MILLENNIUM DOOM. FALLACIES ABOUT THE END OF WORK. BY MAURICIO ROJAS. LONDON: THE SOCIAL MARKET FOUNDATION, 1999

Myths about the evil consequences of capitalism are never in short supply. Most famous is the Marxist immiseration theory, according to which the industrial revolution brought hardship and misery for the working classes. Greedy entrepreneurs destroyed idyllic pre-capitalist communities and forced men, women, and children into factories and mines where they would not see the sun again and would labor for the exclusive benefit of their exploiters. Since they did not themselves own the means of production they had to accept ever-declining wage rates in order to assure their bare survival. And, were it not for the enlightened reforms of capitalism imposed by social-democratic parties and unions, the working classes would sooner or later have died out under the heartless rule of competition.

As we know by economic reasoning and historical analysis, none of this is true. Entrepreneurs gave millions of pitiable paupers the opportunity to become self-reliant wage earners. They enabled women and children to survive by paid work rather than starve in misery and deprivation. Each year they hired millions of new workers, absorbing the greatest increase of population figures in the history of mankind. And despite this relentless competition by new workers entering the labor market, the competition between entrepreneurs was even higher. The overall effect of unchained capitalism was an *increase* of the real income of the working classes to an unprecedented level. *Laissez-faire* capitalism could have been a true idyll were it not for the interventions of social-democrats and unions, which dropped wage rates below the level they would otherwise have reached.

All of this is long since established, and since the spectacular failure of applied socialism even the most ardent critics of capitalism have become silent about its alleged economic inefficiency. Instead, the critics have discovered new shortcomings of free enterprise, like its allegedly destructive effects on the environment or its propensity to produce *too much*. A famous forerunner of these new myths about capitalism is John Kenneth Galbraith, who was the first economist ever to uncover the unbearable consequences of enjoying too many consumers' goods.

Now Galbraith has found good company in a group of writers who recently discovered a new ugly face of capitalism, namely, its current propensity to run out of work. The advocates of the end-of-work theory, as we might call it, claim that we are at the beginning of an age in which the great machinery of capitalism becomes

The Quarterly Journal of Austrian Economics vol. 3, no. 1 (Spring 2000): 85–88

more and more independent of workers. Owing to automation spurred by new information technologies, as well as to other influences, production can increasingly do without actual people. As a consequence, jobs are simply no longer available. Mass unemployment becomes a phenomenon built into the capitalist mode of production in this historical phase.

These ideas have attracted widespread attention in Sweden, France, and Germany. Especially Viviane Forrester's 1996 book *L'horreur économique* has reached many French and German readers. It is therefore laudable that Mauricio Rojas addresses the fundamental question whether the phenomenon that the end-of-work theory ascribes to global capitalism exists at all. He confronts the allegations of the advocates of this theory with easily available statistical material. In particular, he deals with four claims:

1. History has entered a new epoch in which millions of jobs are "disappearing" while very few new ones are created: the result is mass unemployment which cannot be remedied under capitalism;

2. The ever-green theory that new technology (in this case the Information Technology [IT] revolution) makes many more jobs superfluous than it creates in other fields;

3. The growth of employment figures in the U.S., being the obvious counter-example to the end-of-work theory, is irrelevant because these new jobs represent low-skill and low-pay employment ("trash jobs"); and

4. Jobs disappear, or tend to become paid less, in developed countries because capital and enterprise are moving to third-world countries where labor is cheap.

Rojas makes his points in a very concise way. His book, which is actually not much more than a brochure, contains just a few well-selected charts and tables accompanied by brief discussions. This is clearly an advantage for a work that aims at counterbalancing the pernicious effects that the end-of-work theories have had on mass opinion.

The results of this little study are by and large devastating for the end-of-work theory. The very phenomenon that this theory seeks to explain does not exist at all. The end of work is a myth.

As Rojas points out, there is no decrease, rather a marked *increase* in employment. In the period between 1975 and 1995, employment increased by more than 40 percent in the U.S., Canada, and Australia, and by more than 20 percent in Japan and Switzerland. Even in the European Union there has been a slight overall increase in employment. This reflects a huge increase in the world population, with the world's labor force growing by 630 million persons between 1980 and 1994. As in the nineteenth century, capitalism has again managed to integrate countless people, especially young and poor persons, into a world-encompassing network of division of labor. The above figures furthermore contradict the idea that IT leads to unemployment. In fact, the leaders of IT industries, Japan and the U.S., have experienced a marked growth of employment figures.

