



Labor in the age of finance: pensions, politics, and corporations from deindustrialization to Dodd-Frank

by Sanford M. Jacoby, Princeton & Oxford, Princeton University Press, 2021, 355 pp., ISBN 978-0-691-21720-8

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BOOK REVIEW

Labor in the age of finance: pensions, politics, and corporations from deindustrialization to Dodd-Frank, by Sanford M. Jacoby, Princeton & Oxford, Princeton University Press, 2021, 355 pp., ISBN 978-0-691-21720-8

It is possible to mistake the central objective of Jacoby's *Labour in the Age of Finance*, but only because it is a book which does so much more than its title implies. The book is an historical analysis of union strategy, pensions and corporate governance in the context of the de-industrialisation and the financialisation of the US economy from the 1970s until the era following the global financial crisis. The author, Sanford Jacoby, also skilfully covers the historical background, starting from the 1890s. He documents, with remarkable clarity, the processes which led to the union movement changing its strategic direction towards financialisation, and in doing so more or less abandoning its historical priorities. The traditional pursuits of trade unions in utilising and extending their political and industrial power, and their economic and societal relevance, have been the strike weapon and the provision of legal protections for members. Losses in union density have had major impacts in all of these areas.

Associated with the loss of the strike weapon's effectiveness as a pressure tactic, and starting from the 1970s, unions suffered declines in their power resources. These include, most crucially, the power to organise, the power to bargain, and the power to influence the political environment. The transition in strategy, as documented by Jacoby, involved a shift towards influence on corporate boards, seeking power mainly through amalgamating their shares. More specifically, as noted in Chapter 1 (7), '[t]hrough their pension funds, workers participate, indirectly, in corporate governance at companies whose shares are owned by the fund'. Much of the book tracks how labour worked within, and allied itself with, the financialisation of the economy mainly through such means.

The book begins with an Introduction, after which Chapter 1 (10) provides 'an overview of the history of labor and finance' between 1890 to 1980. This sets the historical context for the remainder of the book, covering three key periods: 1890–1929, when financialisation 'waxed'; 1933–73, when financialisation 'waned'; and 1974-present, when it 'expanded' again. Chapter 2 covers the era of the public pension plan, focusing on the case of the California Public Employees' Retirement System, or CalPERS. That chapter also contains 'a primer on pension funds', which is as interesting as it is useful, especially for the uninitiated. It finishes (59) by relating pensions funds to the possibility of socialism. Chapter 3 covers 'labor's financial turn', analysing shareholder activism among and by unions, partly assessing that brand of activism as an alternate and complementary means to be pro-worker, and thus to achieve basic strategic goals. Chapter 4 delves further into investment strategies, emphasising the context in the Securities and Exchange Commission (SEC) and its proxy voting rules.

Chapter 5 discusses the Clinton years up to the 'Enron era', covering labour's more fulsome embrace of shareholder activism, pursued as a means to 'dethrone imperial CEOs' (106). Chapter 6 follows on by discussing CEO pay, which became the 'signature issue' (127) for labour. Chapter 7 explores the theme of shareholder democracy and proxy access as a labour strategy. Chapter 8 covers the organisation of finance, unpacking the complexities of private equity. Chapter 9 analyses the financial crisis, the DODD-Frank Act as the central legislative response, and the emergence of Occupy Wall St as a competitor movement. The state of play, given Dodd-Frank, is well summarised (216) at the end of the chapter. The book's Epilogue

brings the situation up to the contemporary stage, covering in a necessarily brief fashion some implications from the first year of the pandemic. But perhaps where the book really leaves off is summarised at the end of Chapter 9:

Before the [global financial] crisis, financialization was portrayed as the era's dominant mode of accumulation, one that touched all aspects of the economy, society, and daily life. Global regulation following the banking collapse, including Dodd-Frank's half a loaf, took some of the wind out of financialization's sails. As a share of total US profits, profits in the financial sector increased steadily from the 1980s through Dodd-Frank's passage, and then declined. Seven out of eight of the largest financial institutions had a lower return on equity in 2019 than 2005. Even Goldman Sachs, the icon of financialization, had become a less profitable company than before (216).

The book began in a complementary, similarly quoteworthy fashion, to set the context for the chapters in between:

For most of the twentieth century, the worlds of finance and labor spun in separate orbits. They drew nearer as the century came to a close and a new one began. It was an era when finance was driving the economy, and unions adapted to the moment. Finance-based pressure tactics, which included shareholder activism but went beyond it, became a regular part of campaigns to add members. The recurring corporate scandals of the 2000s, which angered the public and investors, put the wind at labor's back. After the banking crash, labor's regulatory agenda drew on its financial turn. It was a pretty good showing for an alleged dinosaur (8).

The value of *Labour in the Age of Finance* for the journal's readership is abundantly clear. Labour studies scholars in general, and those interested in union strategy in particular, do not often enough tackle the complexities of corporate governance. They ought to, because as the book reveals, doing so helps to clarify the contemporary relevance of unions and the challenges they face, and have faced since the 1970s. That affects perceptions of their future. The fact that Jacoby takes this momentous task on constitutes the main contribution of the book. The author also contributes to understandings of union strategy in general, and in particular the intersection between the world of work, employment and industrial relations, and the allied but less understood world of worker welfare gained through non-traditional means. The welfare state context of pensions is noticeably all but absent, but perhaps there is only such much one book can do.

The book is written in very clear prose, and Jacoby makes the material as easy to understand as any scholar in this complex area could. There are always missing pieces for corporate law, corporate governance, and management scholars to fill. Social policy scholars can and do extend the understanding of pensions in the context of private and public forms of welfare. Be all of this as it may, the book is so informative that it is difficult to fault in substantive terms. To be sure, the author could guide the reader a little more closely in and around the material, perhaps to describe the ordering of sections and chapters, and to make arguments a little more obvious in some places. Also, the book relies a little too much on acronyms without reminding the reader at key points – like the beginning of chapters – what they stand for. And 'SEC', for example, is not contained in the table of abbreviations. But these are much less criticisms than observations on writing style.

It is possible to dip in and dip out of the book by reading a single chapter, or a chapter here or there. Obviously, understanding is maximised by reading the entire manuscript. By way of extra comment, the mini-epilogues at the end of the chapter – if that is what they are intended to be – are a terrifically succinct and compelling feature.

Overall, my strong recommendation is to read and follow the book in its entirety, and with care and attention to detail. There is a great deal of that to digest. Even if one is not researching the US context specifically, there are many implications in it for the understanding of other national contexts, and for other areas of labour studies.

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