

Effects of Deindustrialization on Peripheral Nations

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Abstract

In recent times, the menace of job insecurity has become an important topic within sociology of industry, sociology of work and occupation, media sources, commentators and many observers because of the disastrous effects associated with deindustrialization. This study was designed to investigate the effect of deindustrialization of peripheral nations. Secondary sources of data were purposely collected and conflict perspective was employed in analyzing the study. The study revealed that employment in knowledge-based services is higher in recent decades compare to manufacturing industries. Technological changes often displaced workers (manual) from existing jobs. Unemployment and underdevelopment are tied to displacement of workers which result to social problems. It was recommended that peripheral Nations should develop their local technology to accelerate development instead of depending on western paradigm which denies majority (manual) workers employment opportunities. More so, Government in less-Developed societies should be committed to National policy on science and technology aimed at enhancing full industrialization that can generate employment opportunities for both manual and services information workers in order to avert the catastrophic negative effects associated with deindustrialization.

Key words: Deindustrialization, Peripheral Nations, Effects, Conflict viewpoint.

Introduction

The term deindustrialization according to Schaefer (2008:44) “refers to the systematic, wide spread withdrawal of investment in basic aspects of production, such as factories and plants”. The logical implication is that the demand for labour force decreases as advances in technology continues to automate production. The work force experience in the industrial societies has undergone significant change since most giant corporations that deindustrialize are not willing to invent new economic opportunity. “These changes have been accompanied by shift from a non-industrial to an industrial society and now to a service and information society” (Hughes and Kroehler, 2008:309).

Work generally affects individual’s personal and family life in many ways. With the emergence of automation and technological change manual worker have a greater risks of redundancy and unemployment. This situation have effect not only on developed Nations but also on peripheral Nations who are not yet industrialized but depend on foreign technology to solve their problems (Abanyam, 2012). A sudden move from non-industrial to service and information society without passing through industrial stage may be catastrophic to peripheral societies since the accompanied effects of deindustrialization (unemployment) automatically undermine the cardinal government’s efforts of providing jobs to its citizens. It is in view of these changing face of work force in industrial societies and its accompanied influence on peripheral nations that this study is set to examine the effect that deindustrialization have on peripheral nations.

Study Objectives

The main objective of this study is to examine the effects of deindustrialization on developing societies. In achieving this task, the objective of the study could be stated specifically as follows: (i) Identify the causes of deindustrialization (ii) Examine its effect on peripheral nations and (iii) Recommend measures that can assist peripheral nations in tackling the effects of deindustrialization.

Causes of Deindustrialization and its Effects on Peripheral Nations

At the start of twentieth century there was concern among industrial sociologists that labour market was dominated by blue-colour manufacturing jobs, but over time the moment has shifted towards white-colour positions in the service sector. The underlying causes are automation and technological change.

Most employers install new machinery in order to increase worker productivity and cut labour cost as well as to maximize profit. Neubeck (1971:259-260) indicated that:

Automation, computerization, and other such technological changes often displace workers from existing jobs and also close certain categories of jobs opportunities for few new comers to the labour force. There are fewer jobs for telephone operators, coal miners, and farm labourers, among others, because of technological displacement. The steel and auto industries have fund the substituting machines for people can help hold down labour cost, while automation and technological change do create new jobs categories. For example computer programmer and skilled machine technicianists seem likely that more jobs are lost than are created. Furthermore, technologically displaced workers are likely to find it difficult to qualify for and adjust themselves to the new opportunities that open up.

This trend if not properly managed will have enormous challenges on the society since the hit hardest as unskilled and semiskilled workers, such as labourers, clerical employer and lower level blue-colour workers. Similarly,

Giddens (2009:898) noted that:

There is considerable debate over why such changes have occurred, but there seems to several reasons. One is the continuous introduction of labour serving machinery, culminating in spread of information technology in industry in recent years. Another is the rise of manufacturing industries outside the west, particularly in Far East. The older industries in western societies have experienced major cutbacks because of their inability to compete with the more efficient far Eastern producers, whose labour costs are lower.

It becomes pertinent to deduced that most of the largest western corporations operate outside their countries to take advantage of cheaper foreign labour and gain better accessibility to foreign markets. The multinational corporations that invest in foreign countries close down domestic facilities. The closure of those plants is very alarming as its persistently leads to unemployment (manual workers) job insecurity, downsizing, part-time work, flexible employment patterns, job sharing, etc suggests that, more than ever, people are working in non-standard ways, or are not in formal paid work at all (Giddens, 2009).

Giddens (2009:916) discovered that “what is occurring today is a transition to a new type of society that is no longer based primarily on industrialism”. Terms such as information age, post-industrial society and the new economy are coined to describe this era. Nevertheless, knowledge economy featured more frequent among users. The term is used to describe “an economy in which ideas, information and forms of knowledge underpin innovation and economic growth” (Giddens, 2009:916). Thus Leadbeater (1999: 7) captured this picture more vividly:

Most of us (knowledge workers) make our money from thin air: we produce nothing that can be weighed; touched or easily measured our output is not stockpiled at harbours, stored in warehouses or shipped in rail way cars. Most of us aim our livings providing service, judgment, information and analysis, whether in a telephone call centre, a lawyer’s office, a government department or a scientific laboratory. We are all in thin-air business.

