

# **Exploring our latent potential**

**Will Stronge and  
Danielle Guizzo Archela**

*Moving towards an economy of freedom*

Work is not working. Our economic structure is skewed in favour of ownership, our dominant working culture is punitive, and our time is increasingly dominated by employment, commuting, the second shift of unpaid work or simply struggling to make ends meet. Freedom in advanced capitalist economies such as our own doesn't mean much without the resources of time and an income, and these are becoming scarce for a great many people. In the following, we argue that a progressive answer to the problem of a healthier and more sustainable economy is to facilitate the possibility of a life outside of work for all and a working culture that is driven towards human flourishing rather than stigmatisation. Such a transition away from an employment-centred society will take fundamental economic and political overhaul, but is eminently achievable.

## STRUCTURAL TRENDS AND TRANSFORMATIONS

In the UK, we work longer hours than countries such as Germany or the Netherlands and yet productivity lags behind.<sup>1</sup> Workers are putting in large amounts of unpaid overtime (TUC 2017a), they're often commuting for longer than they were 10 years ago,<sup>2</sup> earning less in real terms than they did before the financial crash,<sup>3</sup> and suffering record levels of in-work poverty.<sup>4</sup> The amount of precarious jobs – those which cannot guarantee a

1 OECD (2017) *Employment Outlook 2017*, OECD

2 TUC (2017b) 'Average worker now spends 27 working days a year commuting finds TUC'. Available at: <https://www.tuc.org.uk/news/average-worker-now-spends-27-working-days-year-commuting-finds-tuc>

3 Cribb J et al. (2018) 'Living standards, poverty and inequality in the UK', Institute for Fiscal Studies.

4 Hick R and Lanau A (2017) 'In-work Poverty in the UK', Cardiff: Cardiff University.

secure livelihood – has risen exponentially since the turn of the millennium, with over 1 million zero-hour contracts deployed last year.<sup>5</sup>

**“The share of national income that goes to labour (in the form of wages, salaries etc) is in long-term decline in the UK and across the OECD”**

On Piketty’s famous analysis, current global inequalities of income and ownership under capitalism are returning to their pre-1914 peak.<sup>6</sup> While the US leads the way in this respect, the UK is not far behind. 10 per cent of the UK population owns nearly 50 per cent of private wealth.<sup>7</sup> The CEOs of British companies earn a far higher multiple of their workers’ average earnings than in other European nations. According to one estimate, the ratio in the UK in 2016 stood at 129:1,<sup>8</sup> meaning that for every £1 that the average employee of a FTSE 100 company earned, their CEO earned £129. This contrasts dramatically with a ratio of 45:1 that existed in 1998.<sup>9</sup> The share of national income that goes to labour (in the form of wages, salaries etc) is in long-term decline in the UK and across the OECD, in contrast with the expansion of the capital share. The causes for this worrying trend are most likely multiple: declining collective bargaining, globalisation, deindustrialisation and technological change have each been put forward as explanations. As the share going to labour and to executives continues along this trajectory, improvements in macroeconomic performance might not translate into improvements in personal incomes of ordinary households. The very structure of our economy now means that working harder, for longer, is not necessarily the best way to achieve economic success; you’re better off owning property, assets or businesses.

5 ONS (2017) ‘Contracts that do not guarantee a minimum number of hours: September 2017’. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/september2017>

6 Piketty T (2014) *Capital in the Twenty First Century*, Harvard University Press

7 ONS (2018) ‘Wealth in Great Britain Wave 5: 2014 to 2016’, ONS. <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/wealthingreatbritainwave5/2014to2016> [Accessed on 2/7/2018]

8 Shand L et al. (2017) ‘Executive Pay: Review of FTSE 100 Executive Pay Packages’, CIPD and Higher Pay Centre, London. [http://highpaycentre.org/files/2016\\_CEO\\_pay\\_in\\_the\\_FTSE100\\_report\\_%28WEB%29\\_%281%29.pdf](http://highpaycentre.org/files/2016_CEO_pay_in_the_FTSE100_report_%28WEB%29_%281%29.pdf) [Accessed on 24/6/2018].

9 Simms J (2014) ‘The Rise and Rise of Executive Pay’, *Economia*. <https://economia.icaew.com/features/may-2014/the-rise-and-rise-of-executive-pay>. [Accessed on 24/6/2018].

