

# **Hidden Connections: Higher Education and the Expansion of Contingent Work in the United States**

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## **The Rise of Contingent Work**

The idea of "contingent work" is a portmanteau concept, designating a disparate variety of forms of the labor contract, unified only by their contrast with that of "standard work." The idea of standard work is itself an historical category, since what counts as "standard" changes during the course of development of capitalist society. In its current usage, "standard work" refers to a norm that was established during the unprecedented economic boom in the United States and Western Europe that extended from the end of the Second World War to the long wave of economic downturn that began in the early 1970s, and has yet to be definitively reversed. The labor contract at the heart of standard work was a key part of the postwar class compromise that was both partial cause and effect of three decades of relative prosperity. Whether in the form sponsored by European social democracy or American New Deal "liberalism," that compromise involved the acceptance by corporate capital of trade unions as collective bargaining agents of the working class, as long as they confined themselves to bargaining over wages, benefits, and working conditions while ceding control of investment decisions, and thus of the basic direction of the accumulation process, to the owners of capital. The result of such legally sanctioned bargaining, under conditions of recovering postwar profitability, was the emergence of a standard of more or less well-paid, decently benefited, long-term jobs capable of sustaining the increasing levels of consumer demand that in turn fed the postwar boom. There were, of course, important differences between American and European versions of the class compromise. In particular, European states tended to provide universal benefits, including medical care, which had to be won - or lost - through workplace-by-workplace struggles in the United States. But apart from this by

no means negligible difference, the European and American norms for standard work were remarkably similar over the 30 years following the end of the War.

The recent expansion of contingent work is part of the withdrawal by the capitalist class and its state apparatus from the postwar class compromise. The withdrawal is a response to the long wave of economic decline that began in the early 1970s. The causes of this protracted downturn are a matter of controversy on the left. Classical Marxists argue that they lie in the rising organic composition of capital and the associated tendency of the rate of profit to decline. Italian autonomists locate them in the supposed wage-squeeze on profits resulting from the rising militancy of the antagonistic class (principally, the factory proletariat) during the 1960s. Robert Brenner and his followers attribute the causes of the downturn to the uneven development of American, European, and Japanese capital and the complex dislocations that are said to have resulted from this. There is no need to take a position on the vexed debate between these positions here. The important point for the current discussion is that each party to the controversy believes that the underlying causal mechanism favored by its own explanatory framework resulted in a serious crisis of profitability, a crisis in which available investment opportunities bring less than the customary rate of return. Employers and the state responded to this crisis by violating the postwar compromise in three ways. 1) They launched an assault against labor unions by breaking strikes, forcing unions into a posture of concessionary bargaining, and aggressively pursuing union decertification campaigns. The success of this strategy in the United States has been dramatic. American unions, which at their peak in the mid-1950s represented 33 percent of the entire labor force now represent only 14 percent of all workers. 2) They reduced welfare-state expenditures, thereby decreasing the tax burden on employers, and withdrawing the social safety net that helps support labor militancy. These first two measures made the third one possible by weakening the working class and its unions. 3) Both private and public employers began to pursue new "flexible staffing strategies" which allowed them to reduce labor costs directly as well as undermine the stable, enduring relations between workers on the job that permit the development of working-class power.

The third measure, of course, replaces large numbers of standard jobs with contingent employment. According to the North American Alliance for Fair Employment, contingent work now comprises approximately one-third of the entire workforce in the United States.<sup>1</sup> Contingent workers include short-term hires, on-call workers, those deployed by temp agencies, prisoner-workers, day laborers, leased workers, guest workers, and poor people required to work in exchange for welfare benefits under so-called "workfare" programs. Capitalists have been quite imaginative in multiplying the forms of employment that lie outside the postwar standard. But no matter how varied, each of these nonstandard work arrangements is an expression of a unified assault by capital on advances made by workers during the boom period that preceded the current long-lived crisis of profitability.

