysis indicates that changes in employment patterns prior to 1986 were relatively minor compared to those which came after.

¹ NZSCO99 has since been superseded by a new classification, ANZSCO06, but 2006 Census data was dual-coded to both classifications. ANZSCO06 involved a major overhaul of the classification and has been disregarded for the purposes of this exercise, as NZSCO99 is more compatible with earlier classifications.

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