**“While automation may not *eliminate* as many jobs as predicted by some, it will most likely continue to change the overall makeup of the job market in a polarising direction”**

There is a growing consensus that the various predictions around automation will not translate directly into rapid, mass unemployment.<sup>10</sup> But this alone should not necessarily reassure us. Automation appears likely to continue to ‘hollow out’ or polarise the job market by changing the characteristics of jobs: traditionally ‘white collar’, ie middle-income, jobs are steadily disappearing, whilst low-income (including precarious or part-time) jobs and a proportion of high-income jobs are increasing in number.<sup>11</sup> Job polarisation is a trend affecting many countries. In the UK’s context, between 1975 and 1999 there was a growth in what the authors call ‘lousy jobs’ (low-paying, mainly service occupations) together with a growth of ‘lovely jobs’ (high-paying, mainly professional and managerial occupations in finance and business services), and a decline in the number of ‘middling jobs’ (middle-income, mainly clerical and skilled manufacturing jobs).<sup>12</sup> Increased automation will most likely exacerbate things in this regard: workers in ‘non-routine’ jobs are either complemented or unaffected by these technologies due to the character of the tasks at hand; these occupations tend to be concentrated at the either end of the wage spectrum (think of hospitality workers on the one hand, and consultants on the other). Those jobs in the middle of the wage range, on the other hand, tend to be made up of routine tasks and therefore tend to be at much higher risk of substitution.<sup>13</sup>

This means that we need to be attentive to the *quality* of jobs that might be created through automation as well as to the quantity. While automation may not *eliminate* as many jobs as predicted by some, it will most likely continue to change the overall makeup of the job market in a polarising direction. Achieving full employment – previously considered the ultimate

10 Lawrence M, Roberts C and King L (2017) *Managing automation: Employment, inequality and ethics in the digital age*, IPPR. <http://www.ippr.org/publications/managing-automation> [Accessed on 25/6/2018]

11 Autor D (2015) ‘Why Are There Still So Many Jobs? The History and Future of Workplace Automation’, *Journal of Economic Perspectives* 29 (3), Summer 2015

12 Goos M and Manning A (2007) ‘Lousy and lovely jobs: The rising polarisation of work in Britain’, *The Review of Economics and Statistics*, 89 (1), pp 118-133. <http://www.mitpressjournals.org/doi/abs/10.1162/rest.89.1.118?journalCode=rest>

13 OECD (2018) *Automation, skills use and training*, OECD

goal of economic policy-making –therefore demands other complementary measures in order for it to be a progressive policy; the mantra ‘any job is a good job’ is not helpful, merely concealing the widening inequalities of income and the vast differences in job content that we observe.

## THE HIDDEN ABODES OF WORK

In conjunction with the structural problems our economy faces, we shouldn’t lose sight of the fact that the workplace itself is not a place of freedom and equality; we need to take an unromantic and realistic view of what work is actually like. Aside from the obvious power relationship between employer and employee that wage-dependency and the division of labour reinforce, jobs are typically constituted by what we call a ‘disciplinary complex’.<sup>14</sup> Management are adopting digital surveillance mechanisms that constitute an updated model of Bentham’s panopticon and Taylor’s scientific management techniques. Relatively new employers such as Deliveroo and Mechanical Turk, for instance, as well as older enterprises such as call centres now all use data in order either to automate the management of the workforce or to actively prevent workers from controlling the speed at which they go about their work.<sup>15</sup> While the offshoring or automation of call centre work that could occur in the near future could be lamented, we should perhaps pause to consider whether we want such work to be such an important part of our economy in the first place.

**“the division of labour is still drastically unequal – with women carrying out 60 per cent more unpaid work than men”**

Alongside disciplinary control, sexism at work continues via persistent gender pay gaps and harassment. Perhaps most shockingly, 88 per cent of transgender people experience discrimination or harassment in the workplace according to the Home Office.<sup>16</sup> Outside of employment, in the unpaid workplace of the home, the division of labour is still drastically unequal – with women carrying out 60 per cent more unpaid work than

14 Guizzo D and Stronge W (2018) ‘Keynes, Foucault and the “Disciplinary Complex”’ (working paper), *Autonomy*. <http://www.autonomyinstitute.org/wp-content/uploads/2018/03/Essay-1-V4.pdf> [Accessed on 24/6/2018]

15 Warin R (2017) ‘Dinner for One?’, *Autonomy 01*, November 2017, *Autonomy*

16 Home Office (2011) ‘Strategy to drive out transgender prejudice’. Available at: <https://www.gov.uk/government/news/strategy-to-drive-out-transgender-prejudice> [Accessed 26/6/2018]

men, including things like cooking, childcare and housework.<sup>17</sup> This activity of social reproduction – essential to our society and economy – remains generally naturalised as ‘women’s work’ and undervalued in comparison to employment, thereby compromising their equal participation and pay in the labour market.<sup>18</sup>