### **The Expansion of Mass Higher Education**

The enormous expansion of higher education in the United States is one of the most remarkable social phenomena of the post-World War Two period. Broadly speaking, there are three phases in the development of higher education over the course of American history. In the first phase, which extends from the colonial period to the Civil War, the main function of colleges<sup>2</sup> and universities was to educate the Protestant ministers who played a central role in religious and intellectual life. In the second phase, which extends from the end of the Civil War to the end of the Second World War, higher education was reorganized to serve the needs of the Northern industrial capitalists who had defeated the agricultural slaveocracy of the Antebellum South. The great Robber Barons - the Fords, Rockefellers, and Carnegies - of this period created "non-profit" foundations that funded the development of scientific, technical, and managerial departments at colleges and universities. These new faculties supplied the educated employees required by the growing industrial corporations of the day. In both the first and second phase in the history of American colleges and universities, the purpose of higher education was to produce the elites – what Gramsci would have called the

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<sup>1</sup> North American Alliance for Fair Employment at [www.fairjobs.org](http://www.fairjobs.org).

<sup>2</sup> In the United States, the word "college" refers to a two or four year higher educational institution that grants either the associate's or bachelor's degree, not to the "high schools" that the French word "college" denotes.

“organic intellectuals” – who dominated scientific, ideological, and political life, though interestingly many great fortunes continued to be made by men who had never set foot on a college or university campus. In its third phase, which extends from the end of the Second World War to the present, American higher education has been transformed into a mass phenomenon. Parts of the system, especially such "Ivy League" institutions as Harvard, Yale, and Princeton, continue to perform the old role of reproducing the upper-level professional, scientific, and political strata who serve the interests of capital. However, this can no longer be the main function of a system through which the majority of Americans now pass.

According to the National Center for Education Statistics (NCES), 52,286 students were enrolled in American colleges and universities in 1869-70, immediately following the end of the Civil War.<sup>3</sup> That number more than doubled over the next decade as scientific, technical, and managerial programs developed. Growth in the demand for scientists, technicians, and managers continued to fuel the expansion of higher education until the outbreak of World War Two: according to the NCES, 1,494,203 students were enrolled in 1939-1940. Four years after the end of the War, in 1949-50, the number of students had increased to 2,659,021, due in part to passage of the GI Bill, which paid tuition and fees as well as fairly generous stipends for returning war veterans. The largest percentage expansion of students enrolled in institutions of higher learning occurred during the decade of the 1960s, surging from 3,639,847 in 1959-60 to 8,004,660 in 1969-70. The reasons for the surge are obvious considering the fact that the 1960s represented the height of the postwar economic boom, which increased investment in new industrial enterprises, and thus demand for managers, scientists, and technicians. Surprisingly, however, the expansionary trend in higher education continued even after the recession of 1973, which initiated the current long wave of economic decline. Though no subsequent percentage increase in student enrollment rivaled that of the 1960s, approximately two million additional students joined the college and university rolls in each of the ensuing decades. By the academic year 2003-04, 16,900,471 students were studying at colleges

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<sup>3</sup> “Historical Summary of Faculty, Students, Degrees, and Finances in Degree-Granting Institutions: Selected years, 1869-70 through 2003-04,” United States Department of Education, National Center for Education Statistics.

and universities in the United States, including more than 60% of the American population between the ages of 18 and 22. How can we explain this remarkably asynchronous development, this coexistence of a recessionary trend in the capitalist economy with an expansionary trend in the “knowledge industry”?

### **The Myth of the New Knowledge-Based Economy**

One prevalent answer to this question is that technological developments have created a mismatch between the skill set of workers adapted to an older, industrial version of capitalism, and the demands of the new knowledge-based economy. On this view, which has been championed on the left by Robert Reich, former Labor Secretary under President Clinton, and on the right by Newt Gingrich, former Republican Speaker of the House of Representatives, the expansion of higher education is a reasonable measure, a necessary precondition for providing workers with the symbol-manipulating skills they will need to entice corporations to create the jobs of the postindustrial future. For Reich, Gingrich, and others, the growth of colleges and universities turns out to be a key to getting the economy out of its long-term doldrums.