Tragically, in many peripheral societies (especially in sub-Sahara Africa) unemployment is very high and is relational to poverty. Termination of bread winner’s job results to absolute poverty of the family concern and equally undermines government and family’s efforts in providing basic needs. Thus Schaefer (2008:448) lamented that:

The social costs of deindustrialization and downsizing cannot be overemphasized. Plants closing lead to substantial unemployment in a community, which can have a devastating impact on both micro and macro levels. On the micro levels, the unemployed person and his or her family most adjust to a loss of spending power. Painting the house, buying health insurance or saving from retirement, even thinking about having another child must be put aside. Both marital happiness and family cohesion may suffer as a result. Although many dismissed workers eventually reenter less desirable positions with lower salaries and fewer benefits.

Another disastrous effect of deindustrialization is underdevelopment. Unemployment caused by deindustrialization result to social problems such as prostitution, poverty, crime, alcoholism, drug abuse, child trafficking, etc.

The source of these social ills is tied to the off shoring of jobs to overseas workers which “has become the latest tactic in the time-worn business strategy of raising profits by reducing costs” (Schaefer, 2008:448).

Theoretical Viewpoint

Conflict perspective was considered appropriate to guide investigation into this study. Conflict perspective derives much inspiration from the work of Karl Marx. Class conflict featured prominently among two main groups. Conflict theorists insist that deindustrialization emerged in a practical exploitative interest of the dominant group. Deindustrialization policies keeps manual workers who are the majority out of labour by introducing machines to increase productivity and subsequent off shoring of jobs to overseas workers as tactic of making profit without incurring much expenditure. From economic point view, the additional supply of cheap labour help to keep wages down.

Study Method and Materials

The study employed qualitative research which makes use of secondary source of data gathered (collected) from books.

Research Findings and Discussion

Table 1: Employment in knowledge-based industries, European countries.

	Management	Services	Total
Sweden	6.5	47.8	54.3
Denmark	6.3	42.8	49.1
UK	5.6	42.4	48.0
Finland	6.8	40.5	47.3
Netherlands	3.3	41.9	45.2
Belgium	6.5	38.3	44.8
Germany	10.4	33.4	43.8
France	6.3	36.3	42.6
Ireland	6.0	33.9	39.9
Austria	6.5	31.0	37.5
Italy	7.4	29.8	37.2
Spain	4.7	27.0	31.7
Greece	2.1	24.5	26.6
Portugal	3.3	22.7	26.0

Source: Adopted from Brinkley and Lee (2007).

Data in table 1 above indicate that the overall employment in knowledge-based industry among the European country is higher in services compared to few in manufacturing.

Data collected from the secondary sources were analyzed and result revealed that employment in knowledge-based services is higher in western countries as compared to manufacturing industries. Technological changes often displaced workers (especially manual workers) from existing jobs. Unemployment and underdevelopment are tied to displacement of workers which consequently result to social problems.

The findings of this study are in line with the ideas of Giddens (2009), Haralambos and Horborn (2008), Neubeck (1976), Schaefer (2008), Hughes and Kroehler (2008) who in their different studies discovered that this era witnessed the changing face of work where people are working non-standard ways. This view also corroborate with the viewpoint (stands) of conflict theorists that the dominant group in the society employed deindustrialization policies to keep majority manual workers out of labour by introducing machines to increase production in order to make profit. The implication of this is that the level of unemployment is already very high. If such technological devices or policies are adopted it will worsen the situation resulting to more massive unemployment, poverty, high crime rate, prostitution and other social vices which are already on the increase.

Conclusion and Recommendations

It is very obvious to establish that the tactics of deindustrialization which helped corporations to reduce the cost of labour by employing machines has some serious negative effects on the society (peripheral nations) as unemployment, underdevelopment, poverty, job insecurity and low standard jobs has become the other of the day. This study has exposed the effect of deindustrialization on less-developed nations. Peripheral nations are exposed to facts that needed to be watched closely in adopting western new policy since such policies are not congenial with peripheral nation's environment. One does not need to jump from the bottom stage to the top without necessarily passing through some stage. Western nations have successfully passed through several stages and are far ahead. A high jump from stage one to the last will be disastrous to peripheral nations. There is urgent need for peripheral nations to re-examine this tactics since this technique cannot work their own environment.

The following recommendations are made on the basis of the findings:

1. Peripheral nation should develop their local technology to accelerate development instead of depending on western paradigm which denied majority workers (manual workers) employment opportunities.
2. Government of less-developed nations should be committed to the National policy on science and technology aimed at enhancing full industrialization that can generate employment opportunities for both manual and services workers.
3. Development experts should educate peripheral governments on the dangers of adopting only services information economy without passing through industrial stage in order to avoid the negative effect associated with such shortcut (deindustrialization).

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