## UNEMPLOYMENT CONDITIONS

Things are worse for the unemployed. Our welfare state is out of date – but not because the idea of free, publicly-governed social security is anachronistic. Rather, the welfare system is simply not generous or universal *enough*. 76 years ago, Beveridge outlined five ‘giant evils’ of society: want, disease, ignorance, squalor and idleness. Unfortunately, stigmatisation of the latter – ‘idleness’ – grounded a labourist logic that became the dominant disciplinary ideology of the next century with regards to unemployment. This ideology implies that if you’re not in a job, or being ‘productive’, you are either parasitic upon society, without a purpose in life, or a symptom of a form of social sickness. This way of thinking is woefully inadequate. Many meaningful and valuable activities occur outside of the employment relationship: caring for a loved one, being a full-time mother or father, volunteering, learning new skills, considering in detail what industry you might want to go into or which subject you want to study, setting up a new project with friends or simply taking time to consider what your next move in life should be. Being ‘idle’ (ie not in employment) is actually often not idle at all, but rather a very active process that can be essential to important life decisions.

The stigmatisation of idleness and the propagation of the ‘work dogma’ not only reveals a dim view of human beings and their potential, but it can also be damaging to people’s sense of self-worth should they find themselves out of a job, or unable to have one due to disability. Being unemployed in a work-centred society is already unenjoyable: you might have less than £10 a day to live on,<sup>19</sup> it can be a lonely existence and the future can seem bleak. In this situation, the Jobcentre becomes a place wherein you must perform your poverty, proving that you are indeed looking for multiple jobs, always with the threat of being arbitrarily sanctioned and your meagre

17 ONS (2016) Women shoulder the responsibility of ‘unpaid work’. <https://visual.ons.gov.uk/the-value-of-your-unpaid-work/> [Accessed on 24/6/2018].

18 Hester H (2018) ‘Care Under Capitalism: The crisis of “women’s work”’, *IPPR Progressive Review*, 24 (4)

19 Child Poverty Action Group (2017) *Poverty: the facts, 6<sup>th</sup> edition*, London: CPAG

support being taken away. These tough conditions are unhelpfully amplified by the social guilt that comes with them.

**“Research has shown that non-work time is essential to our basic wellbeing”**

The system is also failing on its own terms: this year the National Audit Office found that one in five claimants do not receive their payments on time, that universal credit is creating additional costs for local organisations that are feeling the strain it imposes on recipients, and that the Department for Work and Pensions has been largely unresponsive to issues raised. Even more damning, a recent ESRC-funded report concluded that the employment outcomes of the system of welfare conditionality are relatively neutral; roughly as many participants drifted back into unemployment as those who found jobs.<sup>20</sup>

### SHORTEN THE WORKING WEEK

Acknowledging these realities of the employment-centred society, we might say that real freedom might mean better work (and we should always seek to improve our practices), but it should also mean less of it.<sup>21</sup> An expansion of free time outside of employment will allow us relative freedom from disciplinary management and from repetitive toil, the freedom to more equally share necessary, unpaid work,<sup>22</sup> the freedom from an invasive state, and – most importantly – will allow us the space and cognitive bandwidth to pursue our own interests. Research has shown that non-work time is essential to our basic wellbeing and that regular time off allows for sustained recovery periods from the intensities and stresses of working life.<sup>23</sup> Reducing burn out and stress in this way could increase productivity (by decreasing absenteeism) and benefit the NHS and the public purse: estimates suggest that work-related stress, depression and anxiety account for 37 per cent of all work-related ill health cases and 45 per cent of all working days lost due to poor health.<sup>24</sup>

20 Wright S et al. (2018) ‘Final Findings: Universal Credit’, Welfare Conditionality Project: ESRC

21 Weeks K (2011) *The Problem With Work*, Duke University Press

22 Hester (2018)

23 Soojung-Kim P (2017) *Rest: Why You Get More Done When You Work Less*, Penguin

24 ONS (2017) Sickiness Absence in the Labour Market. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthe labourmarket/2016>

To facilitate a more healthy work culture and to shorten the working week (without reductions in pay), we propose two directions that policymakers should consider.<sup>25</sup>

### *1. Update the Welfare State*

It is clear to many that means-testing and conditionality have themselves become a new ‘giant evil’ of our society and need to be radically reduced across the system. In its place, we need a *guaranteed* possibility of a basic standard of living outside of waged work (without fear of punishment). This demand for a new social security net is only more urgent in an age of job market uncertainty, of increased self-employment and of labour precarity. Such an updated welfare state would bolster both out-of-work security and in-work prosperity. It would involve either a basic income, a comprehensive package of universal basic services,<sup>26</sup> a raised minimum wage or, ideally, a combination of all three. An updated welfare state along these lines would give people the material option of reducing their working week, it would strengthen the bargaining power of workers and the unemployed, it would give increased responsibility to employers to provide attractive working conditions, and – most importantly – it would reduce poverty and the social ills that come with it.