It is astonishing how widespread this view has become considering the fact that all available evidence runs against it. When Reich and Gingrich were making their claims in the 1990s, the U.S. Bureau of Labor Statistics (BLS) released its projections for the 30 occupations it expected to experience the highest growth rate from 1994-2005.<sup>4</sup> Only 13 percent of the projected growth in employment could be attributed to jobs involving “symbol analysis”: computer engineers, teachers, general managers, and the like. Most projected growth was represented by such low-wage service jobs as cashiers, janitors and cleaners, salespersons, waiters and waitresses, orderlies, attendants, and home health aides, none of which, of course, requires a college degree. More recent BLS data indicate that this trend will continue over the next decade.<sup>5</sup> In 2002, 26.9 percent of jobs required

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<sup>4</sup> “Work and its Future,” *Left Business Observer* #72, April 1996.

<sup>5</sup> “Jobs in the Future: No Boom in the Need for College Graduates:” Economic Snapshot for July 21, 2004, Economic Policy Institute.

a college degree or higher, while that share is expected to rise by only one percentage point to 27.9 by 2012. The growth in the college and university student population since 2002 has already far exceeded that one percent increase. Roughly one quarter of college graduates currently hold jobs requiring no more than a high school degree. Given the fact that college and university enrollments are growing more rapidly than jobs requiring higher education credentials, the percentage of credentialed workers in jobs not requiring credentials should be even higher in 2012 than it currently is.

The fate of higher degree-holders in the most recent recession of 2001 also refutes the Reich-Gingrich thesis. Jobs in the information technology sector were especially hard hit as a result of both the bursting dot com bubble and the accelerated off-shoring of software jobs, especially to India. According to BLS data, there were 154,000 fewer software jobs in 2002 than in 2000, a decline of five percent. All college and university graduates, not only those in the IT industry, faced a tough job market during the recession, with their total rate of unemployment surpassing that of workers with no more than high school diplomas. Weakness in the market for educated labor has persisted even after the end of the recession. In 2005, the employment rate for young college and university graduates – those between the ages of 25 and 35 – had not returned to pre-recession levels. That rate fell from 87.4 percent in 2000 to a low of 84.3 percent in 2003. By 2005 it had recovered, but only to 85.5 percent.

In short, the idea that the economy is stagnating because there are not enough qualified workers for knowledge-based jobs is the direct opposite of the truth. In the United States, now and for the foreseeable future, there are many more college and university graduates than there are jobs that make use of their training.

### **The Overproduction of Educated Labor**

Institutions of higher learning perform many functions of service to capital in the advanced sectors of the world-system. To take one example, they generate conceptual frameworks that legitimate capitalist social relations, and they do so not only by producing explicitly conservative ideologies, but also by organizing the educational

process in a way that emphasizes competition and individual advancement at the expense of social solidarity. But, as capitalism ages, higher education comes to assume increasingly more direct economic functions as well, some of which are obvious. For example, corporate grants have turned many science departments into outsourced research and development facilities for private companies. But other economic functions lie considerably below the surface of college and university life, and are probably not fully understood even by those who run these institutions.

The most important of these hidden economic functions lies in the creation of a reserve army of semi-employed intellectual labor. In order to support this thesis, it is best to begin with the jobs that are supposed to lie at the core of the new knowledge-based economy, those of the computer industry.<sup>6</sup> We have already seen that there is an employment crisis in the software sector, attributable, in part, to the dot com collapse as well as off-shoring. However, the expansion of computer science departments in colleges and universities has also played an important role in generating and sustaining this crisis. In the 1990s, high tech lobbyists created near hysteria in Congressional hearings, trade journals, and informational material sent to high school councilors and higher education career advisers about what they claimed was an impending shortage of computer specialists. As a result, tens of thousands of young people were encouraged to become computer science majors. But at the time the industry launched its campaign to increase new entrants in the field, programmers and other specialists already faced significant rates of unemployment as well as contingent work. In the late 1990s, approximately 17 percent of programmers over age 50 were unemployed, and major computer companies were hiring no more than five percent of their job applicants. Contingent work in the form of temporary “consultant” contracts with few benefits represented a significant percentage of the total number of workers in the computer industry, including more than 20 percent of Microsoft’s domestic workforce. What the industry lobbyists were worried about was not a shortage of high tech workers, but rather a shortage of cheap high tech workers. Off-shoring, an increase in the number of visas for computer guest workers, and

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<sup>6</sup> Harry Brill’s discussion of this development is unrivalled for its lucidity. See his “False Promises of Higher Education,” in *Against the Current*, September-October, 1999, pp. 34-39.

the expansion of computer science departments were all parts of an industry strategy to flood the high tech labor market, increasing downward pressure on wage rates and allowing the conversion of great numbers of jobs to contingent status.