The trash-job argument against U.S. job-creation is also a myth. Here too a short glance at elementary statistical figures shows that almost 50 percent of the new jobs have been created in occupations requiring high professional skills, and another 30 percent have been created in medium-skill occupations. In terms of income, 70 percent of the new jobs created in the U.S. were paid higher than the median income.

These facts represent a smashing *prima-facie* refutation of the very existence of the phenomenon that the end-of-work mystics deplore. As Rojas states,

> The remarkable thing about all this is that the figures now presented are available to anyone who really wants to find out the true state of things. But it seems as if the fallacies about the end of work have started to lead a life of their own beyond all objective appraisal. They have become myths, and myths have seldom anything to do with statistics or logic. (p. 20)

Rojas's study is weakest in its discussion of fallacy number four; that is, the claim that jobs disappear, or tend to become paid less, in developed countries because capital and enterprise are moving to third-world countries where labor is cheap. Rojas correctly points out that certain *kinds* of production (and jobs) shift from highly industrialized countries to less industrialized countries, but are replaced by *new* kinds of production and jobs. Unfortunately, he does not place due emphasis on this crucial insight and illustrate it with available statistical material. Instead, he makes a futile attempt to refute the end-of-work advocates by their own means, arguing that the process of dislocation of established types of production and emergence of new types of production has on the whole operated mainly in favor of the industrialized countries. He substantiates his claim about the net effect of this process by the fact that the countries of South, Southeast, and East Asia "are importing more than they are exporting" (p. 50). Yet, if anything, this fact would rather speak *against* his claim. Since when is it advantageous to export for export's sake? Rojas seems himself to have fallen prey to an old mercantilist fallacy.

Also, his discussion of the importance of international capital flows is insufficiently substantiated. He claims that the Asian countries "are developing mainly because of an unparalleled native capacity for saving and investment" (p. 51). However, he fails to compare the volume of domestic savings in these countries with their net import of capital, which is astounding since he himself emphasizes that these countries are importing much more than they are exporting.

In short, Rojas tends to downplay the existence of any *net* capital movements and to argue that, if such net capital movements existed at all, they operate only in favor of the capitalist West. Clearly, this contradicts the facts that Rojas himself points out with so much emphasis. Most importantly, however, it has nothing to do with the fallacy that Rojas seeks to refute. *Even if* there were huge net exports of capital from Europe and North America to Southeast Asia, this would imply nothing for the overall quantity of jobs in the West, and it would imply increasing rather than decreasing incomes in the capital-exporting countries. Capital moves where it can be most profitably employed. However, one should not think that this continuous redistribution of capital implies a redistribution of income among countries. International capital movements are beneficial to *all* consumers in the world, and in particular to the consumers of the countries from which capital is exported.

Rojas advances other arguments that seem to be flawed. For example, he thinks that the present crisis affecting large parts of Asia "is not more than a natural but painful part of the most amazing growth process ever contemplated on earth" (p. 10), but he does not explain *why* crises are a necessary by-product of growth.

Much can be said in favor of Rojas's decision to focus on the statistical refutation of the very phenomenon that the end-of-work advocates pretend exists. However, I wish he would have dedicated some space to discussing related topics. For example, he nowhere discusses why job creation is such a good thing, whereas one could argue that the fact that more and more women join the work force reflects a general impoverishment of society. He should also have pointed out with much more emphasis that the statistical evidence suggests that unemployment is highest and job-creation least where capitalism is weakest and government interference in the labor market most pronounced. The best examples for this phenomenon are Sweden, Germany, France, Italy, and the United Kingdom. It is unfortunate, but not really surprising, that the end-of-work myth is particularly popular in these highly regulated countries where job creation has been comparatively weak.

Rojas's work displays the typical qualities and shortcomings of most present-day work in applied political economy: careful and pertinent in the selection of the statistical evidence, weak in economic argument. Still this is a very useful study and it deserves at least as wide an audience as the end-of-work fallacies.

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