In such a system, an updated Jobcentre would not coerce people into taking whatever job is available with threats or with patronising ‘coaching’. The carrot of a greater income through employment is enough for people to look for work, they do not need a stick to force it upon them. The services of training and skills workshops, as well as that of promoting job opportunities would remain in place, but the use of these functions would be optional and not imposed upon people. With a decent basic income in place and decent, decommodified services such as transport, internet and food, the dependency on monitored job-seeking for cash would become redundant, allowing Jobcentre staff to put their energies to more productive and positive uses such as providing skills training or forging collaborative links with desirable employers in the area.

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25 Although we do not have room to cover it here, these changes to our employment system should be guided by changed value metrics that would take into account wellbeing as an output and the complex of actors involved in actually producing value in the first place

26 Portes J et al. (2017) ‘Social prosperity for the future: A proposal for Universal Basic Services’, London: UCL

## 2. Democratic Automation

Britain has a productivity problem, but solving it should not be the burden of workers alone. The UK has a much lower level of investment in machinery, robots and ICT than other countries; we have just 33 robot units for every 10,000 employees, compared with 93 in the US, 170 in Germany and 154 in Sweden.<sup>27</sup> While this contrast partly reflects the service-focussed composition of the UK's economy, a concerted effort to both update the UK economy and make sure that the time-benefits that accrue from automation technologies are distributed to the workforce is drastically needed. A high-tech economy with shorter working weeks for all is a distinct possibility in the coming decades – but it will require a combination of considered governmental and organisational energy to fully realise it. As some have argued, this will require a broader adoption of technological innovation, beyond minority, 'frontier firms'.<sup>28</sup> If we are to distribute the benefits of this increased productivity equally, this should include time as well as income.

### **“The introduction of automation technologies could address both issues of worker wellbeing and enterprise productivity”**

A good place to start would be IPPR's proposal for the establishment of a body - 'Productivity UK' - to drive 'firm-level productivity across the country' by advising small and medium-sized businesses on how automation technologies can work for them and by providing grants and loans for the necessary investment.<sup>29</sup> Importantly, the processes of consultation should also involve both unionised and non-unionised workers. Such consultations could – and should – also involve the possibility of working time reductions. The introduction of automation technologies could in this way address both issues of worker wellbeing *and* enterprise productivity – thereby enhancing the conditions for a happier, healthier workforce and a more productive, successful enterprise.

27 International Federation of Robotics (2016), Executive Summary World Robotics 2016 Industrial Robots. [https://ifr.org/img/uploads/Executive\\_Summary\\_WR\\_Industrial\\_Robots\\_20161.pdf](https://ifr.org/img/uploads/Executive_Summary_WR_Industrial_Robots_20161.pdf)

28 Haldane A (2017) 'Productivity puzzles', speech by Andrew Haldane, chief economist, Bank of England, London School of Economics, 20 March 2017. Available at: <http://www.bis.org/review/r170322b.pdf>

29 Lawrence et al (2017)

We suggest that a body such as Productivity UK should be coupled with revised collective bargaining policies that move from an enterprise to a sectoral basis for worker representation. This would ensure, for example, that individual sectors could respond to automation challenges efficiently and as a whole (thereby benefiting all workers no matter which enterprise or particular union they belonged to). Through sector-level collective bargaining, a shorter working week could be agreed upon (as it has recently in Germany) when coupled with the particular level of automation involved in the specific labour-process in question.

This has been a sketch of two strategies for translating a more productive economy into tangible benefits for the working and non-working population. By updating our social security net, and directing automation technologies according to the values of freedom and democracy, we can ensure a productive economy, a healthy working culture and a more equal distribution of time for ourselves.

**Will Stronge is co-founder and director of Autonomy, a thinktank concerned with the future of work, and co-author, with Helen Hester, of 'Post-work: what it is, why it matters and how we get there' (Bloomsbury 2019). He is also a researcher in politics and philosophy at the University of Brighton.**

**Danielle Guizzo Archela is a research affiliate of Autonomy and senior lecturer in economics at the University of the West of England, Bristol.**