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"The Work Ethic in an Era of Limited Resources"

Address to the 3rd National Conference on Business Ethics
Bentley College
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I'm honored to talk with you about the work ethic and related issues because they are vital to us nationally and personally. Right now this nation is not working as well as it can and must. We are challenged internationally by competitors and predators -- nations that have helped push the U.S. standard of living down. Americans have to understand that we must be more productive just to keep pace with our allies and our adversaries. In this era of limited resources, we must work more effectively to safeguard our children's future. Nationally and internationally, we have our work cut out for us.

Work issues are also vital from another vantage -- that of the individual worker. Pay is never so high, hours are never so low, that the quality of working life is unimportant. If we get lost in numbers, hung up on output, and if we devalue human dignity in the workplace, the predictable result is an unhappy workforce of unproductive people.

We must constantly remember that people are not numbers, but that behind all the interesting data about work are individual men and women. Take just one example of a work-related statistic. Many of you probably think the unemployment rate is a little under 6%. Let me suggest that the rate is either 0% or 100%, depending on whether the recession hits you where you work. And I can't discuss ideals such as quality of working life without mentioning my strong belief that every American has the right to a job. Every American.

This afternoon I can't tie two days of panels, workshops, and addresses together in a neat package. (But I do appreciate receiving an advance copy of most of the remarks.) I will talk about the development of workers' rights, and managing the ongoing evolution of new workplace relationships. Then I'll discuss the work ethic and alternative culprits in recent U.S. productivity slow-downs. The two most popular targets are government regulation, and disincentives to investment. Then I will conclude with some thoughts on the renewed sense of purpose and cooperation that an interdependent world with depleted resources demands.

Workers' Rights and New Workplace Relationships

Much of the challenge of motivating and managing employees in the 1980s is the product of positive developments. Better wages and shorter hours create more opportunities for self-satisfaction

and self-definition outside the factory or office. Workers today are better educated. They don't want to work as cogs on a wheel. They don't go for heavy-handed decisions that drop like rocks from the executive suite.

Another bit of progress that comes in a mixed bag of complications for managers is the effort to ensure equal job opportunity. It's what right, and we're headed in the right direction on it. The perception that certain categories of workers will gain at others' expense is most difficult to manage in times of economic stagnation. When we get the economy growing and producing at a better rate, the mandate for equal employment opportunity will be less divisive.

Increased job sharing and job switching both indicate an increased assertiveness by workers. More and more, workers stuck in an unsatisfactory work situation will take their job skills and shove off. Employment counselors such as John Crystal and Richard Bolles have strengthened a worker's hand to make the job market work for him or her. What Color Is Your Parachute? is still a best-selling trade paperback. The Three Boxes of Life -- also by Bolles -- is an even more complete treatment of the subject.

It's a new day for individual employees -- and no way will the 1980's mark a return toward the more rigid, bossy pattern of business. I'm very hopeful for the quality of working life movement. When you back away from the extreme specialization of factory assembly lines, for example, you make a worker's day more fulfilling. Results from the automobile industry, the telephone industry and elsewhere indicate that it's also good business. Worker-management committees are another good sign that a whole set of attitudes are improving. By itself, a new committee is just window dressing. It must be part of a renewed openness to ideas from all employees, a renewed sense of common interest, and open-minded interaction among employees at all levels.

Basically, I don't believe that the work ethic is wasting away. The easy put-down that "people don't want to work hard anymore" is unfair. But the poll data discussed at this conference indicate that the work ethic is evolving. The changes in process are a challenge to business executives. They are an open invitation to managers to open up non-material sources of job satisfaction -- which may eventually pay off in higher productivity.

Changes in the work ethic are not the simple answer for what's happening to American productivity. Indeed, there is no single culprit on productivity...just lots of accomplices. The bottom line is that productivity growth has weakened throughout the 1970's, and it stopped last year. This year it is falling.

Some of the causes are demographic. One is the entrance into the job market of younger, less experienced workers who were part of the baby boom. Another is that the large post-war shift from farming into fast-growing highly productive manufacturing is mostly over now. Energy prices also have hurt productivity.

The clear, present dangers of recession and inflation undercut productivity. Every recession creates losses that are never recouped. Inflation hurts productivity by reducing saving and investment, and by increasing the costs and risks in predicting the economy. The circle is vicious, because when productivity falls, it fuels inflation.

A major punching bag on the productivity front is government regulation of business. The cost-effectiveness of regulation is an issue for which contending interests uncover conflicting data. "Output" in the form of cleaner air, safer working conditions, improved health and other "public goods" isn't part of the GNP.

I can't deny that there are instances of regulatory overkill. But they are the predictable, inevitable result of abuses by American business. The private sector has opposed government regulation so indiscriminantly that it has suffered a credibility gap. Rising inflation and falling productivity make it vital that business and government work together more responsibly and cooperatively toward regulatory reason that serves the public.

America still leads the world in productivity, but the lead has been slipping. In 1950 it took seven Japanese workers to match the output of one American. Now it takes only two. Most industrial nations have been investing more than the United States -- especially since the mid-1970s. From 1966 to 1976 "real non-residential fixed investment" was 13.5% of the U.S. gross domestic product. Japan invested in itself at twice that rate. I am studying the tax system in detail, and intend to support strong measures to encourage capital investment.

In a shrinking, interdependent world, we must strive harder to maintain our technological edge. We must also match the aggressive trade policies of our partners. It's a cop-out to assume that our trade deficit is necessitated by imported oil. Germany is far more dependent on imported energy than the United States, and yet it has a \$24 billion balance of trade surplus! We have moved toward a more aggressive policy with the Export Administration Act. But we are still being outthrustled by our trading partners. In the automobile, for example, they continue to produce cars for the future. We must do more.

In summary, I would suggest that the new sense of cooperation and common goals involved in revitalizing the work ethic is paralleled on the national level by what the new economic order requires internationally. Workers and management, bureaucrats and industrialists, the various

contending interests of our nation must reconfirm their dependence on each other, and their commitment to the national interest. Our economic times are changing, and time does not favor those who drift in a period of sharp challenges.