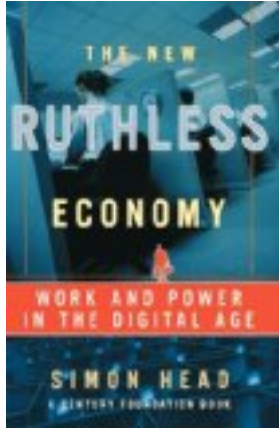


Review: The New Ruthless Economy

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During the boom years of the New Economy nineties, new technologies led to a boost in productivity and profits. But over the same period, compensation for actual workers stayed the same or even went down. In this book, Simon Head investigates the other side of technology: the way it keeps the average worker down.

Head finds that “scientific management” — the system that turned assembly lines into sweatshops in the 1880s — has expanded to conquer the service sector as well. Where old management consultants reorganized factories to deskill workers (by making them repeat mindless jobs over and over) and regulate behavior (by having overseers and stopwatches making sure they met their quotas), new management consultants reorganize call centers to deskill workers (by having them simply read scripts off a computer screen) and regulate behavior (by having their computers measure how long they spend on the phone and at lunch and in the bathroom).

But it’s not just call centers: Head finds the same technological reengineering of business in everything from factories to doctor’s offices, where HMO-enforced policies require doctors to do little more than type symptoms into a computer and prescribe the recommended treatment, with little time to investigate what might actually be wrong with the patient.

Head’s argument is much like that of David Noble in *Forces of Production*: we had a choice about how to use new technology. We could use it to turn employees into ever-more-skilled craftspeople, allowing them to be more effective and creative in their jobs now that they had machines to do their dirty work.

Or we could use it to turn employees into faster cogs for a machine, forcing them to follow rigidly-composed scripts carefully specifying their role.

We are once again choosing the second. Only this time it may hurt companies, not just employees. At least in manufacturing jobs, you can keep some kind of quality control tracking on the final product. A Toyota may not be very good, but if everyone follows the rules at least they will all be about the same. Service industry jobs require dealing with individual customers in all their messiness. And customers don't make good components in carefully "reengineered" machines.

The result is things like the infuriating 1-800 numbers we're all familiar with: incompetent customer support, useless service, uninformed advice. Which means customers walk away. As management cuts costs by outsourcing their call centers to less and less skilled employees, they also cut profits by alienating their customer base. (Head cites powerful studies by Frederick Reichheld finding that tiny increases in customer retention can lead to doublings in revenue.)

Head writes clearly and plainly, although the book lacks the concision of his brilliant pieces for the *New York Review of Books* (which this book grew out of). And while he does do some on-the-ground reporting, especially from car factories, the book has more of an eye for acronyms than for anecdotes. This is disappointing, because the techniques at the heart of the book (the automated systems for monitoring employees) would make for gripping reading, yet Head never gives us a glimpse of what they actually look like in practice.

For those with only a little time, the key chapter (6) [is available online](#) [PDF]. For those who want to dig deeper, I can recommend two related books from the same year: Christian Parenti's *The Soft Cage* goes into more detail about surveillance technologies in all areas of life while his friend Doug Henwood's *After the New Economy* goes into more detail about the economic numbers behind such things.

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