Similar attempts to create an oversupply of educated labor are currently in progress in the United States in the fields of primary and secondary education (ages 5-18) as well as nursing. In both cases the public has been subjected to a barrage of propaganda touting the unlimited opportunities that supposedly exist for students willing to enter these fields, and education and nursing departments have expanded in response. Yet, as in the computer industry, both fields are rife with contingent workers, many of whom would prefer stable, full-time jobs. In 2002-3, there were just over 3,034,064 primary and secondary school teachers in the United States, while there were 664,385 instructional aides<sup>7</sup> and roughly 100,000 substitute teachers.<sup>8</sup> About 23 percent of registered nurses worked part time in 2004 according to the Bureau of Labor Statistics, while many nurses were leaving the profession because of mandatory overtime demands on those with full-time jobs. There may be some truth in predictions concerning an impending shortage of nurses at least, though the evidence for that is not nearly as unequivocal as the health care industry claims. However nothing ails the labor market for nurses that better pay and working conditions would not cure. And this is true for other so-called labor shortages. The purpose that overproduction of educated workers by the higher education system serves is to ensure a supply of workers on terms advantageous to their employers. The rise of contingent work is one of the dimensions of such advantage.

### **Contingent Work in the Knowledge Industry**

Creating a surplus of educated workers for other industries is not the only way in which higher education contributes to the growth of contingent work. Colleges and universities are themselves major employers of contingent labor, while at the same time making contingent jobs necessary for the vast majority of their student populations.

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<sup>7</sup> “Public Elementary and Secondary Students, Staff, Schools, and School Districts: School Year 2002–03,” National Center for Education Statistics.

<sup>8</sup> Brill, *op.cit.*, p. 38.

The cost of a higher education is notoriously expensive in the United States. Over the course of the 2004-05 academic year, the cost of tuition, room, and board averaged \$9,877 at public institutions and \$26,025 at private ones.<sup>9</sup> Rising costs are matched by rising levels of student debt, especially as government grants for higher education have declined. In the 1999-2000 academic year, nearly 59 percent of graduating seniors carried \$15,670 dollars in loan debt, up 60 percent from the previous decade.<sup>10</sup> In order to limit the debt they incur, even students from relatively affluent families must work while pursuing their educations. In 2003, *USA Today* reported that approximately 77 percent of students at four-year institutions held jobs during the academic year, and that about 26 percent of students worked full time. Of course, that means that 51 percent of students held part-time jobs, and that most of the others were in low-paid temporary employment. Perhaps as many as 12,000,000 contingent workers in the United States today are college and university students, roughly eight percent of the entire U.S. workforce.

Contingency is unevenly distributed throughout the economy, with some sectors employing few contingent workers, and others converting the majority of their workforce to contingent work. Higher education belongs with home health care, janitorial services, and the restaurant and fast food industries to the ranks of those sectors a majority of whose employees are contingent. According to the American Association of University Professors, 46 percent of all college and university teachers are now employed on a part-time basis, at very low rates of pay, with few if any medical or retirement benefits, and almost no job security.<sup>11</sup> Another 18 percent have full-time appointments which are off the tenure track, which means that most of these academics will hold their jobs for short periods of time. In other words, nearly two-thirds of the entire higher education faculty in the United States is contingent. In addition, the vast majority of janitors and food service workers at colleges and universities are leased employees, many of them provided by companies such as Sodexo, which takes determined measures to resist unionization, and

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<sup>9</sup> *Digest of Education Statistics, 2005, Chapter 3*, National Center for Education Statistics.

<sup>10</sup> "College Grads Saddled with Rising Debt as Jobs Picture Dims," Economic Policy Institute Press Release, August 19, 2002.

<sup>11</sup> "Contingent Appointments and the Academic Profession:" Policy Statement by the American Association of University Professors, 2003.

is a notorious abuser of its overwhelmingly contingent workers, routinely violating even the minimal protections that exist in American labor law for non-unionized employees.

### **The Riddle Solved**

Earlier we asked how the higher education industry could grow so rapidly during the long wave of economic decline that set in following the postwar boom. We can now see that the answer to that riddle lies in the role higher education plays in reproducing contingent labor on an expanded scale. American capital has faced a trenchant crisis of profitability for the last three decades, and one response on its part has been to convert one third of its domestic labor force to contingent status. Higher education has become an integral part of the mechanism dedicated to that conversion. Capital thus has a stake in the growth of colleges and universities for the sake of recovering profitability, but that interest would be compromised if capital had to pay the cost of expanding educational opportunities. The solution to this problem has been to shift the costs of higher education to students and their families. Hence the rising levels of debt as well as contingent jobs held by students during their college and university years. But what keeps students involved in a system that largely undermines their economic interests?

The so-called “college premium” is the carrot dangled in front of young Americans and their families that entices them to take on the extraordinary levels of debt now required to obtain a degree. According to the U.S. Census Bureau, in 2004 the mean annual income for people twenty five years and older holding only a high school degree was \$30,655, while the mean annual income for their cohorts holding a bachelor’s degree was \$53,578. That \$23,000 aggregate differential hides wide variations in annual income that exist within the group of college graduates. As we have seen, 25 percent of that group holds jobs that require only high school degrees. Moreover, the ranks of college graduates also include the capitalists, managers, and upper-level professionals who command very high salaries, as well as returns on investments. Nevertheless, from the standpoint of a graduating high school senior seeking to maximize his or her income, the decision to go to college is eminently rational. This throws into relief the disjunction in capitalist society between decisions that are rational for the individuals comprising a group, and decisions

that are rational for the group as a whole. For the entire group of college and university students, especially those of working class background, is poorly served by a system of higher education that increases the likelihood of contingent employment both during and after their school years.

### **Strategic Implications**

Individual strategies for using higher education to improve life opportunities are destined to fail for the majority of students who enter the system. To begin with, only half of all students entering college will actually receive degrees. Twenty five percent of those who manage to graduate will go on to hold jobs that require no more than a high school diploma. Many graduates who do get work requiring college diplomas will find themselves in part-time, leased, or temporary jobs. And nearly three quarters of those in all of these categories will acquire significant levels of debt as they move through the higher education system. The only strategies that can improve such difficult conditions are collective, not individual ones.

We will conclude this article by suggesting four collective strategic implications of the preceding analysis. Needless to say, the suggestions are provisional and open to debate by activists in the student and labor movements.

- 1) Struggles must be waged to make colleges and universities free for all who wish to attend them. This is the only way to liberate students and their families from the burden of debt that currently oppresses them.
- 2) Activists must cease to regard the expansion of higher education as inherently “progressive.” Such expansion now principally serves the interests of capital by producing an oversupply of educated workers.
- 3) Student and labor activists ought to demand that employers drop the requirement that applicants possess a college diploma for most of the jobs that currently require it. With the exception of some highly specialized fields, necessary skills are acquired by workers on the job. Employers generally make no bones about this, requiring college

diplomas only because they believe their possessors are likely to accept labor discipline.

- 4) Activists in the student and labor movements must try to develop alternatives to the existing system of higher education. It is an open question whether colleges and universities would continue to exist in an emancipated society. Until now, they have been important motors of class inequity. At its best moments, the historical labor movement recognized this fact and sought to develop alternative educational institutions: the Workers' Education Movement in Great Britain and the schools that were part of the SPD "State within the State" in Germany come to mind. Undoubtedly these efforts were flawed by the reformist orientation of British Labourism and German Social Democracy. But at least they recognized that "the educators must be educated," and that the genuine education of the working class lies in the hands of that class itself.

- Gary Zabel

Boston, Massachusetts